Annual Report
2016/2017

Becoming a purpose-led and values-driven organisation

pwc

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Contents

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Annual Report 2016/2017

Foreword

Introduction by our chairman who looks back on fiscal year 2016/2017 and underlines the importance of transformation.

Key statistics

An overview of the key indicators we use to monitor our strategy execution.

Report of the Supervisory Board

This report sets out how the Supervisory Board of Holding PricewaterhouseCoopers Nederland B.V. has fulfilled its responsibilities.

Report of the Board of Management

We set out how we create value for our clients, people and society and where we have focused on in fiscal year 2016/2017, along the line of our focus areas and critical success factors. We also set out the messages our stakeholders provided us with. This chapter also includes information on our governance and remuneration.

Financial statements

The consolidated financial statement of the Holding PricewaterhouseCoopers Nederland B.V, which includes the consolidated balance sheet, the consolidated profit and loss account, the consolidated statement of cash flows and the notes to the consolidated financial statements and other information. Also included is the combined independent auditors and assurance report.

Information about PwC

- Legal structure
- Corporate Governance
- Code of Conduct and whistleblower procedures
- Our quality, risk management and compliance framework
- Our sustainability policies

Appendices

- Five year summary of financial results
- Remuneration Report of Holding PricewaterhouseCoopers Nederland B.V.
- GRI-table 4.0
- Glossary
- Acknowledgements

Transforming

We all know that the pace of change is increasing and still, as I reflect back on last year, it amazes me. International relations are completely different today, regulatory pressure on certain parts of the business is increasing, political elections produce unexpected results and the promise of technological change keeps on building. At the same time, we find ourselves in unchartered waters in terms of how technological innovations, demographic developments, urbanization, international relationships and climate change will impact the distribution of wealth in society in general and throughout the economy.

Business is struggling to find an answer regarding its role in all of this and politicians and regulators are asking that the pace of resolution keep up with the pace of change. Transforming our firm to cope with this reality is our challenge, particularly as our stakeholders question our tax advisory role, the quality of our audits, our business models and interestingly enough also our transformational processes.

Redefining our values

Becoming purpose-led and values-driven is our overarching goal as PwC, and we need our purpose as a beacon in this changing world. We need to be recognised as such by our people, our clients, our regulators and our other stakeholders. We will need to bring our thinking and our actions in line with our purpose of Building Trust in Society and Solving Important Problems. This year our global network redefined our values based on a global study that was initiated by the Dutch firm.

This has led to new set of five PwC Values: Acting with Integrity, Working together, Care, Making a difference and Reimagining the possible. We are living these values in a number of ways.

Acting with integrity: Our staff and partners are committed to acting with integrity on a daily basis. If they were to act or believe differently they would have to leave our organisation immediately. However discussions in the public domain indicate a different view. Partly this is because of an expectation gap, partly because we have not sufficiently articulated our purpose and values and partly because fraud and bankruptcy continue to occur, but also because we as professionals need to say 'no' more often to clients and/or in discussions with clients – and let the other stakeholders know we did so.

As an industry we will need to be more transparent about our business models and about how we are organised. We are often questioned about having consultants, tax advisors and auditors all working within one firm and it is true that our duty to society varies from consultant to tax advisor to auditor. Our compliance with independence requirements protects us all against conflicts of interest, but importantly we need all three disciplines within our firm to be truly purpose-led and values-driven. We need them to safeguard our quality levels and they are critical to us in serving our clients in this complex and risky world. And, from a societal viewpoint, we are better able to bring top professionals to our (audit) clients on the most important issues, which is crucial for our profession.

'As professionals we should continue to look at issues from different perspectives.'

Working together as professionals across competencies is often interpreted in the public domain as maximizing revenue. However, quality is the overriding reason for needing to have these competencies together within one business model. Working together needs to be one of our core values to ensure that our professionals always consult in difficult situations. We know that the biggest mistake you can make is the mistake you make on your own. The world is getting more complex, and the very large portfolio of competencies that we need to be always well informed is only getting larger. Working together with our clients has always been at the core of what we do. We appreciate that not only the regulatory developments but also the societal debates put pressure on our relationships, and we need to continue to get better at finding our new equilibrium as tax advisor, deals expert, consultant or auditor.

Caring about society and societal interest in the things we undertake and do is also important. As professionals we should continue to look at issues from different perspectives - understanding potential solutions from the perspective of the professional, the client, the client's stakeholders as well as society's, and understanding that all these perspectives are pivotal for a professional. Tax advisors nowadays will base their advice not solely on laws and regulations, but they will also reflect the strategy of the client and its stakeholders by having a professional debate with the client on tax rates, tax structures, business issues and objectives, putting the discussion into a societal context.

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Leaving the responsibility for a well informed decision with the client while acting as a sound boarding and bringing all the pro's and con's and the broader context to the table is at the core of our Tax Code of Conduct.

Caring within our firm and the people we work with is also an element of our transformation process. With a people engagement score of 82% we outperform the majority of Dutch organisations and we are among the highest in our own global network. We keep focusing on our diversity in terms of female/male as well as staff members from a migration background, and we are proud of all the learning curves that all of our staff members experience. However, we do still need to improve our overall planning processes, how we communicate to all staff levels and in creating a culture that further optimises our people experience.

Making a difference as a professional firm, we have prevented errors in published financial statements for 2016 and we have worked with clients to be more transparent in their board reports. We have taken action in fraud situations during the past year, though we acknowledge that we may not have detected all instances of fraud at our clients. We have participated in numerous discussions around tax structures and there are many clients that have changed their tax structures partly because of the issues we have raised. We have written due diligence and valuation reports that have resulted in clients not proceeding with acquisitions and, in some cases, we were able to advise our client on mitigating the risks in an acquisition process as well as how to protect value. It is reassuring that most of our clients are of the opinion that we do make a difference although we have not always been easy on them as society constantly raises the bar.

'Becoming completely technology enabled is very much an important part of our transformation process.'

Making a difference to society also involved making people available to review reimbursements by parties to bank derivatives contracts who are eligible for reimbursement under the Recovery Framework for Interest Rate Derivatives (Herstelkader), which we hope has contributed to trust to the banking industry and its regulatory bodies.

Reimagining the possible is challenging for us as professionals. Our digital capabilities are increasing by the day as a result of the investments we are making in our network and within the Dutch firm. Overall we are investing significantly more in technology than we have ever done in the past. Using data analytics during our work is now standard practice. We have a few hundred data analysts and cyber security specialists working for us, the latter as part of a cross-border security unit. Technology discussions are on our agenda on a daily basis - understanding and explaining the developments around Blockchain, Machine learning, Quantum computers, Robotics and Artificial Intelligence and how these developments are impacting our way of working as well as the business models of our clients. Becoming completely technology enabled is very much an important part of our transformation process.

Increased pace of change

It has again been a very special year, with an increased pace of change. Looking back over the past five years, the level of change has been tremendous and I am really impressed with the adaptability of our people, our clients and many of our other stakeholders. Without all the efforts of everybody, we would not have been able to transform ourselves to where we are now as a firm.

Our journey to become purpose-led and values-driven will not be easy, but we are confident that by engaging in the societal debate and with enough reflection and self-awareness we will be successful. As a firm and as a network, we have the ability to mitigate risk in the system, improve our capital markets and tax systems, add value to our clients, create life changing learning curves for our people and add to the level of trust in society. We are doing this and we need to get better at it.

I sincerely hope you enjoy reading our Annual Report and I hope you will contact us if you have any observations or questions or if you would like to have more information on the matters addressed in this report.

On behalf of the Board of Management, I would like to thank all of our staff for their commitment, enthusiasm and candor. It has not been an easy year and I know we face public scrutiny at times, but at the same time we as a Board know how hard we all have worked as a firm to improve, to transform and to live up to expectations. So once again thank you!

Warm regards

Peter van Mierlo

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Key statistics

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More people and hours in delivering our purpose

People Engagement Index

	2016/2017	2015/2016
Female	81%	84%
Male	83%	85%

	2016/2017	2015/2016
Dutch origin*	85%	86%
Western migration origin*	80%	84%
Non-western migration origin*	85%	83%

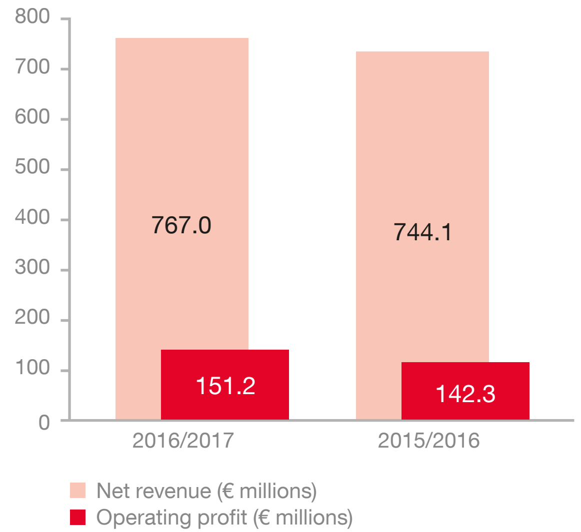
* Registration of ethnicity is voluntary, and about 90% of our people has done so.

Number of FTEs increased

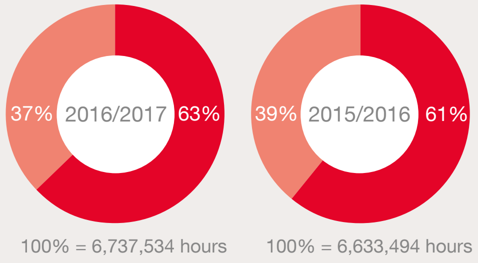
2016/2017
4,594

2015/2016
4,440

Higher revenues and profitability



We make time for improving our service delivery and offering



* These hours (only professionals, no Firm Services) include the involvement of specialists in our own transformation projects, and time invested in corporate responsibility, innovation, coaching, training, etc.

Client satisfaction remains high

Recommendation

2016/2017 **8.2**
2015/2016 **8.2**

Net promotor score

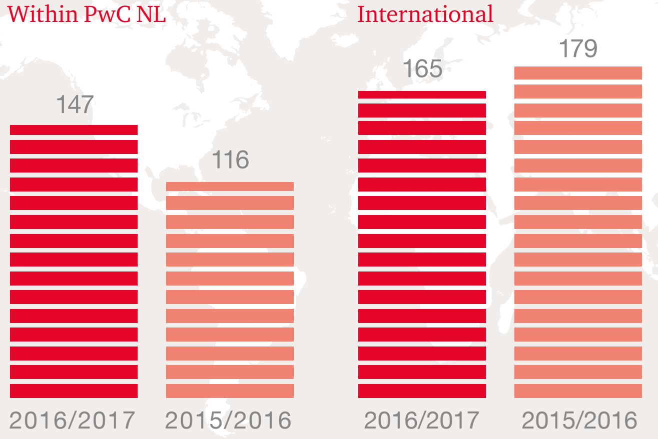
2016/2017 **39**
2015/2016 **38**

Client satisfaction

2016/2017 **8.1**
2015/2016 **8.2**

We are further developing an externally focused culture

Mobility: incoming and outcoming secondments increase (people)



Training hours per FTE remain stable

2016/2017
119

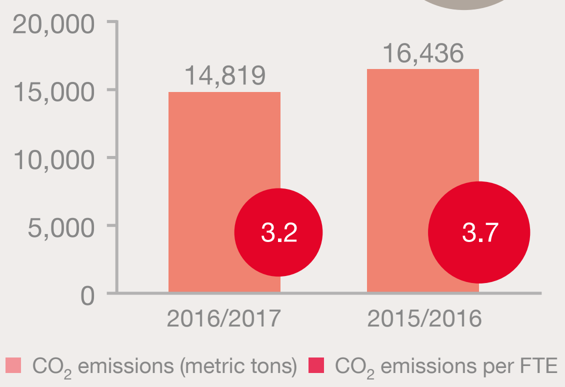
2015/2016
119

We continue to invest hours in Chief Economist Office

2016/2017
10,561

2015/2016
10,695

We reduced our CO_2 emissions by 10%

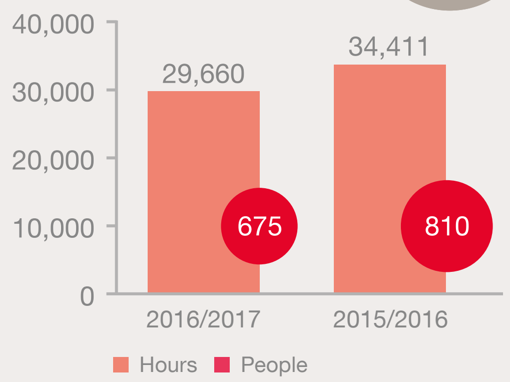


Almost a third of our operations is circular

2016/2017
32%

2015/2016
28%

We spent fewer hours on CR projects



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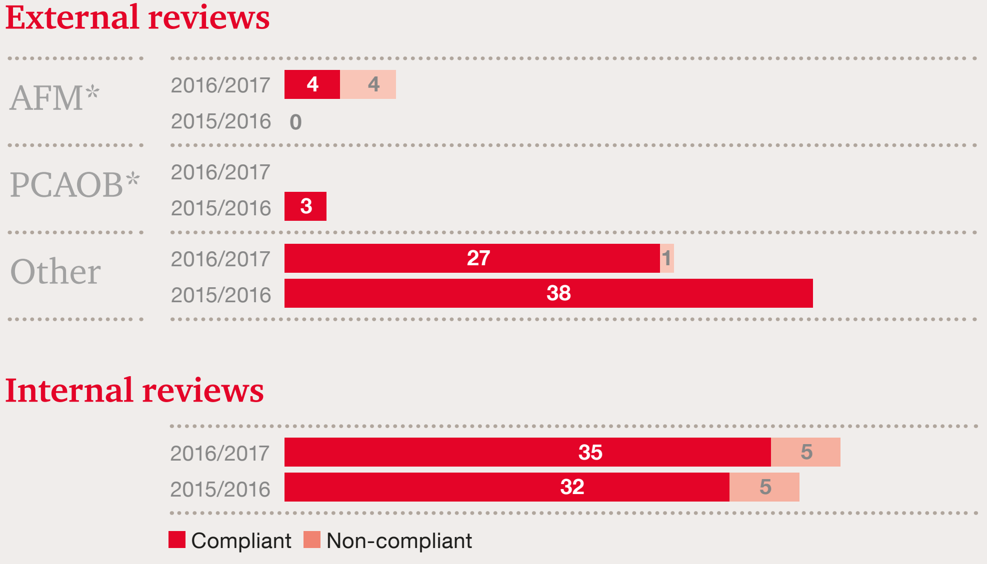
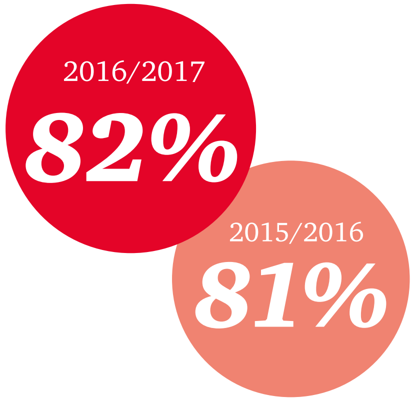
Quality remains top priority. We will make further investments

Outcomes of external and internal quality reviews Assurance remain point of attention

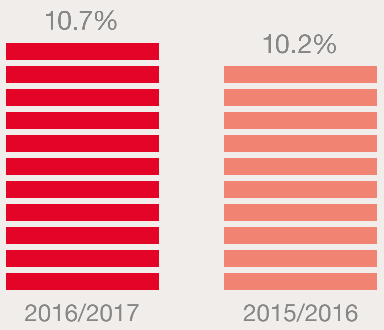


* These reviews relate to files of 2014 and 2015 audits.

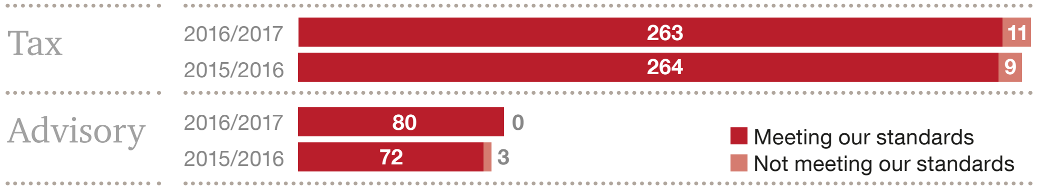
Our people say our leaders demonstrate and support high ethical standards



Turnover of highly rated talent is broadly stable

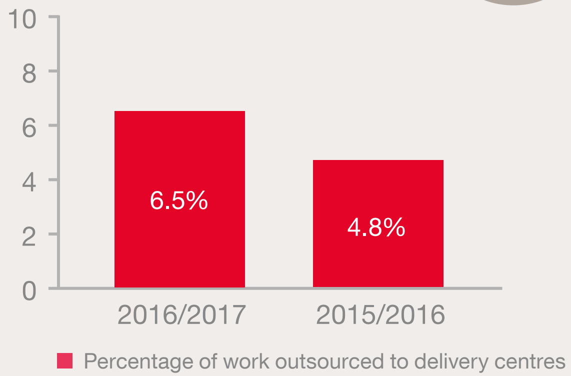


Outcomes internal quality reviews Tax and Advisory meet expectations



The internal quality review processes of Advisory and Tax are not as in-depth as for Assurance due to less extensive requirements for tax and advisory services.

We increase outsourcing standardised work to improve our quality and to make time for complex jobs



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Diversity is improving, but gradually. We will continue to take actions.

New joiners

	2016/2017	2015/2016
Female	46.3%	44.0%
Male	53.7%	56.0%

Percentage of women in new partner and director appointments on target

Turnover

	2016/2017	2015/2016
Female	15.3%	12.6%
Male	15.6%	13.7%

	2016/2017	2015/2016
Dutch origin*	13.0%	12.3%
Western migration origin*	16.3%	10.8%
Non-western migration origin*	16.0%	14.9%

Promotions**

	2016/2017	2015/2016
Female	20.9%	18.7%
Male	18.3%	18.3%

	2016/2017	2015/2016
Dutch origin*	20.2%	19.3%
Western migration origin*	16.8%	17.6%
Non-western migration origin*	19.3%	16.5%

* Registration of ethnicity is voluntary, and about 90% of our people has done so.
** Only professional staff, up to senior manager level.

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Report of the Supervisory Board

Report of the Supervisory Board

During 2016/2017 the Supervisory Board (SB) has taken the opportunity to develop a better and deeper understanding of PwC's business, amongst other things by engaging in substantive talks with a large number of partners across the firm. As an organisation with many societal responsibilities, PwC has composed its SB of external members with a broad range of experience in corporate life and Dutch society. Its wide range of experience, knowledge and critical eye supports PwC's efforts to build trust in society and to solve important problems. The SB is convinced that PwC has set the right direction for achieving its ambition to become a purpose-led and values-driven organisation.

This report sets out how the SB of Holding PricewaterhouseCoopers Nederland B.V., the top holding company of the PwC member firms in the Netherlands, has discharged its responsibilities.

The SB's remuneration report is set out on pages 118-122.

Composition

In 2016/2017, the SB comprised seven members, all external: Jan Maarten de Jong (Chair), Nout Wellink (Vice-Chair), Naomi Ellemers, Annemarie Jorritsma, Frits Oldenburg, Cees van Rijn and Yvonne van Rooy. The composition of the SB has been designed to ensure that it meets the profile and requirements set out in the SB's charter for combined experience, expertise, diversity and the independence of its members.

The SB members bring together a wide range of experience from their previous and current roles in areas such as public administration, corporate governance and behavioural science, and the SB believes that this diversity contributes to the quality of its performance. It means that issues are considered from a wide range of differing perspectives and it brings forward new insights and positions that reach beyond the obvious. The increasing focus on technology inside and outside PwC, varying from investments in digitalisation within the lines of service and technology alliances to protection against cybercrime, has led to a move to seek prospective specific experience in this field both within the BoM and within the SB.

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

Role

The SB now has completed its second full operational year. Although, the main driver for the installation of the SB was the public debate concerning the audit sector, the SB's tasks and responsibilities also cover firm-wide aspects, with a focus on quality of services, independence and integrity. The SB provides support to PwC in its ambition to continue to develop service offerings that encompass all Lines of Service (X-LoS collaboration) within the framework of a partnership-structured organisation. Considering the public debate whether a partnership structure will be future proof, based on its experiences and given its interpretation by the PwC partners, the SB feels that although a partnership structure may have its own specific challenges, that it can provide PwC with a well suited environment from which to contribute to society in a meaningful and responsible way.

Committees

The SB has four committees: the Audit Committee, the Remuneration Committee, the Selection and Appointment Committee and the Public Interest Committee. The tasks of these

Members of the SB

Jan Maarten de Jong (Chair)
(Born 1945, Dutch nationality, Male)
Appointment: 1 May 2015
First term expires: 2019

Other positions
- Chair of the Supervisory Board of KBL European Private Bankers S.A., Luxemburg
- Member of the Board of Stichting Preferente Aandelen ASML

Nout Wellink (Vice-chair)
(Born 1943, Dutch nationality, Male)
Appointment: 1 May 2015
First term expires: 2018

Other positions
- Non-executive director of the Bank of China
- Chair of the Bontius Foundation

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

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

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committees are set out in the SB's charter (see pages 101-103 for more detailed information). During the year, the Audit Committee met 5 times, the Remuneration Committee twice, the Selection and Appointment Committee 5 times and the Public Interest Committee 4 times. All committee meetings were attended by the full respective committee.

- **Audit Committee**
  The Audit Committee comprises Cees van Rijn (Chair), Annemarie Jorritsma and Frits Oldenburg. It focuses mainly on finance and reporting, internal and external audit and risk.

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

  The Audit Committee discussed quarterly forecasts, the internal audit plan, the 2016/2017 results, the draft annual financial statements and the external auditor's management letter. The Audit Committee also received two updates from the Chief Information Officer and it monitored IT investments relating primarily to a new HR system, document management systems and systems for video conferencing, e-mail, calendars and collaboration, as well as the intensification of IT collaboration between the PwC Europe member firms.

  The Audit Committee also met with the external auditor to discuss the audit plan and approach. Close attention was being paid to the audit plan during this first year of the external auditor, e.g. in following up in interim updates by Internal Audit department and update of the management letter of both external accountant and Internal Audit.

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

  Subsequent to the year-end, the Remuneration Committee has considered the proposed remuneration of the members of the BoM. The Committee has also discussed the process surrounding the evaluation and remuneration of partners that took place in July, August and September 2017, and it discussed the staff evaluation and remuneration processes.

  The Remuneration Report, put together by the Remuneration Committee and adopted by the SB, is included as an appendix to this Annual Report 2016/2017 (see pages 118-122). It addresses, amongst other things, the 2016/2017 remuneration arrangements for partners and the BoM (including the claw back scheme for partners who act as external auditor), the remuneration arrangements for the BoM as from 1 July 2017, and the remuneration scheme for the members of the SB.

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

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

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

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

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

Matters on the agenda included the portfolio reallocation within the BoM as from 1 October 2016 and the evaluation of the new partner candidates who will be acting as external auditor within the audit firm. This included the allocation/selection itself, the process the candidates went through and the deliberations thereon by BoM and the Country Admission Committee. The portfolio reallocation within the BoM was designed to refresh the approach and management of the various teams and departments by adding new perspectives to the broad level of experience already in place within the team. The SB believes that this has increased the BoM's executive efficacy as it focuses on further shaping the PwC Journey, remaining in control of the quality improvement in Assurance, aligning markets and consulting agendas, achieving synergies within the PwC Europe collaboration, and closely monitoring the X-LoS risk & quality proposition as new risks continue to emerge in a changing world.

Other agenda items included the (individual) development programmes of partners and directors through so called 'talent scans' and PwC's diversity and inclusion policy.

- **Public Interest Committee**
  As from 2017/2018, the Public Interest Committee now comprises all members of the SB. This committee focuses mainly on matters of public interest, regulatory affairs, quality and risk and transformation and change. As the members of the SB indicated a desire to be more closely involved with the issues that the Public Interest Committee deals with regarding the audit firm, the SB decided to extend the committee to include all members of the SB as from the new financial year 2017/2018. Consequently, in addition to its initial members (Nout Wellink (Chair), Naomi Ellemers, Yvonne van Rooy and Cees van Rijn), Jan Maarten de Jong, Annemarie Jorritsma and Frits Oldenburg have now become members of the Public Interest Committee as from 1 July 2017.

The Public Interest Committee met with the Chair of the audit firm, the Compliance Officer, the Deputy Compliance Officer, National Office, the member of the Assurance Board responsible for transformation and change, and with others within the organisation. It also discussed the appeal against the fine imposed during the previous financial year by the AFM.

The Public Interest Committee evaluated how the Assurance board maintains focus on the cultural and behavioural change it is aiming to achieve, and noted that the audit firm continues to move forward in its goal of becoming a high quality learning organisation. It also closely monitored improvement measures taken with respect to the quality management systems. The results of the internal reviews underscore the importance of ongoing learning and improvement.

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

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

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

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

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

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SB Meetings

During financial year 2016/2017, the full SB had seven regular meetings and also attended a brainstorming session with the BoM. SB meetings are held at least six times a year. After a private meeting within the context of the SB's 'outside in' approach and its critical eye vis à vis the BoM, the SB is joined by the Compliance Officer, the Deputy Compliance Officer and the BoM. The full SB attended close to all meetings.

In addition to the SB and committee meetings, individual members of the SB (primarily the committee chairs) regularly address specific issues with individual members of the BoM. It is in these more private discussions that the SB also exercises its advisory, sounding board role.

Agenda items

The regular agenda items for the SB have included compliance, finance and reporting, governance, risk and quality, public interest, transformation and change, strategy and markets, international collaboration within the PwC network of member firms, the Code of Conduct and Whistleblowing Procedure and evaluation and remuneration. Topical issues, relating to one or more of the Lines of Service, integrated consulting or to client and market developments, also feature in the SB's discussions. Other agenda items have been as follows:

- **Public/External oversight**
  PwC's audit practice is subject to public oversight and review by the AFM and other regulators. In this context, a high quality standard of services rendered is of great importance. Internal and quality reviews were discussed as well as the AFM's inspection of a number of 2014/2015 audit files. The SB responded in writing to the AFM's draft March 2017 report and discussed its findings with the board as well as the role of the SB within the regulatory accountancy framework. Furthermore, the Chair of the SB and certain other members were interviewed by the AFM during the past financial year. In March, the Chair and Vice-Chair had their first annual meeting with the AFM.

  The SB also discussed the November 2016 report of the Accountancy Monitoring Committee ('Monitoring Commissie Accountancy'). The SB and the BoM share the view that a partnership-structured organisation with three Lines of Service is beneficial to the quality of service.

- **Strategy**
  The SB attended a session with the BoM covering, amongst other things, long term strategy, market position, proposed investment plans and human capital. Digital is a key objective within the markets portfolio and Advisory has therefore increased its focus on cyber security, cloud solutions and emerging technologies.

- **Transformational 'Journey'**
  Last year, PwC continued its transformation process towards becoming a purpose-led and values-driven organisation. The SB closely monitors this process and emphasizes that an ongoing self-critical attitude remains essential for achieving cultural change. The SB supports the values determined by PwC as a compass in working with clients and other stakeholders. At the annual partner meeting the SB Chair shared the SB's observations regarding partners' involvement in becoming a purpose-led and values-driven organisation. In holding a mirror up, he emphasized the partners' collective responsibility regarding PwC's transformation and the way the required change is inseparable from the future of PwC.

- **Remuneration of the BoM**
  The members of the BoM receive a fixed non-profit related remuneration determined by the SB. The SB is empowered to award a bonus of up to 20% of the fixed remuneration based on exceptional achievements. The SB is also empowered to levy a remuneration penalty on a member of the BoM up to a maximum of 20% when quality aspects of the performance justify this. No such bonus or penalty was determined. After approval by the SB, the remuneration proposals for the BoM were adopted by the General Meeting of Coöperatie PricewaterhouseCoopers Nederland U.A.

- **Appointment of a new member of the BoM**
  Marc Diepstraten was appointed member of the BoM and Chair of the Tax board as of 1 July 2016. The SB was closely involved in the selection and appointment process in the previous financial year and determined the remuneration for this financial year 2016/2017 (see pages 118-122 for the Remuneration Report).

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

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- **Acquisition of Everett**
  The acquisition of Everett was concluded in late September 2016 and its activities have since been incorporated into Advisory's cyber security group. To ensure that the SB can monitor and advise the BoM more effectively, the SB requested the BoM to consult the SB at an earlier stage in the event of future acquisitions.

- **Budget**
  The SB approved the budget for the current year 2017/2018.

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

Self-assessment

The SB's second annual self-assessment session took place In May 2017, covering the SB's role as employer, supervisor and sounding board. The SB decided to engage an external advisor for its self-assessment process every second year. This year, each member of the SB completed his/her own self-assessment, had a personal meeting with the Chair of the SB (the Chair having his personal meeting with the Vice-Chair) and then participated in a plenary SB discussion. The members of the BoM also reflected and provided input on the performance of the SB.

The SB evaluated its performance as satisfactory overall. Its members have shown an open and transparent attitude, mutual trust and respect. The SB did resolve to reserve more time for discussing the long term strategy, goals and ambitions and to place more emphasis on cultural and behavioural aspects in its decision making processes. The SB holds the opinion that its members comply with the independence rules as set forth in the regulations of the SB.

Training and development

The members of the SB attended several informational meetings with experts (both from inside and outside PwC) in the fields of tax, cyber security and cybercrime, and people and organisation. The members of the BoM and SB also participated in a joint brainstorming session, and educational sessions were organised for or attended by, SB members individually depending on experience and focus areas.

As the members of the SB come from outside PwC, they meet regularly with a wide range of people from within PwC to maintain a good understanding of the day to day practice. In particular, this year the members of the SB met with new partners who had been appointed during the last five years and partners in various leadership roles. The SB believes that these partners are essential for PwC's transformational Journey. The experiences of the new partners also help the SB to optimize its role in relation to appointments of new audit partners.

Evaluation of the BoM/Compliance Officer

The portfolio allocations within the BoM were changed as of 1 October 2016. The SB and the Selection and Appointment Committee had a sounding and advisory role in this process prior to the decision making. The SB supports the changes made to the portfolio allocation and trusts that this new allocation will contribute to further increased quality of service.

All members of the BoM took part in annual goalsetting interviews followed by mid-year and year-end interviews with appropriate members of the SB. This evaluation included an assessment of the time spent by BoM members in their roles. The remuneration of the members of the BoM was determined after completing the year-end interviews.

Concerning the Compliance Officer also annual goalsetting, mid-year and year-end interviews took place. The SB and Selection and Appointment Committee were involved by representation at the mid-year and approval of the Compliance Officer's annual evaluation.

Annual Report

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

Amsterdam, 25 September 2017

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

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Report of the Board of Management

About the Report of the Board of Management

Level of reporting
We report at the level of Holding PricewaterhouseCoopers Nederland B.V. for the financial year ended on 30 June 2017. The Annual Report will be made public (within three months after year-end) on 29 September 2017.

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

Integrated reporting
This report follows the framework developed by the International Integrated Reporting Council. Integrated reporting is a form of reporting that links the entity's strategy, governance and financial performance with the societal, sustainability and economic context in which it operates. Our aim is to provide our stakeholders with greater and better insight into how we implement our strategy and how this impacts society. We will continue to develop this format of reporting in future years.

Materiality analysis
To create value for our stakeholders, it is essential for us to know what issues are important to them and, to ascertain that, we have carried out a so-called materiality analysis (see *pages 20* and *116-117*). In this report, we focus on those aspects that are of the greatest significance to our strategy and to our stakeholders.

GRI
The GRI table in the appendix (on *pages 123-130*) sets out the matters that are relevant to our stakeholders and strategy based on this materiality analysis. The table follows the G4 version of the Global Reporting Initiative (GRI) guidelines, and it lists the pages where information concerning each indicator can be found.

G4 identifies two optional levels of reporting that meet the requirements of the guidelines: the Core option and the Comprehensive option. This report applies the Comprehensive option.

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

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

External audit
We instructed our external auditor to provide a reasonable level of assurance on the Report of the Board of Management (excluding 'Expectations for the future'), the Information about PwC and the appendices to this Annual Report. The external auditor's assurance report, including details of the work carried out, is presented on *pages 91-97*). ■

Issues stakeholders consider most relevant for us	Addressed on pages:
Integrity	3-4, 8, 45-46, 55-57, 106, 107-110
Quality	3-4, 8, 21, 22, 42-50, 55-57, 58-59, 61, 107-110
Culture and behaviour	3-4, 25-26, 34-35, 44-45, 55-57, 61
Independence	42-43, 55-57, 58-59, 106, 107-110
Transparency	3-4, 17, 21
Knowledge development and sharing	40-41
Societal impact of our services	3-4, 23, 24-26, 38, 40-41, 55-57, 58-59
Talent management	8, 48-49, 55-57
Innovation	22, 29, 39, 51-52, 55-57
Governance	58-60, 101-105
Client satisfaction	6, 30, 55-57
Social involvement	3-4, 23, 37-38, 40, 55-57, 111-113
Physical and mental well-being	23, 37, 55-57
Diversity	3-4, 9, 35-36, 55-57
Stakeholder management	20-21, 30, 40-41, 116-117
Impact of technology	3-4, 29, 33, 42-43, 44, 49-50, 51-54, 55-57, 61
Role in the public debate	3-4, 40-41
Financial results	6, 30-32, 61, 63-91, 115

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PwC in the Netherlands

PwC is an independent member firm of a global network of firms and provides assurance, tax and advisory services for listed and private companies and (not for profit) organisations.

We are organised in Lines of Service

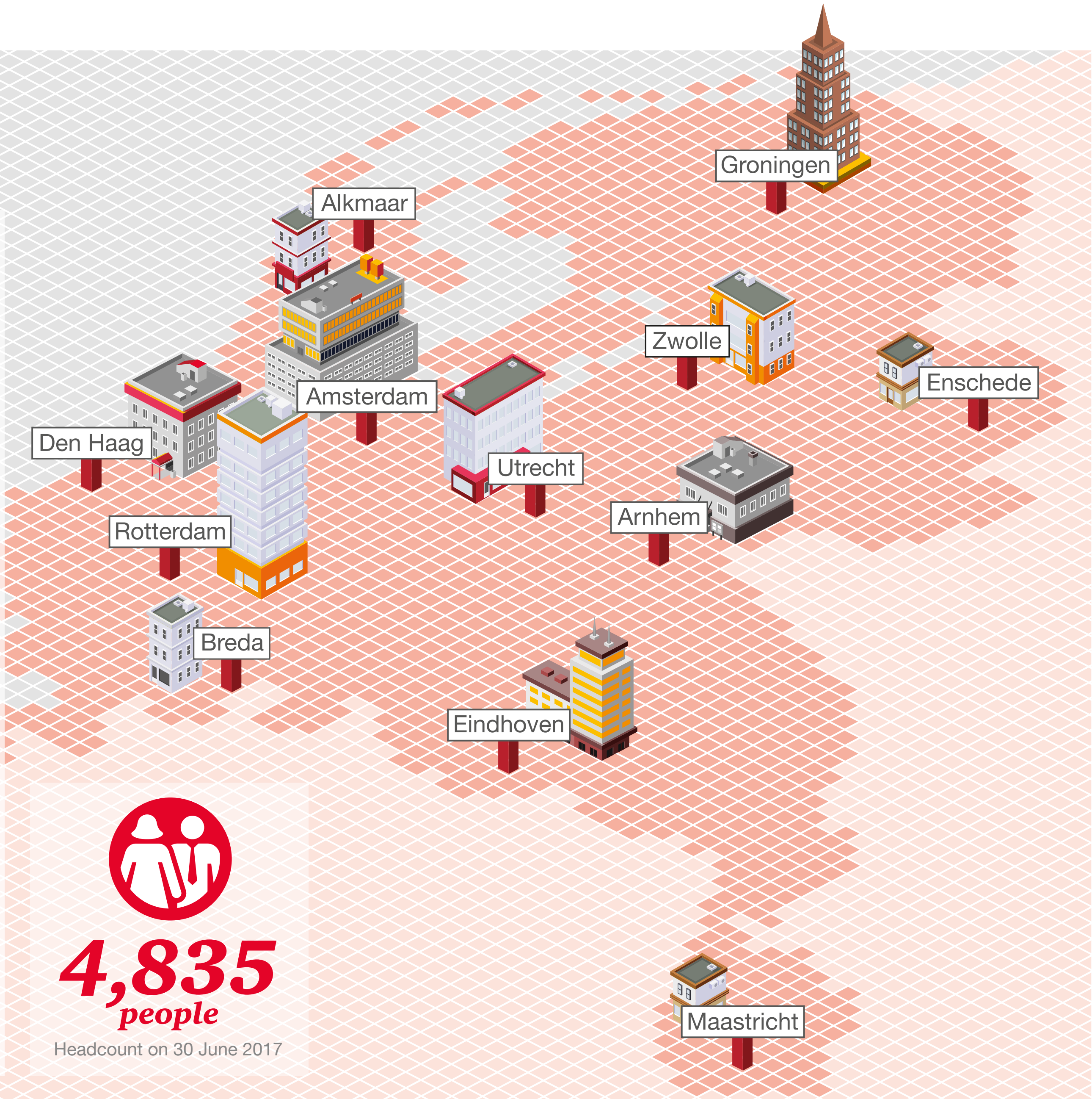
We are organised into the Lines of Service: Assurance, Tax and Advisory, and they are supported by Firm Services.

Assurance focuses on the audit of information and processes and provides assurance thereon. Statutory audit of financial statements constitutes the majority of our Assurance practice. A smaller element is focused on the provision of assurance on systems, processes and numerical (non-financial) information and advice on complex accounting issues.

Tax helps companies, individuals and organisations with their tax strategies, planning and compliance, and provides advisory services in the area of taxation. This Line of Service also includes legal advisory services and specialists in the area of Human Resources, providing advice on such matters as remuneration structures, pension plans and cross-border deployment.

Advisory focuses on transformation processes arising from changes in strategy or from improvements in business processes and systems. Advisory also provides services in the area of mergers and acquisitions, from strategy advice to assistance with business (unit) integration or carve-out. Advisory also includes crisis management services to companies or institutions affected by fraud, disputes, cyber security breaches and near-insolvency.

Firm Services includes the departments that provide support to the Lines of Service. The functional departments of Firm Services include specialists in the areas of marketing, clients and markets, human resources, IT, facility management, procurement, finance and legal.



4,835 people

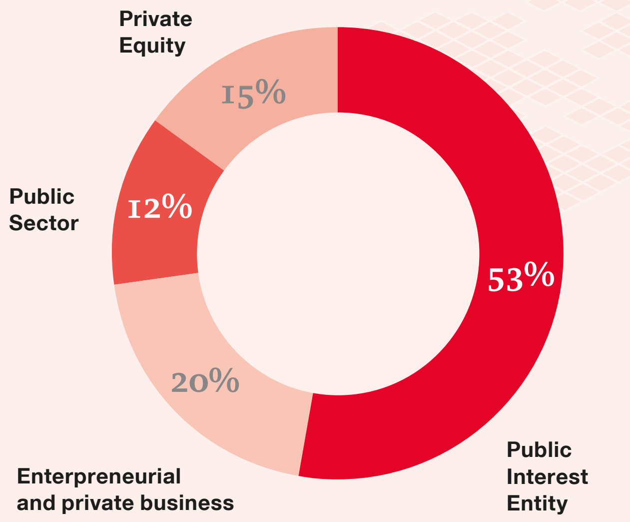
Headcount on 30 June 2017

We work together and share knowledge in industry groups

Our people work together and share knowledge in Industry or competence groups, combining the technical skills of our accountants and (tax) advisors with in-depth industry knowledge.

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

Our clients (by revenue)

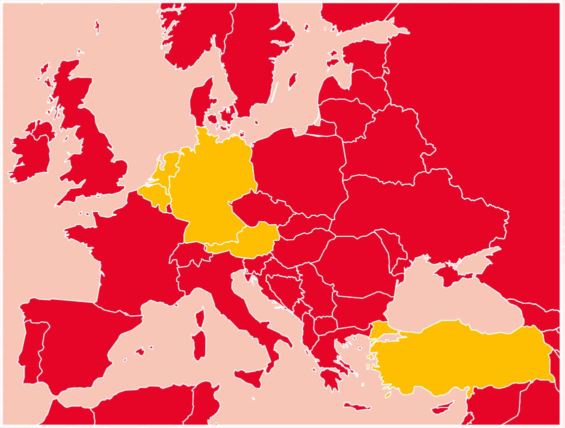


We make a difference by offering multi-competence services and solutions

The strength of our organisation really lies in the combined expertise and competencies of all our professionals. We seek to make a difference by integrating a diverse range of perspectives, people and ideas to generate innovative solutions.

The issues our clients are dealing with are the driving force behind this approach. We operate from our clients' perspectives and with the client's issues paramount. These issues are becoming more and more complex, they have many different perspectives to contribute and this requires a multi-competence approach. To the extent permitted by legislation and regulation, we offer solutions on an integrated basis, bringing together a variety of experience and competencies from Assurance, Tax and Advisory.

We work closely together with other member firms in our 'PwC Europe' collaborative association



We are a member of a global network that, amongst other things, ensures the quality of the service delivery of all PwC member firms. The global network coordinates, reinforces and supports the network in areas like strategy and the expertise of our professionals. Because of the increasing cross-border nature of client service following rapid globalisation, we have seen an increasing collaboration during recent years within the PwC network at regional level. This collaboration is also driven by the need for substantial investments especially in technology to keep ourselves future proof. We have much greater investment and innovative power as a region.

We work closely with the PwC members firms in Germany, Austria and Belgium within the 'PwC Europe' collaborative association. Turkey intends to formally join this collaborative association. We are also coordinating business and investments at the level of EMEA (Europe, Middle East and Africa) and of course at the global level.

Messages from our stakeholders

We strive to be a purpose-led and values-driven organisation. Our stakeholders – our clients, our people and society as a whole – provide important feedback as to whether we are living up to this ambition. They provide input as to what the key elements of our strategy should be and they give us clear messages.

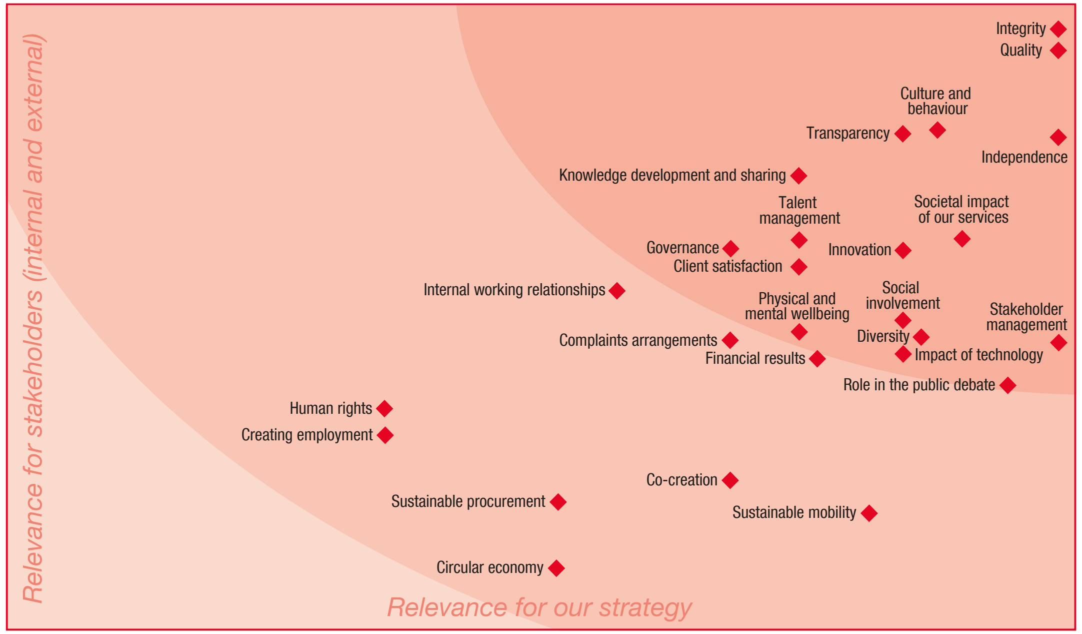
Confirmation of the materiality matrix

Our stakeholders believe that the aspects most relevant to our strategy remain unchanged from prior year

Every two years we put together a so-called materiality matrix – a graphic representation of the relative importance that we and our stakeholders place on themes that we have identified as strategically material. We did this in 2015/2016 by surveying a large group of stakeholders with the request to rank the importance of a number of themes relating to our strategy.

This year we reconfirmed the materiality matrix, amongst other things, through one-on-one conversations with our stakeholders and through completion of the survey. This did not result in any significant change to the existing matrix and we concluded that our stakeholders view as strategically material the same themes as in prior year. These are the themes they expect us to address in our strategy and in this annual report. For detailed information on this reconfirmation process and its outcomes, we refer to the appendix on page 116-117. ■

Materiality matrix PwC



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

Messages from our stakeholders

We pulled together the most important messages that came out of our dialogue with stakeholders, and these messages are a guide for us in dealing with the relevant issues and dilemmas that we face.

Pursue trustworthy behaviour by companies and organisations	Our stakeholders consider quality, independence, transparency and integrity as the defining factors in terms of differentiating ourselves, and they expect and respect professionalism and an independent and critical eye. They also expect our service delivery and offerings to be in line with our purpose and values. Our stakeholders point out that, particularly during times when societal trust is under pressure, the audit profession and sector should be striving to increase its relevance. The audit is a powerful instrument in enforcing trustworthy behaviour on the part of organisations and companies. Auditors have a responsibility to serve the public interest, and we should be doing more to leverage our influence, for example by providing feedback and pushback to executive and supervisory boards. We should also be continuously demonstrating that the audit profession is able to maintain the required quality and professional standards. Our stakeholders also expect us to make good use of our expertise by highlighting potential scenarios and risks for our clients and their stakeholders and, in doing so, to help them make better and well-informed decisions.	See page *3-4* and *24-26* for information on how we are addressing these messages.
Uncover the real (long-term) value of companies and organisations	Our stakeholders foresee an increasing demand for reasonable assurance on non-financial (or so-called pre-financial) information because of its strong link to long-term value creation and sustainable business models. PwC should be equipped to provide insight into risks and opportunities for both the short and long terms and thereby link long-term value creation to business strategies. It is our responsibility to identify and audit the long term value of companies and organisations (financial and non-financial) and encourage them to be transparent about it. When taking a closer look, stakeholders say that we should do more to address issues such as the definition of audit quality and the expectation gap between what an auditor delivers and what society expects. What is the responsibility of the auditor in terms of detecting fraud and reporting on the viability of business models? In the long-term, these are fundamental to building trust in society. In this context, we should be doing more to support companies in improving their annual reporting (and in providing more information) about their assumption of ‘going concern’, that the assumption that the sustainability of the company and its ability to meet its obligations are not at risk. Our stakeholders foresee that this is an increasingly material risk in the context of major societal upheavals such as digitalisation and increased focus on sustainability. In this respect, a wider role for the auditor would support the creation of long-term value.	See page *3-4* and *24-26* for information on how we are addressing these messages.
Incorporate the societal context into tax advice	According to our stakeholders, we should not only comply with legislation and regulation, but should also be in a position to assess the effect of our clients’ tax policies on both their businesses and their stakeholders. This means we should reflect the societal context in our tax advice. The ability to provide insight into the effects on the client’s various stakeholders of a specific structure in particular and of a tax strategy in general should be a basic skill of all our tax advisors.	See page *3-4* and *23* and *43* for information on how we are addressing these messages.
Adapt to the changing world of technology	Our stakeholders expect us to adapt our organisation and service delivery to a world that is dominated by technology. The audit of financial information and compliance processes may become increasingly automated and big data collection and storage facilities require new processes to ensure security and privacy - and our stakeholders expect us to contribute to solutions for these issues. The role of the auditor will increase in this respect and this will involve new requirements for the technical skills and capabilities of new audit talent.	See page *3-4, 22, 42-43, 49-50, 51-54* for information on how we are addressing these messages.
Be transparent about the dilemmas we face on our Journey to becoming a purpose-led and values-driven organisation	Transparency is a recurring theme in the dialogue we have with our stakeholders. Stakeholders emphasise that transparency does not necessarily involve more communication as such, but more communication about the right important or material themes. We must be transparent about themes that really matter and, in doing so, we should be transparent also about our own organisation and how and to what extent we are successful in our ambition of becoming a purpose-led and values-driven organisation. Stakeholders expect us to be open about the dilemmas we face on our transformational journey.	See page *3-4* and *22-23* for information on how we are addressing these messages.

How we deal with dilemma's (1)

The economic transition we are in and our ambition to become a fully purpose-led and values-driven organisation mean we are striving to add value for all our stakeholders. This means that all choices we make need to reflect the impacts both on our own organisation and on our stakeholders and their stakeholders. And when we face conflicts of interest, we need to consider them carefully and be transparent about how we approach them. In the dialogue we have had with them, our stakeholders have indicated that they expect us to be open about the dilemmas we face and about the way we deal with them.

Dilemma: *Work load vs well-being of our people*

We offer challenging, but also demanding, jobs, jobs that require working more than nine-to-five hours. At the same time, we are promoting sustainable deployment and the importance of vitality. We are constantly seeking a balance between the wellbeing and workload of our people.

Choosing between the health of an employee and the work he or she is expected to do is an easy choice. Naturally, the health of the employee always comes first. The dilemma is in the temporary peak periods, when the pressure of deadlines can be high.

Assurance has its busy season, but Tax and Advisory also have periods of having to run hard just to keep up. In these periods of 'running', overtime is quite common and we will sometimes ask people to put their private plans and wishes on hold. In recent years, pressure was especially high in our audit practice as a result of the measures we put in place to improve the quality of our audits. We spent more hours on our ongoing audits and, following the mandatory firm rotation requirements, we also had many new, first year audits that always take much more time and energy. Furthermore, it not only the long working hours that causes pressure on our people, it is also the societal perception of our professions that comes on top of that. We experience, on a daily basis, that our people are keen to add value, and it effects them when a part of society eyes them critically.

We offer our people a competitive package of employment benefits and many opportunities for learning, development and growth. In recent years, we have increased the number of staff considerably and we have become much more selective in the choices we make, by not participating in certain tenders or by withdrawing from certain audit clients. We continue to recruit talent in all our Lines of Service and sustainable deployment is high on our agendas. In the past two years or so, we have invested in a number of programmes to support the wellbeing of our people (see page 37).

The balance between the workload and wellbeing of our – very responsible – people will always need our attention. We see an enormous drive and ambition in our people to perform well. Sometimes it's us that need to slow them down.

Dilemma: *The interest of clients vs the interest of society as a whole in our tax practice*

Over recent years, taxation (more specifically aggressive tax planning and tax avoidance structures) has become a major topic in the societal and political debate. In this context, our tax practice needs to consider the interests of clients and the interests of society as a whole - and they are not necessarily always the same. The proper application of law and regulation, in the context of our Code of Conduct and Clients strategy, are the fundamentals of our tax advice.

This code, which applies to our network globally, provides us with firm and clear principles. It requires our tax advice to be supported by a credible basis in tax law, it requires transparency vis à vis tax authorities and it requires that our advice be given clearly in the context of the specific facts and circumstances provided by the client and that it is appropriate to those facts. The Code also requires that our tax advice includes discussion of the wider considerations involved, including economic, commercial and reputational risks and their consequences.

In other words, this means that our tax advisors incorporate the wider societal perspective into their advice. We view an advice that does not reflect this societal context and the stakeholders' interests as an incomplete advice. We are convinced that discussing with clients the potential reactions of stakeholders to specific decisions they take will lead to better decision-making.

We value very much the structure for consultation that we have within our tax practice. We have a Tax Policy Panel that regularly reviews proposed tax advice within the context of the Tax Code of Conduct and assesses the impact it could have on the societal debate and on our reputation. The panel is designed to ensure that our individual tax advisors properly balance the various differing perspectives and interests.

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How we deal with dilemma's (2)

Dilemma: ***Full circularity vs global network***

PwC in the Netherlands is aiming to become fully circular by 2030. This means no waste, no emissions and maximum (re)use of products and materials. At the same time it is our ambition to be a multi-nodal organisation that operates locally, regionally and globally. There are potential conflicts between these two ambitions.

While we believe in the effectiveness of physical meetings between people face to face, technology has made virtual contact a reasonable alternative. So an increasing number of PwC people meet up in so called 'HangOuts', calls or video conferences, to avoid the time, cost and environmental impact of face-to-face meetings. When travelling is necessary, we consider carefully the number of people going and the most suitable mode of transport.

PwC is taking steps to reduce its impact on the environment. Among other things, we have implemented energy efficiency measures in our buildings, more than 80% of our entire electricity usage consists of sustainably generated wind energy, and our lease scheme encourages options for electric or hybrid cars. In five offices we have achieved full waste segregation.

To become fully circular is a bold ambition. It requires serious investment and robust dialogue with clients and people as to what circularity means in our daily work. For example, our people now have a limited choice in the area of lease cars, which may impact people engagement. On the one hand, millennials expect PwC to make environmentally responsible choices; on the other hand, they still like to have a wide range of choice. We need to find a balance, and we can only do that if both sides make concessions. Our stakeholders and our people expect us to be economic with scarce resources. We have a purpose and we have formulated and introduced new values into our organisation. Care of our environment is fully in line with this.

Dilemma: ***Quick response to client issues vs Risk & Quality***

A fast changing environment requires a quick response to new problems and issues. We are constantly working on innovating our service delivery and offerings. At the same time we work in a highly regulated environment, so we must comply with laws and regulations as well as with our own internal policies and procedures. Innovative ways of working are inspiring high levels of quality and require timely execution of risk and quality procedures.

Quality is paramount in our decision-making. Quality is the foundation, the starting point, in our ambition to become a purpose-led and values-driven organisation. When we don't provide quality, we lose our societal relevance and raison d'être. So innovations must be tested thoroughly before we bring them to market.

To avoid lengthy times to market, we are always searching for new ways to develop new services and solutions and to benefit from the opportunities that new technology offers us. For example, we are introducing what we call agile ways of working into our innovation processes. 'Agile' means moving innovations forward in small steps (or 'sprints'), often in co-creation with the client, in a way that allows us to identify potential successes or failures at an early stage. Another example is that we are increasingly partnering with technology companies to combine our business expertise with their technological expertise and, together, develop joint service offerings of higher quality.

A side-effect of this way of working is that it is also a driver for transformation. Where, in the past, we would bring 'whole' solutions to clients when they faced a problem, we now work together with our technology partners and in co-creation situations with our clients to develop tailor-made solutions to important problems. This means that the timing of our risk and quality procedures must be aligned to this new way of working. We therefore address and reassess the various risk and quality elements associated with new service solutions at an earlier stage and throughout the entire process, to ensure that the end-products and solutions are meeting the required risk and quality standards as well as the expectations of stakeholders.

How we create value

Our environment

Expectations stakeholders

Megatrends

SDGs* relevant for PwC

4 Quality education, 5 Gender equality, 8 Decent work and economic growth, 9 Industry, innovation and infrastructure, 10 Reduced inequalities, 12 Responsible consumption and production, 13 Climate action, 16 Peace, justice and strong institutions, 17 Partnerships for the goals

* United Nations' Sustainable Development Goals

Why

Our purpose

Building trust in society & solving important problems

What

Vision 2020

- Leader in building and sustaining trust-based institutions
- Multi-nodal organisation
- A professional services network delivering client service from strategy through to execution
- Technology enabled innovator

Our focus areas

- Understanding our clients to create long-term value
- Delivering the PwC Culture
- Building on the quality of our service offerings and delivery
- Investing in strategic competencies
- Transforming our organisation

How

Our transformation

Our Journey to a purpose-led and values-driven organisation

Values

- Act with integrity
- Make a difference
- Care
- Work together
- Reimagine the possible

Services & Impact

Our services and solutions...

Assurance | Tax | Advisory

...create value for

Society
- Greater trust in organisations
- Contribution to public debate
- Bringing together people and organisations
- Contribution to Social Enterprise Sector

Clients
- Reliable (non-)financial information
- Better insights for internal and external stakeholders (transparency)
- Resilience to volatile environment
- Transformation
- International network

People
- Development
- Recognition and reward
- Inclusiveness
- Employment

Our purpose is to build trust in society and solve important problems. We defined Vision 2020 as the firm we need to become in order to achieve our purpose and execute our strategy and, in doing so, create value for our stakeholders. We have come to realise that if we are to achieve our purpose and realise our Vision 2020, we need to transform. The PwC Journey is how we have called this transformation process to a purpose-led and values-driven organisation.

Our environment

Stakeholders provide input to our strategy
We have an active dialogue with a wide group of stakeholders who provide input as to what the key elements of our strategy should be. From the dialogue this past year, we have concluded that our stakeholders still consider themes such as integrity, quality, culture and behaviour, transparency and independence to be the themes most relevant for our strategy (see pages 20, 116-117).

Megatrends are shaping our work for clients
The world is currently shaped by a number of global and irreversible megatrends. Our clients need to develop, implement and achieve strategies to deal with these megatrends if they are to meet their stakeholders' needs, and this is shaping the work we do for them.

We aim to contribute to the achievement of SDGs
Last year we linked the United Nations' Sustainable Development Goals (SDGs) to our strategy. These SDGs address the most pressing global issues, such as hunger, inequality and climate change, and they explicitly call on the business world to contribute. We aim to contribute to these goals by integrating the goals most relevant to us into our strategy and operating activities. This is both in line with our purpose to solve important problems and supportive of our ambition to become a purpose-led and values-driven organisation.

To determine which of the goals are relevant to the work we do, we have analysed all seventeen SDGs and identified nine that are relevant to our firm. However, we believe that we will be far more effective and make far more impact if we were to focus (initially) on a smaller selection of SDGs. After careful consideration we have chosen four SDGs in which we really want to make a difference.

Why

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

What

Vision 2020 is the firm we want to become
Our Vision 2020 is to become the pre-eminent professional services network, based on four ambitions:

- *A leader in building and sustaining trust-based institutions*

We aspire to be a firm that enhances trust in organisations because we contribute to their operating effectiveness, the reliability of their financial and non-financial information and their transparency, for example our involvement in implementing systems that help food manufacturers assure food safety in their supply chains.

- *A multi-nodal organisation*

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

- *A professional services network delivering client service all the way from strategy through execution*

We aim to support our clients from the very moment they are formulating their strategies all the way through to their implementation and execution. We are convinced that, with all the competencies and specialisms we have in house, this is the best way for us to deliver added value.

- *A technology enabled innovator*

With the help of technology (and in collaboration with technology partners), we aim to improve our service offerings and delivery and create a culture that encourages innovation.

Our focus areas indicate the way how we intend to achieve our ambition
We continue to work along the lines of the five focus area's we have identified in recent years to help achieve the goals included in Vision 2020. The underlying critical success factors make clear where further work is needed to achieve these strategic objectives.

Together, the strategic objectives, critical success factors and performance indicators are the building blocks of our so-called Integrated Dashboard. This dashboard allows us to monitor and evaluate the full spectrum of our strategy and update it as needed (see also pages 27-28).

How

The Journey is our transformation process
The Journey is about how we deliver our services, how we prioritise and how we communicate with each other and with our clients and society. With a more outside-in perspective we strive to help our stakeholders create more value for their stakeholders, thereby contributing to 'the common good' of society.

The Journey is powered by our values
This year, we introduced into our organisation new values that are in line with our purpose and that we consider to be important drivers for our Journey towards becoming a purpose-led and values-driven organisation. They represent the way our stakeholders expect us to behave and what we expect from each other as colleagues (see also page 34).

Another important driver of our transformation is the PwC Professional, our competency and leadership development model that helps us in developing the skills we need to address the issues our stakeholders are facing.

Services & Impact

The services we deliver and the way we deliver them determine the impact we make on our stakeholders and the extent to which we contribute to trust in society and solve important problems. For example, we audit financial and non-financial information, we provide our clients with control over their tax processes by implementing frameworks, and we assist companies in their transformation processes.

Our values

Act with integrity | *Make a difference* | *Care* | *Work together* | *Reimagine the possible*

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Our strategy and achievements (1)

Material aspects	SDG	Focus areas	Critical success factors	Key statistics	Actual 2015/2016	Actual 2016/2017	Target 2017/2018	Information on page
- Quality - Integrity - Culture and behaviour - Independence - Transparency - Knowledge development and sharing - Societal impact of our services - Talent management - Innovation - Governance - Client satisfaction - Social involvement - Physical and mental well-being - Diversity - Stakeholder management - Impact of technology - Role in the public debate - Financial results		Under-standing our clients to create long-term value	• X-LoS service offerings and delivery that address our clients' key issues. • Robust dialogue that matches our clients' strategic agendas. • Profitable growth to generate funds for investment.	• Net revenue PwC NL	€ 744.1 m	€ 767.0 m	Growth	30-32
				• Operating profit PwC NL	€ 142.3 m	€ 151.2 m	Growth	30-32
				• Number of FTEs	4,440	4,594	Growth	30-32
				• Percentage (billable) client hours of total hours	61%	63%	Stable	-
				• Client satisfaction overall	8.2	8.1	8.0	30
				• Client recommendation	8.2	8.2	8.0	30
				• Net promotor score	38	39	40	30
		Delivering the PwC Culture	• Building an externally focused culture in which social involvement is the norm. • Building an inclusive culture based on encouragement and collaboration. • Sensitivity for our people, their personal development and their well-being (valuing their contribution). • An impactful CR approach. • Knowledge sharing and thought leadership.	• Intake (%) male / female	56% / 44%	53.7% / 46.3%	Equal	35-36
				• Intake origin (%) Dutch origin/Western migration origin/Non-western migration origin	62% / 14% / 24%	55% / 15% / 30%	Not applicable	35-36
				• Turnover (%) gender male/female	13.7% / 12.6%	15.6% / 15.3%	Equal	35-36
				• Turnover origin (%) Dutch origin/Western migration origin/Non-western migration origin	12.3% / 10.8% / 14.9%	13.0% / 16.3% / 16.0%	Equal	35-36
				• Promotions (%) male/female	18.3% / 18.7%	18.3% / 20.9%	Equal	35-36
				• Promotions origin (%) Dutch origin/Western migration origin/Non-western migration origin	19.3% / 17.6% / 16.5%	20.2% / 16.8% / 19.3%	Equal	35-36
				• People Engagement Index	84%	82%	80%	37
				• People Engagement Index (%) male/female	84.5% / 83.5%	82.8% / 80.5%	80%	36-37
				• People Engagement Index (%) Dutch origin/ Western migration origin/Non-western migration origin	85.8% / 84.0% / 83.0%	84.5% / 79.5% / 84.8%	80%	36-37
				• Women in new partner and director appointments (%)	30%	30%	25% / 30%	36
				• Circularity in operations (%)	28.3%	32%	Improve, 100% by 2030	38,111-112
				• CO_2 emissions	+1.6%	-10%	- 30% by 2020, zero emission by 2030	38,111-112
				• People involved in CR (%)	17%	14%	20%	38-39
				• Hours invested in Chief Economist Office	10,695 hours	10,561 hours	Stable	40-41

Our strategy and achievements (2)

Material aspects	SDG	Focus areas	Critical success factors	Key statistics	Actual FY 2015/2016	Actual FY 2016/2017	Target FY 2017/2018	Information on page
- Quality - Integrity - Culture and behaviour - Independence - Transparency - Knowledge development and sharing - Societal impact of our services - Talent management - Innovation - Governance - Client satisfaction - Social involvement - Physical and mental well-being - Diversity - Stakeholder management - Impact of technology - Role in the public debate - Financial results	8 Decent work and economic growth 10 Reduced inequalities 12 Responsible consumption and production 16 Peace, justice and strong institutions	Building on the quality of our service offerings and delivery	• Continuous improvement of quality and risk management in and testing of our approach to quality and our risk management systems. • A governance environment and organisation that encourages and facilitates our ambitions for maximum quality. • A talented workforce continually schooled in both the hard and soft aspects of our service offerings and delivery.	• Outcomes external quality reviews Assurance	AFM: - PCAOB: 0 of 3 reviews non-compliant	AFM: 4 of 8 reviews non-compliant PCAOB: -	Improvement	46
				• Outcomes internal quality reviews Assurance	5 of 37 reviews non-compliant	5 of 40 reviews non-compliant	< 5% of the reviewed engagements non-compliant	46
				• Outcomes internal quality reviews Tax	9 of 273 reviews not meeting our standards	11 of 274 reviews not meeting our standards	< 5% of the reviewed engagements not meeting our standards	46
				• Outcomes internal quality reviews Advisory	3 of 72 reviews not meeting our standards	80 reviews, all meeting our standards	< 5% of the reviewed engagements not meeting our standards	46
				• Favorable answers in People Survey on the subject of ethics (%)	81%	82%	80%	44-45
				• Turnover rate top talent (%)	10.2%	10.7%	8%	36, 48
				• Traininghours per FTE	119	119	Stable	49
		Investing in strategic competencies	• Innovation to improve our service offerings and delivery and to meet the needs of our clients and society as a whole.	• We are in the process of developing Key Performance Indicators to measure our progress on innovation	-	-	-	
		Transforming our organisation	• Continuous improvement to our work flows. • An agile organisation able to meet changing stakeholder needs and a resilient organisation ready to deal with (unexpected) economic developments.	• Mobility and transfers	116 transfers within PwC/179 incoming and outcoming transfers within global network	147 transfers within PwC/165 incoming and outcoming transfers within global network	More transfers within PwC NL and global network	54
				• Hours outsourced to Delivery Centres	4.8%	6.5%	Increasing outsourcing standardised work	53

1. Understanding our clients to create long-term value

The client's strategic agenda is the starting point and at the heart of our service offerings. Our ambition is to help them achieve their strategy, also taking in account their stakeholders. Profitable growth enables us to invest in the quality of our service offerings, attract and retain the best people and invest in innovation and technology. To realise this, we must distinguish ourselves in the market with trust-based relationships and innovative propositions.

X-LoS service offerings and delivery

Our ambition is to deliver, with the help of technology, client service from strategy through execution. Our greatest asset is that our service delivery and offerings involve collaboration across all specialisms, skills and competencies. This enables us to make a valuable and differentiating link between the formulation and implementation of strategy.

We are more closely involved in strategic processes

We are beginning to see the impact of our service delivery shifting. While our services were previously aimed mainly at the functional processes of our clients as handled by the functional officers responsible, we now find ourselves more often in the boardroom where strategies are being set and a wider range of stakeholder interests are being addressed. This shift is slow, and of course, cannot be attributed to one fiscal year, but we do expect this trend to continue in the coming years.

The developments in our tax practice are illustrative of this. Tax used to be the domain of the tax directors, but the societal debate around tax avoidance and (aggressive) tax structures has moved the subject up the corporate agenda. Taxation is increasingly becoming part of our clients' overall business strategies, and we are aligning our service offerings to this shift. As a result, Tax is broadening the base of its advice, covering the whole cycle from early formulation of tax strategies through to ultimate implementation of technology-supported tax control frameworks and compliance solutions. In this regard, we see Tax and Advisory working together on an increasingly regular basis.

We have continued our investments in new multi-competence services, especially around technology and data

The strategic agendas of our clients are shaped by a number of irreversible megatrends. We defined in 2015/2016 a number of areas – derived from the megatrends – where we see the best opportunities for developing multi-competence service offerings: digital transformation, cyber security, data & analytics, technology alliances and capital projects & infrastructure. We have continued these investments this year (see also page 51).

Critical success factors	What we have achieved in 2016/2017
X-LoS service offerings and delivery that address our clients' key issues	- Investments in new and innovative service offerings, especially around data and technology (see also page 51)
Robust dialogue that matches our clients' strategic agendas	- Developing thought leadership - Insufficient feedback requested from clients
Generating growth to create funds for investments	- Increased revenue levels in Tax and Advisory - Bottoming out of Assurance's trend of decreasing profitability

Digital done differently
Last year, we launched a campaign to demonstrate and raise awareness of what we do in the area of new technology. For years now we have been building up a deep knowledge base and expertise in the areas of emerging technologies like robotics, artificial intelligence, the internet of things and blockchain, and we know how these technologies can impact companies, sectors and industries.

What we do differently is that we do not consider digital as a goal in itself. Technology and digital solutions are a means to support the approach to complex issues. In other words, it is all about the business, not about technology.

Reflecting the issues clients bring to us, we gather experts from our various disciplines. These might include anyone from strategy and transformation specialists, customer experience designers, and data analysts to cyber security experts and technology consultants. We call this our BXT approach: a combination of Business, eXperience, and Technology.

Robust dialogue with clients

We can only help clients and get an understanding of their issues when they have trust in us – trust in our know-how and skills but also trust in the personal relationships we have with them. Our PwC Professional leadership model (see page 49) describes the skills and behaviour we expect from our people as they build these trusted relationships.

Our Chief Economist office also contributes to our dialogue with clients. This office carries out research into the effects of the global megatrends on sectors, markets and business models, and its reports help us to build our knowledge base regarding the important issues on our clients' agendas while, and at the same time, providing the clients with new insights. The Chief Economist Office is therefore also actively involved in client relationship programmes and proposal processes (see also page 40).

We can do better in requesting more client feedback

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

We are very much aware that the value of client feedback increases as the number of job surveys increases, and we are working on measures to improve our processes and make our feedback system more user-friendly. We also acknowledge that we need to raise our professionals' awareness of the importance of client feedback in terms of relationship building and learning on the job.

Profitable growth to generate funds for investment

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

The trend of decreasing profitability has been reversed

We can look back on a good year. In previous years we saw our revenues increase slightly, and this growth trend has continued this last year. Revenue increased to € 761.1 million (2015/2016: €744.0), an increase of 3%, following higher revenues in Tax and Advisory. Revenue and profitability in Assurance decreased slightly.

During the previous two years our profitability fell following investments in audit quality and temporary transition costs resulting from the mandatory firm rotation, but this trend was reversed in 2016/2017 following the strong results in Tax and Advisory.

We continue to invest in technology

We have continued the high level of investment in technology. All our Lines of Service are working on the innovation of their service offerings and they are increasingly making use of technologies such as robotics and artificial intelligence and new insights into the use of big data (see also page 51). Some of these technology investments are aimed at the effectiveness and efficiency of processes within our own organisation (see page 53).

We are also outsourcing more of our standardised, non-judgemental work to specialised PwC Delivery Centres in the Netherlands and Poland. Assurance has been working with these DCs for several years now, making more time available for the complex issues in the audit and improving the quality of the audit. Tax is also outsourcing standardised work to release time for making a difference and re-imagining the possible.

Differing trends across sectors

When we look at our industries we see strong revenue growth in the Financial Sector, partly as a result of our involvement in the project surrounding the mandatory assessment of middle market clients' derivatives files by a number of large Dutch banks. Other significant revenue fluctuations vis à vis prior year are explained by the project nature of large elements of our services and by the mandatory audit firm rotation.

Client feedback results	Number of job surveys		Client satisfaction score		Recommendation*	
	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016
Assurance	381	283	7.9	8.0	7.9	8.0
Tax	203	193	8.3	8.4	8.4	8.2
Advisory	145	240	8.3	8.2	8.4	8.4

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

We face a volatile environment

Tax and Advisory in particular have benefited from a recovering economy and saw strong revenue growth. At the same time we face a volatile market and environment. Advancing and disrupting technologies are transforming sectors and industries, and the effects of this on our firm are difficult to predict. For example, technology has had a major impact on the retail sector, and we have lost work because of corporate bankruptcies and downsizings, though we have also been able to provide assistance to organisations in their transformation processes. There are also uncertainties in the regulatory environment, for example in the area of tax. And in a globalising world, events and circumstances like Brexit, the outcome of elections, the threat of terrorism, refugee flows and geo-political challenges can have a major impact on business confidence.

Sector	% 2016/2017	% 2015/2016
Financial Services	**+18%**	+21%
Industrial Products	**+6%**	-6%
Transport & Logistics (T&L)	**+20%**	+6%
Retail & Consumer (R&C)	**-13%**	+3%
Energy, Utilities & Mining	**-11%**	+3%
Technology, Media & Telecom (TMT)	**-8%**	+11%
Public Sector (PS)	**0%**	+2%

% 2016/2017 *% 2015/2016*

Results Assurance

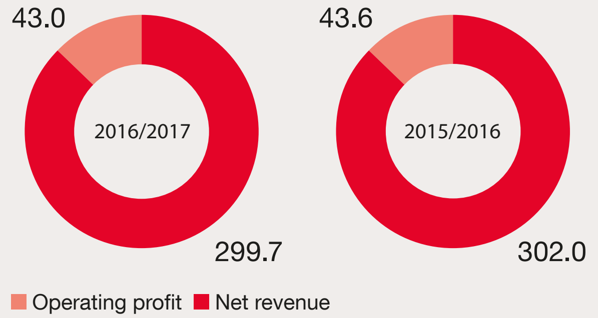
Trend of decreasing profitability in Assurance bottoms out

Although both the revenue and the profitability of Assurance fell slightly, the decrease was not as significant as in two previous years, when profitability fell by more than 20% as a result of the investments in audit quality and the high costs of audit firm rotation in de PIE segment. A first-year-audit always involves a considerable investment in time and resources. While we are still seeing the relatively high cost effects of this rotation, these are beginning to level off.

We expanded Assurance's permanent staff in order to reduce the workload of our people and this has increased our cost base. On the other hand, we reduced the so-called flexible workforce that provides support to our audit teams in the peak period, resulting in increased stability in the audit teams and because of the high cost of this temporary workforce.

Assurance

(€ millions)



We see an increasing need for non-financial assurance and reporting specialists

As digitalisation moves forward, we are seeing a greater need for assurance around systems, cyber security and non-financial information. This has again generated strong growth for our Risk Assurance Business Unit this past year. Also our CMAAS Business Unit, dealing with highly specialist reporting and valuation issues for financial statement purposes, continued to perform well.

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

We have continued our investments in further digitalisation of our audit processes and workflows and in the use of big data in the audit. For example, we have a suite of tools (HALO) that allow us to analyse patterns and trends and identify unusual or inconsistent transactions, which help us to determine where to focus our audit efforts. At the same time, they provide our audit clients with new insights (see also page 44).

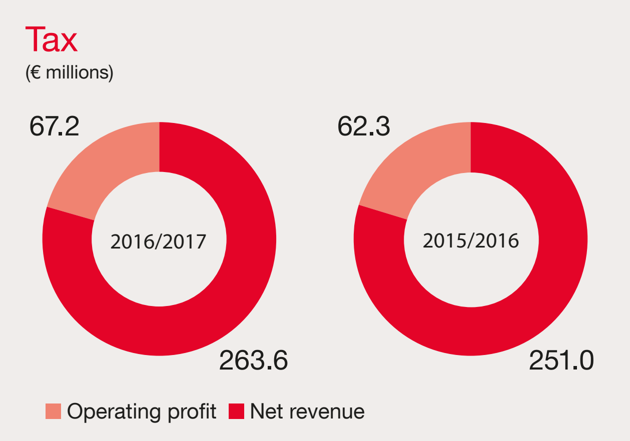
Results Tax

Tax performed very well

Tax revenues have grown by 5% compared to last year and profitability increased by 7%. This growth is higher than it was in prior years. The shift from traditional tax services to technology enabled tax consulting and compliance has continued. Our People & Organisation practice, which advises on HR-related issues performed well, one of the reasons being advances in technology in all industries and sectors which have a strong effect on the HR agenda of companies and organisations.

The revenue mix of tax is changing

Taxation is increasingly becoming a key part of our clients' business strategies and Tax is therefore focusing on integrated propositions covering the whole cycle from the formulation of a tax strategy to the implementation of control and compliance frameworks (see also page 43). This has changed the revenue mix in recent years. Another trend in our Tax practice is the shift from a more generic type of advice to a more highly specialised type of advice in areas of tax competence (for example, indirect tax and transfer pricing) or in an industry (for example, the financial and retail sectors).



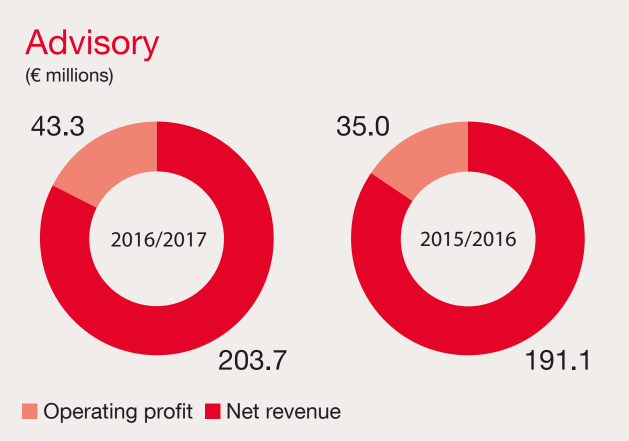
The trend of integrated propositions on the one hand and more specialist advice on the other means that our people have to collaborate and share information better, not only within the Tax practice but also across the Lines of Service. They have to move beyond the domain of their own technical specialism. We have reflected this in our training programmes.

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

Results Advisory

Consulting had a slow start, but has turned around in later months

In the first months of this fiscal year, Consulting's revenue and profitability were behind budget. In the last six months, however, we have seen a turnaround following the involvement of Consulting in large projects in the Financial Sector. Also contributing to the renewed growth path was the collaboration with the Consulting practices of the other participating members of PwC Europe, which is improving our cross-border service delivery and offerings (see also page 53). This collaboration also contributes to a more efficient allocation of resources.



Part of this growth came from the acquisition of Everett, a company specialised in the sale and implementation of, and consultancy regarding, software for identification and access management. With this acquisition we have strengthened our service offerings in cyber security and privacy services (see also page 51). Consulting's strategy is focused strongly on digital transformation and its investment agenda is primarily digital-related.

Growth in Deals follows a strong M&A market

Our Deals and Forensics practice continued to maintain its high growth trajectory in a buoyant M&A market following the economic recovery. We also see a lot of activity on the M&A market as a result of transformation processes. For a couple of years we have invested in competencies such as corporate finance and debt advisory and these investments are now paying off as we see significant growth rates in these areas.

Deals is also successfully investing in broadening its proposition, which means involvement in the pre and post deal phase.

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Cash flows and financing
Cash and cash equivalents amounted to € 16 million at year-end (30 June 2016: € 18 million) and our solvability ratio was 17.7% (30 June 2016: 18,9%).

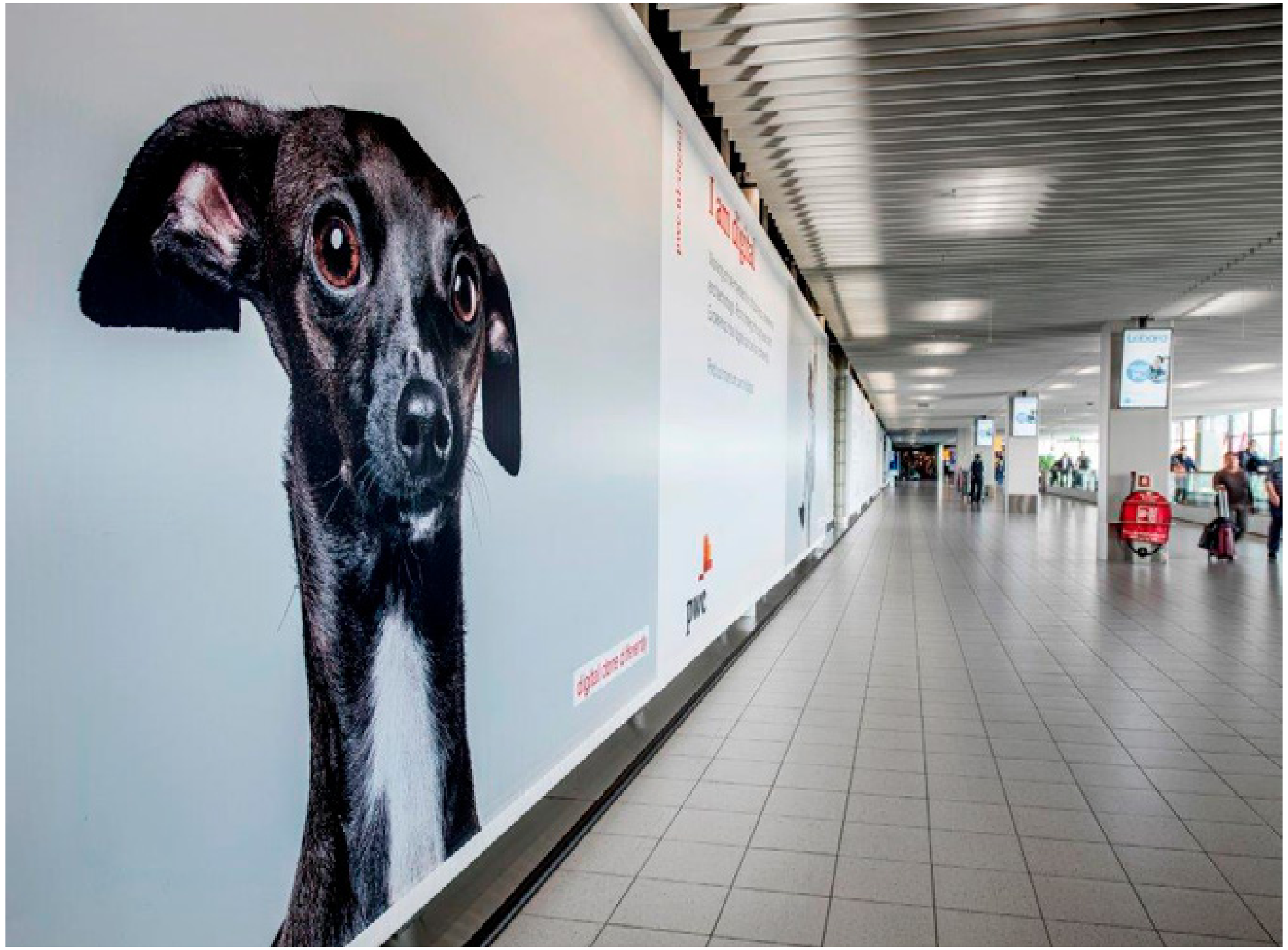
When assessing financing needs, we also take account of contributions from partners, which at year end aggregated € 172 million (30 June 2016: € 150 million), representing some € 616,000 per partner (30 June 2016: € 549,900).

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

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

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

A more detailed description is included in in the financial statements (*page 82*).



So what about the doggie?
'The doggie' was a striking feature of the first manifestations of our media campaign that started in February. The doggie symbolises a customer case in Vancouver, Canada. PwC helped the city with its digital transformation. The aim was to improve service provision for the citizen and to reduce red tape. One result was that it became easier for dog owners to apply for a licence and pay their dog tax. That's why we've chosen the doggie as one of the symbols of our campaign. The central idea of 'Digitally done differently' is that our client's issues are the starting point of our, by technology supported, solutions.

2. Delivering the PwC Culture

We want to differentiate ourselves in the market by the quality of our service delivery and offering, but also by the way how we deliver our services, and so how we interact with clients and colleagues. A diverse culture is shaped by our values and our behaviour and that's why we consider them as main drivers of our transformation.

Building an externally focused culture

We have formulated a new set of values more closely aligned to our purpose

As a PwC global network, we together face the challenge of transforming our organisation into one that can fully live up to its purpose of building trust in society and solving important problems. Last year we updated our values to bring them more closely in line with this purpose (see *page 24 - 26*) and linked them to aspects of behaviour. The introduction of these values helps us to achieve the culture we aspire to. The values are easily recognisable and understandable and they describe – quite straightforwardly – the behaviour our stakeholders expect of us.

We are learning to put these values into practice in our daily work and behaviour

We introduced the values into our organisation by means of extensive communication and meetings to discuss them. Our annual management day (for senior managers and higher) was also dedicated to our Journey. Our transformation process has attracted external attention; the national daily, Het Financieele Dagblad, published a substantial background article about this management day.

Of course, the most important thing is that we are putting the values into practice by linking them to our daily work and in our behaviour in dealing with clients and colleagues. That's why we organise trainings and meetings. Even more importantly, we are anchoring the values into our systems and processes – and eventually into the DNA of our

Critical success factors	What we have achieved in 2016/2017
Building an externally focused culture in which social involvement is the norm	- Formulating and communicating new values, aligned with our transformational Journey - Onboarding our people for the Journey
Building an inclusive culture based on encouragement and collaboration	- Recruiting more women and people from migration origin - Continuation of our diversity programme
Sensitivity for our people, their personal development and their well-being (valuing their contribution)	- Sustainable employment for our people
An impactful CR approach	- Sharing our skills and knowledge with social enterprises and civil society organisations - Planning a path to full circularity by 2030
Knowledge sharing and thought leadership	- Investments in the Chief Economist Office as a catalyst for internal and external knowledge sharing

Values

Act with integrity
- Speak up for what is right, especially when it feels difficult
- Expect and deliver the highest quality outcomes
- Make decisions and act as if our personal reputation were at stake

Make a difference
- Stay informed and ask questions about the future of the world we live in
- Create impact with our colleagues, our clients and society through our actions
- Respond with agility to the ever changing environment in which we operate

Care
- Make the effort to understand every individual and what matters to them
- Recognise the value that each person contributes
- Support others to grow and work in the ways that bring out their best

Work together
- Collaborate and share relationships, ideas and knowledge beyond boundaries
- Seek and integrate a diverse range of perspectives, people and ideas
- Give and ask for feedback to improve ourselves and others

Reimagine the possible
- Dare to challenge the status quo and try new things
- Innovate, test and learn from failure
- Have an open mind to the possibilities in every idea

organisation. Our learning and development programmes, for example, have been made, where relevant, Journey-proof last year (see page 48).

The new values have been identified from the bottom up
We used to work within the framework of the three values: Excellence, Teamwork and Leadership. These values have served us well in the past and have kept us strong and healthy. Our ambitions, however, need values that are more focused on guiding us towards becoming a purpose-led and values-driven organisation.

The new values we have now defined are derived from a global survey carried out last year in which about 131,000 colleagues reported back the values they considered to be most important. The reason for involving the whole network was the importance of values not being dictated from above. Values must reflect what we all have in common. This global value survey was initiated and managed by a team from PwC in the Netherlands and we are proud of this involvement.

Building an inclusive culture

Diversity is a strategic issue
We are convinced that living our values will also be a major contribution to the diversity of our organisation and to the appreciation of diversity within the organisation. Becoming a more diverse organisation is critical to our success. By increasing diversity, we improve our ability to solve important problems for our clients, to understand each other's perspectives and improve our listening skills and creativity ('Care' and 'Work together'). The more diverse we are, the better we will be able to innovate and truly add value ('Reimagine the possible'). Creating an inclusive culture is also critical for recruiting and retaining top talent. For example, following the digitalisation of our service delivery and offerings we are increasingly looking to recruit people with degrees in science, technology, engineering and mathematics – and being a diverse organisation that offers room for creativity and divergent perspectives helps in recruiting them (see also page 50).

We have an extensive diversity programme
In recent years we have developed various (coaching) programmes and training sessions to support diversity and inclusion. Our approach to diversity encompasses gender, cultural differences and sexual orientation, and PwC is also committed to attracting talented people with disabilities. We have various networks in place, such as PwC Women NL, GLEE (for Gays, Lesbians and Everybody Else) and Connected Cultures, that organise meetings and other activities. In September 2016 we launched disAbility, a network for professionals with disabilities.

The challenge is to become a closer reflection of society
The challenge we continue to face is not in recruiting women or people from migration origins, but in achieving their progression within the organisation. We have several initiatives in place to stimulate the advancement of these colleagues to seniormanagement positions. For example, the boards of Assurance, Tax and Advisory are actively monitoring the progression of women in their respective practices and they are coaching women who have been identified as having the potential to move up to more senior positions. We are encouraging partners to coach and sponsor multicultural talent with a view to supporting them in their careers.

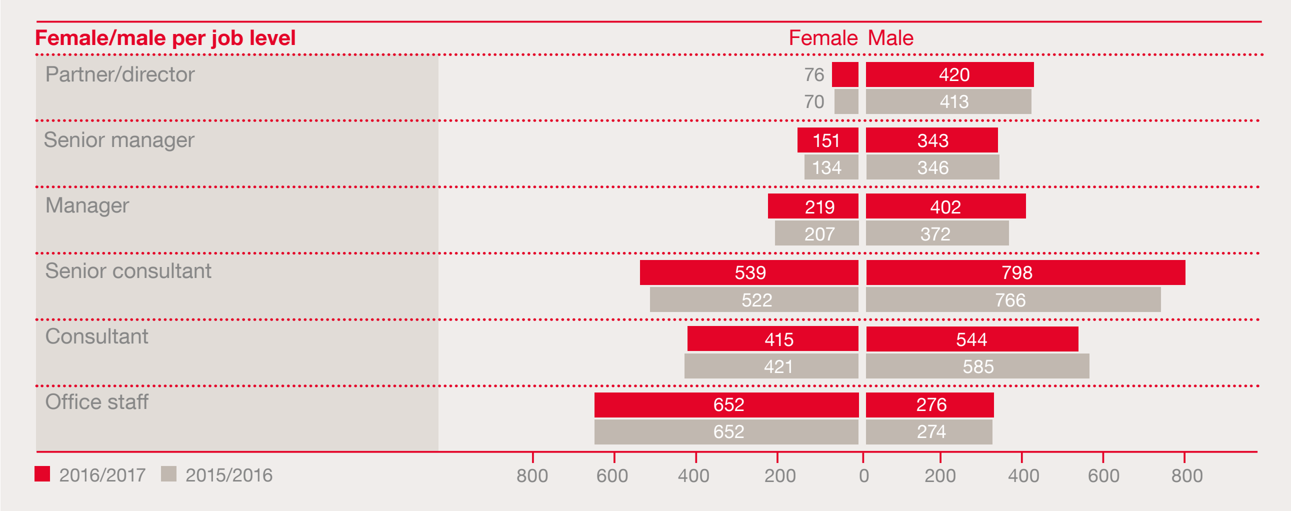
Diversity

Cultural diversity (% of staff)*	2016/2017	2015/2016
Dutch origin	71.5%	73.5%
Western migration origin	11.7%	11.2%
Non-western migration origin	16.8%	15.3%

Gender diversity (% of staff)	2016/2017	2015/2016
Female	42.4%	42.1%
Male	57.6%	57.9%

New joiners origin (%)*	2016/2017	2015/2016
Dutch origin	55	62
Western migration origin	15	14
Non-western migration origin	30	24

* This ratio for 2016/2017 is based on 95% of our people. Registration of ethnicity is voluntary, and about 95% of our new joiners during 2016/2017 has done so.



Turnover percentages have gone up

We see that the staff turnover percentages have gone up. We think this is partly explained to an improved economy and a tighter 'war on talent'. We also think we have to continue working on being an attractive and diverse organisation. On the other hand we see the turnover percentages of highly rated talent remain broadly stable and much below the overall turnover percentages.

Multicultural Professionalism becomes part of our regular training programme

After a very positive reception and evaluation in previous years, our Multicultural Professionalism training has become part of our regular training programme. This means that all (new) partners and staff will be expected to complete this training. Last year 315 people did so (2015/2016: 642). This Multicultural Professionalism training leads from the premise that everyone has subconscious preconceptions and that everyone sees the world through his or her own eyes. Multicultural professionalism encourages people to look at things from a different perspective and thereby generate better understanding and appreciation for each other. As a follow-up to this training, we have introduced an Intercultural Communication training module for (senior) management.

We aim to attract more people with physical disabilities

We continued our programme of increased employment of talented people with disabilities and we contracted specialist agencies to recruit them. As in prior year, we successfully placed a small number, but our ambition is to do better. We hope that the establishment of the disAbility network for colleagues with disabilities can contribute to this. The network's aims include support for new colleagues to get started successfully with their work, for example by sharing their experiences with the installation and use of voice equipment on laptops.

30% of new partners and directors are women

Since 1 July 2015 our goal has been for women to represent at least 25 percent of all new partner and director appointments and this year we have again achieved this, with four of our 14 new partners and ten of the 32 new (senior) directors being women.

Requirement female representation met in SB, but not in BoM

As at 30 June 2017, the Board of Management consisted of one woman and five men (i.e. 17% female). Since 1 September 2015, the Supervisory Board has consisted of three women and four men (i.e. 43% female). We continue to focus on identifying potential female leaders who can enable us to fully comply, in the future, with the Management and Supervision Act, which requires 30% female representation in both the Supervisory and Management Boards.

Our annual analysis confirms equal pay for men and women

A key indicator in an inclusive culture is the consistency of evaluation between men and women (and therefore also their opportunities for promotion and progression) and the extent of equal pay. Based on a detailed analysis, we have concluded that the weighted average fixed salary levels were almost the same for men and women at all staff levels up to senior director level. The average fixed salary of men (compared to the weighted average salary) is 100.2% and for women 99.7%. When we found differences, these are explained by difference in number of years' experience and/or expert roles that are paid differently. These outcomes are consistent with prior years.

The calculation for Strategy& (acquired by PwC in 2014) has been done seperately since the salary structure and staff structure differs too much from the PwC's structure. The average fixed salary of men until manager level (compared to the weighted average salary) is 99,2% and for women 102,1%.

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Part-time work (%)	2016/2017	2015/2016
Percentage of men in part-time work	11.4	11.6
Percentage of women in part-time work	37.7	39.3

Sick leave	2016/2017	2015/2016
Sick leave (%)	3.0	3.0

Sensitivity for our people and valuing their contribution

We aim to offer challenging work, a wide variety of development opportunities and competitive terms of employment. We are investing in an attractive, inspiring working environment, for example by introducing the concept of Activity Based Working and the upcoming establishment of a so-called Experience Centre, where people can invent and experiment with new techniques and business models (see *page 54*). In addition, and maybe even more importantly for recruiting and retaining people, we are building a values-led environment and culture in which people feel valued and engaged and in which people can make balanced choices.

We continue to put special emphasis on vitality

Sustainable staff deployment continues to be high on our agenda. In the past two years or so, we have been investing in a number of programmes, training opportunities and facilities to support the well-being of our people. In addition, all our people receive a check-up invitation once every four years, which includes a consultation with a lifestyle advisor regarding sustainable deployment.

We also have other initiatives to promote the vitality of our people. In our Amsterdam offices for example, we provide in-company yoga sessions. Last year we introduced a catering concept ('Eat Lean') with our facility partner ISS that focuses on health and vitality by offering healthy, balanced food, available from breakfast to dinner.

We again organised a Week of the Balance

Following the success of the first Week of the Balance, we organised a second week last year, with activities designed to raise awareness of the importance of vitality. We posted daily tips on exercise, relaxation and healthy and energising food. We held workshops on reducing and managing stress and on improving sustainable deployment. In four of our offices we organised so-called 'health fairs' providing advice on all aspects of a balanced way of working.

Our People Survey results are among the highest in our network

One way of measuring our success as an attractive employer is the People Survey. This survey allows our staff to tell us, anonymously, what they like about us and where there is room for improvement. 84% of our staff completed the survey (2015/2016: 77%). The overall results are slightly lower than in fiscal 2015/2016, but still very good, also in the international PwC context And above our target of 80%.

One of the more important elements of the survey is the People Engagement Index, an indicator of the attractiveness of PwC as an employer. This indicator went slightly down by 2 percent points, but at 82% our score is still among the highest in our network. We also achieve high scores, certainly compared to the network, for flexibility, opportunities for growth and development, and Learning & Development.

There is also room for improvement

The People Survey indicated also some clear areas for improvement and we are working on these. Our people believe that X-LoS collaboration can be improved and that we need to work harder on retaining talented people. There are also areas for improvement in our ability to implement innovative ideas, and we need to pay more attention to requesting and providing feedback and to coaching on the job and 'in the moment'.

People Engagement Index	2016/2017	2015/2016
I would recommend PwC as a great company to work for.	81%	84%
I am proud to be working at PwC.	87%	89%
I expect to be still with PwC in twelve months' time.	80%	83%
I am satisfied with PwC as a great place to work.	80%	80%
	82%	**84%**

Corporate Responsibility approach

For us, corporate responsibility is a catalyst for helping us become a purpose-led and values-driven organisation. It is about the societal impact of the solutions we offer to the issues our clients face and the degree to which we are successful in incorporating the views of our and our clients' stakeholders in our service delivery, in our operations and in our approach to human capital. In other words, it is about long-term value creation. This is in line in with the principles behind the United Nations' Social Development Goals, which we have embraced and incorporated into our strategy (see page 25).

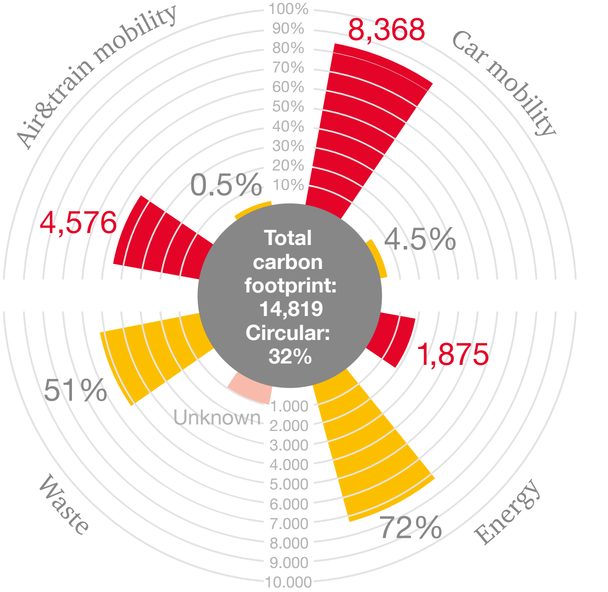
In addition, we fulfil our corporate responsibility obligations in sharing our knowledge, skills and competencies with society. We do this, on a pro bono basis and during working hours, through advisory engagements for social enterprises and civil society organisations, providing master classes and carrying out research.

It is our ambition to become fully circular by 2030

Last year, we formulated our ambition to be fully circular (no waste, no carbon emissions, optimal re-use) by 2030. We realise that this is a bold ambition, so we focused this year on strategic planning and monitoring to keep us on the right track towards 2030. We developed detailed roadmaps for five focus areas in which we believe we can reduce our negative impact: air mobility, car mobility, energy, waste and procurement. For detailed information on the investments and achievements we made last year, we refer to the appendix on pages 111-113.

Our environmental policy is linked to Sustainable Development Goal 12 (Responsible consumption and production).

Circularity



* Data circular procurement will be included next year

We have formulated a circularity KPI to monitor our progress towards our 2030 goal

To better measure, evaluate and adapt our performance in the area of circularity, we have invested in developing a circularity KPI. This methodology is a first step towards measurement and we will further refine it as the market and its possibilities develop. The methodology defines what circularity means for each impact area. Next year we will broaden the scoping of this KPI by also including the circular procurement data.

The KPI quantifies the average of the four areas:
- Car mobility circularity: Percentage of our total car fleet that consists of electric cars (plug-in hybrids are not included as electric cars)
- Air & train mobility circularity: Percentage of train mobility as part of our total air & train carbon footprint based on total flight and train kilometres
- Energy circularity: Percentage of total energy use (in kJ) that comes from green electricity and thermal heating
- Waste circularity: Total kilos of recycled waste as percentage of total waste

Compared to last year the circularity of our operations has increased from 28% to 32%. We need to focus strongly on circular solutions in the air & train and car mobility areas.

We have spent less time on CR projects

675 (about 14%) of our people spent 29,660 hours on CR projects this year (2015/2016: 17% and 34,000 hours), equating to an investment of about € 2,8 m. We completed 38 projects (2015/2016: 60 projects).

We think the decrease arose because we had fewer large CR projects than we had in 2015/2016. We are striving to involve more people on smaller CR activities and projects but we didn't succeed in meeting our target (an involvement of 20%).

Helping social enterprises to increase their positive impact

To enhance social entrepreneurship in the Netherlands, PwC helps starting social entreprises to increase their positive impact on society. By organising, among other things, the Social Impact Lab, extensive brainstorm sessions ('brainshakes', 'pressure cookers'), and pro bono projects, we share our knowledge and experience with the social entrepreneurs. Three examples from past year.

Roetz-Bikes
At the Amsterdam-based Roetz Fair Factory, men and women returning to the job market make new bikes from discarded ones. By hand and with pride. They are trained to become skilled bicycle technicians and everything is done to help them find permanent employment. In 2016/2017 PwC supported Roetz-Bikes with a pro bono project. Tiemen ter Hoeven, Founder & CEO Roetz-Bikes about the cooperation with PwC: 'In the process of creating a new legal entity for our Roetz Fair Factory, PwC has helped us with setting up the optimal structure that fits both our social and commercial interests.'

100WEEKS
100WEEKS is a Social Enterprise and an online platform that allows people to transfer money directly to poor women in developmental areas. 100WEEKS won the third edition of the Social Impact Lab in 2015. As winner of the Social Impact Lab, 100WEEKS is coached by PwC for a period of two years. Gitte Buch, founder of 100WEEKS, about the coaching: 'Thanks to the 360° support that PwC provides, 100WEEKS is growing from start-up to grow-up. Our PwC team is not only professional, but also very committed.'

Het Danspaleis
Het Danspaleis is a Social Enterprise that organises old-fashioned, retro discos for elderly, and often lonely, people. The discos are organised in and for care centres, festivals, events, and companies that want to celebrate with elderly people. In 2017 PwC organised a so-called brainshake for Het Danspaleis. Kim Renskers, 'dance agent' at Het Danspaleis: 'Thanks to the brainshake we were able to look at our organisation from a different perspective, and we got many ideas on how to make the organisation more sustainable. Among other things, we further elaborated on our Corporate Volunteering plan. In the meantime we have presented the plan to a client and this was a success.'

The fourth edition of our Social Impact Lab goes cross-border

During the past year, we have provided intensive coaching to three more social enterprises within the framework of our Social Impact Lab. They were selected at a challenge event during the spring of 2016 from a group of about 74 enterprises that had submitted their business plans.

In September we will select three more social enterprises for a similar programme. For the first time, we organised this challenge event along with the PwC member firms in Germany and Austria, which means that social enterprises from all three countries can now submit their business plans to a common jury.

The winners of this European challenge are eligible for coaching and they can make use of our office facilities. This support will be provided by the member firm in the country of the winner. They will also be awarded € 5,000 each. For more information, see www.pwc.nl/nl/social-impact-lab.

We have become a partner for the Social Enterprise course at Nyenrode University

We have become a partner in a course Nyenrode University provides for social enterprises. Among other things, this means that the enterprises that participate in this course can contact PwC for help as and when they face particular issues that need specialist knowledge.

We have now awarded the Transparency Award for the final time

Last year, in partnership with the Dutch National Postcode Lottery we awarded our final Transparency Award for the best and most transparent not-for-profit annual report. We initiated this award thirteen years ago as an instrument to improve the annual reports of these organisations. After all these years, we have now concluded that societal organisations have become much more transparent and accountable and that the Transparency Award has contributed largely to that. We are proud to have actually made the impact we intended to make in this area.

We deployed asylum status holders.

Last year we deployed a few asylum status holders with a temporary residence permit. In cooperation with international student organisation AIESEC we started in our Rotterdam office a project to offer internships to former refugees. We are aiming at a minimum of 5 internships at the end of 2017. We hired four former refugees as regular PwC Employees.

In November 2016 we also organised a workshop with about 20 status holders, to provide them with a better understanding of the Dutch job market. And with Ashoka, a network organisation for social enterprises with whom we have a partnership, Municipality The Hague and Tilburg University we organised the event 'Rethink Refugees'. During this event eight international Ashoka fellows presented integration projects which have proven to be successful in their own country to see if this projects could also work in the Netherlands.

When refugees came in great numbers to the Netherlands in 2015/2016, colleagues were keen to help, both individually and as a firm. We started several initiatives including the building of a decision-making tool that helps to deploy the talents and skills of refugees across Europe. Our effort of last year are a continuation of these initial initiatives.

Sharing knowledge and thought leadership

Working together – sharing knowledge and ideas – is one of the values we need to live up to if we are to distinguish ourselves and add value for our clients. We are convinced that only by sharing and collaborating we are able to develop innovative solutions for important (and often complex) problems.

Chief Economist Office shares knowledge internally and externally

Our Chief Economist Office, in particular, functions as a catalyst for knowledge sharing and thought leadership development. Chief Economist (partner and professor Jan-Willem Velthuijsen) is the champion and coordinator of our research into the effects of global megatrends on markets, industries, sectors and business models.

People Survey results on the internal impact of our CR policies	2016/2017	2015/2016
The people I work for acknowledge and appreciate employees that are involved in corporate responsibility projects.	52%	58%
Over the past 12 months I have observed that our organisation considers the interests of stakeholders, such as banks, tax authorities, workers councils, customers, politics and wider society, when making decisions regarding quality.	69%	-
	61%	**58%**

Hackathon for the innovation of humanitarian aid
On 11 and 12 February the Ministry of Foreign Affairs and PwC jointly organised a hackathon for humanitarian aid in our office in Amsterdam. 75 programmers, data analysts, policy makers, aid experts and refugees worked for 36 hours straight on 12 prototypes to innovate the humanitarian sector.

In order to improve the efficiency and transparency of humanitarian aid, it is crucial to enable people in need to report on where, when and what help is needed. The participants of the hackathon were challenged to find such an enabler. The hackathon was supported by United Nations organisations UNHCR and UNOCHA, Google and Leiden University's Centre for Innovation.

After the final pitches, the jury announced two winning teams. The first winner addressed the problem of low internet access in disaster and crisis areas. The second winner focused on aid organisations' need to translate into useful and actionable information all the unstructured data that is increasingly coming in from people in need through social media. The two winners were invited to travel to Geneva to pitch their ideas to the board of UNHCR. PwC and Leiden University will support the winning teams during the further development of their prototypes.

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

The Chief Economist is supported by a team of business researchers and analysts, and his office also recruits temporary support from experts in our Lines of Service. Last year our people spent 10,561 hours (2015/2016: 10,695 hours) on research and support for the Chief Economist Office.

Training programmes are also a driver for sharing knowledge

The other driver for sharing knowledge is our training programme. Internal training modules are developed and given by our own internal experts, as is the training organised by the PwC Academy, our educational institute for clients and other business associates (see page 49 for the hours spent on giving and preparing training).
We also provide some of our people with the opportunity to do a PhD. Several of our colleagues lecture at universities. 12 (one more than previous year) of them hold a professorship.

We regularly express findings, views and opinions

We regularly express our views and opinions (on technical, social and topical issues) through both traditional and new (social) media and other public platforms. As mentioned above, we also publish research and position papers and we have programmes focused on knowledge sharing, debate and networking with supervisory directors, CFOs and tax directors.

We are, together with seven other firms, a founding participant in the Foundation of Audit Research (see page 45), we are a member of various networks and professional organisations, and we talk regularly with policymakers, journalists, politicians and of course supervisory bodies. This keeps us in touch with the wider world and provides us with opportunities to share our positions publicly and hear the views of others. ■

3. Building on the quality of our service delivery

For us, quality goes further than simply compliance with legislation and professional requirements. It is also a question of how we meet the needs of society, add value to our clients and manage the professional and personal development of our people. We aim for a culture that encourages this broad concept of quality, and this was the driver for the start of our transformational Journey. Technological, societal and regulatory developments also require regular fine-tuning of quality and risk management. For detailed information about Assurance, we refer to our Transparency Report.

Quality and risk management

We have made information security an integral part of our procedures …

The increased use of technology in our service delivery places new demands on information security. We operate in an environment that is increasingly interconnected, integrated and interdependent. At the same time, the risk of theft of personal and business information and other cybercrime has increased. Media coverage of high-profile data leaks is raising awareness across the board in this area. Historically our cyber security policies have focused on compliance with our network standards and external regulation. We have now developed a risk-based approach that has information security as an integral part of all processes, procedures and policies around new systems, applications and (data) platforms.

Where possible, we work and invest jointly within the context of our global network and the collaborative association of the PwC member firms in Germany, Belgium, Austria and Turkey ('PwC Europe').

… also for the innovation for our service offerings

We have also designed similar procedures for the development of new services and products, such as 'analytical apps', tools using big data analyses to provide new insights for clients. While we develop some of these apps internally, we also seek partnering arrangements with technology partners. This brings new risks in more traditional areas such as independence, regulation, data security and privacy as well as in new areas like technical quality and app maintenance. To deal with this, we have strengthened our development, risk and quality procedures in this area and we have set out procedures to be followed for the development of innovative ideas, so our people know what to do and who to involve in getting an innovative idea approved.

These procedures are also aimed at shortening the time-to-market for promising ideas and initiatives within our Risk & Quality (R&Q) framework.

We continue to work on cyber security awareness and behaviour

Even more important is that we increase our people's security awareness and behaviour. They work not only within the protected PwC environment but also from home and while travelling to and from clients' offices. Laptops and phones can be stolen, lost or – particularly outside the office – subjected to attempted hacking. Our devices are security-protected with the latest technology within a technical infrastructure that provides highly secure connectivity.

We communicate regularly about matters concerning information security, we have an ICT Code of Conduct, and all partners and staff are required to confirm compliance with the Code as part of their annual compliance confirmation.

Critical success factors	What we have achieved in 2016/2017
Continuous improvement in and testing of our approach to quality and our risk management systems	- Continue to protect our organisation against data breaches and cybercrime - Preparing for the implementation of the new European privacy regulation (GDPR) - Adjusting to new European independence regulation - Undertaking a comprehensive risk assessment in the Tax Line of Service - Setting up a central unit in Advisory that supports its risk and quality procedures
A governance environment and organisation that encourages and facilitates our ambitions for maximum quality	- Continuing with our transformation process and the introduction of new values (our 'Journey', see also pages 25-26) - Introducing an updated Code of Conduct - Investing in technology to improve processes and insights - Creating more time for the more complex aspects of our service delivery
A talented workforce continually schooled in both the hard and the soft aspects of our service offerings and delivery	- Incorporating our transformational 'Journey' and values into our Learning & Development programmes - Recruiting people with a STEM profile (science, technology, engineering and mathematics) - Focusing on continuous development through coaching and Learning & Development programmes

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We are preparing for the new EU privacy legislation (GDPR)

As from 25 May 2018 we are required to comply with the new European General Data Protection Regulation. GDPR has considerable impact on the way organisations are processing data and are held accountable therefor. Breaches must be reported to the national data protection authorities. Non-compliance with the regulation can lead to financial penalties of up to 4% of annual worldwide turnover.

GDPR will apply to all entities that process personal information in the European Union. As member firms collaborate in serving cross-border clients and share IT infrastructure and data, so has PwC also elected to go for a global network approach to implement the requirements of GDPR.

We had no data breaches to report

Under the Dutch data breach notification requirements, we must notify the Dutch Data Protection Authority of any data breach we experience. This Dutch requirement will become an integral part of GDPR. Last year we had no breaches that required notification.

We have adjusted our independence policies to the new EU rules

On 17 June 2016 new European independence rules for PIEs came into effect, prohibiting the provision of certain non-audit services, as defined in article 5 of the EU Regulation, for financial years starting on or after 17 June 2016. Nearly all of our PIE clients have the calendar year as their financial year, so for virtually all PIEs this effectively means as from 1 January 2017. Consequently, other than audit services permitted under the law, any services being provided to Dutch-based subsidiaries or parents of EU-PIEs of which we are statutory auditors had to be (and were) completed or terminated before 31 December 2016.

Dutch law has, in effect as from 2013, prohibited audit firms in the Netherlands from providing advisory services to Dutch Public Interest Entity audit clients, their subsidiaries and their parents, including subsidiaries and parents based outside the EU.

Tax has undertaken a Quality & Risk assessment

Last year Tax did a risk and quality assessment for the benefit of the Board of Management, the Tax Board and the Supervisory Board. This has resulted in a comprehensive overview of all risks that could affect its practice including the possible impact of the lively debate around taxation. The debate not only reinforces the societal relevance of our Tax practice but, and even more importantly, it also reinforces the relevance of how we deliver our tax advice and services. And this leads to new opportunities and risks.

The assessment has underlined the need to respond to the fact that tax has become a major topic on the public and political agenda. We have formally established, in our Risk & Quality policies, that our tax advice must meet three standards: it must be compliant with all national and international legislation; it must take the client's strategy into account; and it must be in line with our global Tax Code of Conduct. This is fully in line with our Journey.

Compliance with legislation comes naturally and has traditionally been our leading quality standard. Our global Tax Code of Conduct is constructed within the context of our global purpose to build trust in society and solve important problems. It sets out the framework within which our advice must be provided, for example requirements around substance, economic rationales behind structures and advice on the basis of proper disclosure. Taking the client's strategy into account means that we cannot restrict ourselves to a technical perspective, but we must assess whether the client's tax affairs are in line with its strategy and the expectations of its stakeholders.

While we welcome and applaud this public debate, it does make the environment in which we work much more complex, so we have strengthened our internal consultation requirements. Back in 2015/2016 we had already set up a Tax Policy Panel to support compliance with the Tax Code of Conduct. This panel assesses whether – considering all the different interests and perspectives – tax structures are appropriate for advice from and/or implementation by PwC.

Advisory has set up a central unit to guide its people in Q&R processes

Last year, Advisory introduced a central unit that supports teams in their compliance with Risk & Quality procedures prior to the start of an engagement. This unit ('ADValue') provides step-by-step guidance through the processes and systems, for example independence checks and client acceptance procedures. The ultimate goal is not only to save engagement teams time, but primarily to reduce the risk of non-compliance and increase the quality and consistency of the application of the risk management procedures.

The administrative risk management and financial procedures are perceived as complicated by a majority of our people. Most colleagues need to use these procedures only a limited number of times a year and they are therefore less experienced in executing these steps and may need more time to complete them, thereby increasing the risk of non-compliance.

The unit was rolled out across Advisory after a pilot with teams from Deals & Forensics, Strategy& and Everett, the latter being an IT-security company which we acquired last year. Everett colleagues indicated in an evaluation that the pilot had helped them to embed within the PwC organisation.

For an overview of our quality, risk management and compliance framework, including all procedures, before, during and after an engagement, see *pages 107-110*.

Assurance continued fine-tuning of the 53 recommendations

For the past two years, our Assurance practice has been focusing heavily on the implementation of the 53 recommendations put out by the Future Accountancy Profession Working Group and on our internal quality programme Alert!. During this past year we have focussed on fine-tuning these quality measures and getting them further embedded. More details are available in Assurance's Transparency Report 2016/2017.

Investment in quality means spending more time on engagements and investing more resources in people. We had 313 (2015/2016: 331) new staff joining the Assurance practice this year, not only starters but also experienced intake. For a couple of years we deployed a so-called flexible work force during Assurance's peak period. However, considering the stability in the audit teams and the relatively high costs, we replaced this flexible work force largely with own staff.

Another quality indicator is the involvement of partners and directors in the audit engagements, with a view to improving the coaching and guidance provided to the audit team. The involvement of partners and directors on audit engagements remained more or less stable with 7.2% (2015/2016: 7.6%).

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

Governance environment and organisation

We have continued our transformational Journey

Our Journey towards becoming a purpose-led and values-driven organisation is critical in terms of quality and risk. When we refer to quality we mean not only the extent to which our services and deliverables comply with legislation, regulatory requirements and professional standards but also the extent to which they meet the expectations of clients and society. We believe that making this transformational Journey will enable us to become more sensitive to these expectations and respond accordingly. Also, the new set of values we have introduced and the behaviours we have linked to these values reflect qualities such as keeping a close eye on the world. The value 'Work together' encourages seeking and integrating other people's perspectives, and 'Make a difference' implies being well-informed and probing about the environment we operate in.

We are investing in technology to further improve audit quality and to achieve better insights

We are moving forward with the implementation of new technology in all our Lines of Service. For instance, Assurance has a suite of tools HALO (see textbox). Advisory is using data analysis in due diligence engagements and also for the purpose of identifying inconsistencies and deviations, and Tax is using systems for automated tax returns.

More outsourcing to specialised delivery centres will improve our quality levels

We are working towards a much greater level of standardisation within the less judgemental areas of our audit work. Working in a consistent fashion reduces the likelihood of error, and the efficiency it can generate frees up more time for the more complex issues affecting the financial statements. Standardisation also allows us to transfer work to specialist delivery centres. Tax is also outsourcing routine work to delivery centres (see page 53).

Prestigious award for our data-auditing tool HALO

PwC's revolutionary data-auditing tool, HALO, has been given the prestigious 'Audit Innovation of the Year' award. PwC received this award in October at the 2016 The Accountant & International Accounting Bulletin Forum & Awards event.

The award recognises organisations that, with a new initiative or innovation in audit, have made a major contribution to improving audit quality, efficiency or added value to clients. The judges consider elements such as cutting-edge thinking behind the innovation as well as its contribution to improved audit quality and reliability.

HALO is a suite of data analysis and data visualisation tools that allow us to analyse patterns and trends and identify unusual or inconsistent transactions. This helps us to determine where to focus our audit efforts. At the same time, it provides us and our audit clients with greater insight.

HALO has profoundly changed our way of working in the audit because it unlocks the power of data. We are continuing to upgrade HALO. It is our platform for a pipeline of new data products that will use, for example, artificial intelligence and augmented reality.

We participated in the establishment of the Foundation for Auditing Research

Also in line with the recommendations of the Future Accountancy Profession Working Group has been the establishment last year of the Foundation for Auditing Research involving eight audit firms. This new and independent foundation is doing academic research into the factors that define a high quality audit. Together with the seven other audit firms, we are a partner in this 'accountancy lab'.

We continue to strengthening ourselves as a learning organisation

Two years ago we introduced Real Time Reviews (RTRs) into the Assurance practice to strengthen ourselves as a learning organisation. RTR reviewers are involved real-time in the entire audit cycle as it progresses, from planning to completion, helping the teams ensure that all auditing standards are met. An RTR is therefore an 'on the job' learning and coaching process. This year, we have increased the number of RTRs to 128 (2015/2016: 110).

The findings from the RTRs are gathered and (together with the results of internal and external reviews) are analysed by means of root cause analysis, with the resulting lessons learnt being fed into our learning and education programmes.

Lending our skills and expertise to help shape corporate reporting on the SDG's

Sustainability is at a key point in its evolution: one where transparency is becoming a basic requirement for conducting business. The Sustainable Development Goals (SDGs) have ushered in a new era of global development objectives aimed at addressing the world's most pressing problems. But while active participation from business is key for achieving the SDGs, common practices for corporate reporting on them have yet to be established.

To close this gap, in September 2016 United Nations Global Compact (UNGC), the world's largest corporate sustainability initiative, and GRI, the world's leading organisation for sustainability reporting, entered a partnership - the Reporting on the SDGs Action Platform.

PwC is supporting this Action Platform through the provision of a specialist team from four different countries, contributing expertise through research and methodologies. We've been working with UNGC and GRI to help them develop two vital outputs in 2017. First, an analysis of the SDG Goals and Targets, including indicators and gaps; and second, a practical guide to SDG reporting for individual companies.

Four PwC colleagues from four countries, including one from PwC in the Netherlands, were seconded to the GRI headquarters in Amsterdam to support this project. GRI's Deputy CEO Teresa Fogelberg presented the 'Final Draft Analysis of SDG Goals and Targets' last July in the UN General Assembly as part of the SDG Business Forum 2017.

We are proud that we were, and still are, able to contribute to this project and in doing so to contribute to living up to our purpose, and we are especially proud of this team. At the presentation of their work in the UN General Assembly Teresa Fogelberg specifically mentioned her appreciation for the efforts of PwC. For our colleagues it was a great moment in an impressive setting. They are currently working on the Practical Guide for companies regarding SDG reporting.

People Survey results on Ethics

	2016/2017	2015/2016
At PwC I can speak openly, even if my ideas are in disagreement to the ideas of others.	74%	-
At PwC, I feel comfortable discussing or reporting ethical issues and concerns without fear of negative consequences.	76%	73%
The people I work for support and demonstrate high standards of ethical conduct.	82%	81%
	77%	**77%**

We have updated our Global Code of Conduct

Behavioural aspects are addressed in our Code of Conduct. Our global organisation rolled out a new Global Code of Conduct this year. This Code is linked to the new set of core values that were also introduced this past year (see page 34).

As planned, we also rolled out new e-learning on the Code. All partners and staff are required to complete the new e-learning, and about 90% have completed it so far.

There have been 33 approaches to the Confidential Counsellors

Linked to the Code of Conduct is a network of Confidential Counsellors whom staff can approach confidentially to discuss matters in the personal arena or where they have suspicions of professional misconduct. These do not automatically lead to formal complaints being filed with the Complaints Committee or the Business Conduct Committee. In most cases, complaints are dealt with and settled in the workplace, often with the Counsellors functioning as mediators. In 2016/2017, there were 33 approaches to Counsellors (2015/2016: 35), no complaints filed with the Complaints Committee (2015/2016: 0) and no notifications to the Business Conduct Committee (2015/2016: 1).

Compliance and quality reviews

Testing the technical quality of our work is part of our quality control and risk management process. An extensive description of this process is provided on pages 107-110. An important test is the Engagement Compliance Review (ECR), a review process carried out by partners, directors and managers independent of the engagement being reviewed.

Reviewed by	Number of engagements reviewed		Number of engagements with reported findings	
	FY17	FY16	FY17	FY16
AFM	8	-	4	-
PCAOB	-	3	-	0
ADR (Central Government Audit Service)	14	12	0	0
Inspectorate of Education	9	13	1	0
NZa (Dutch Healthcare Authority)	3	4	0	0
NOREA (Dutch professional association for IT-auditors)	-	2	-	0
Other bodies	2	7	0	0
Total	**36**	**41**	**5**	**0**

The objective of the ECR programme is to test the quality of the engagements performed and the level of compliance with the relevant procedures and requirements and to identify areas for improvement. A non-compliant rating for an audit assignment affects the evaluation (and consequently the remuneration) of the partner/director involved (see also page 58). In addition, Assurance is regularly reviewed by the Netherlands Authority for the Financial Markets (AFM) and by other external supervisory bodies.

Tax, Advisory and Assurance all have their own ECR process. The ECRs of Tax and Advisory are limited in scope due to the less rigorous norms and requirements applicable to (tax) advisory services. Each Tax partner and senior director has two engagements selected annually for review. The Advisory ECR process covered one engagement for each partner and senior director.

We strive for the highest quality, but at the same time we must acknowledge that mistakes are being made during work. That's why we set a target of minimum 95% compliance on the audit files which were subject to an ECR. Tax and Advisory have a similar target.

Results of internal reviews Tax and Advisory

Of the 274 Tax engagements selected, 11(4%) were found not to be in full compliance with our global policies in areas such as late filing of documentation and contracting matters, though again none of these impinged on the overall quality of the individual engagements. The findings were shared with the practice at large through newsletters and Business Unit meetings.

All of the 80 Advisory engagements selected met our standards.

Results of internal reviews Assurance

40 of our engagements were subject to an ECR review during 2016/2017. Of these, 35 complied with our standards (of which 7 were qualified as compliant with review matters) and five of the 40 reviewed files (12,5%) were not in compliance (prior year: 5 of 37 reviewed files were non-compliant). Non of the non-compliant files relates to a PIE. We performed follow up work on these engagements, with remediation where necessary, and concluded that the audit opinions issued are appropriate.

External review results Assurance paint a mixed picture

In June 2017, the AFM (the Dutch Authority for the Financial Markets) issued its report Kwaliteit OOB-accountantsorganisaties onderzocht (Quality Inspection at PIE Audit Firms), and this report paints a mixed picture. The AFM is positive about the focus on and commitment to the change process that PwC has demonstrated during the period up to and including 2016. The AFM also deemed three of the 2014 and one of the 2015 statutory audit files inspected as inadequate. We performed further investigative work on these four audit files and concluded that the audit opinions issued were appropriate.

We are pleased with the AFM's acknowledgement and appreciation of the efforts we are making in terms of change. This encourages us to press on with the path we have chosen. Having said that, some of our files are still being assessed as inadequate and we are fully aware that we can and must do better.

The limited number of files inspected, and the fact that the inspections stretch out over a period of three years mean that it is difficult to provide a clear view of the progress we have made in our change process. This clarity of view is also affected by the fact that, in the joint inspections that the AFM carried out jointly with the US PCAOB, different supervisory bodies have deemed the same file to be both inadequate and adequate on the basis of the same underlying facts.

Detailed information regarding the internal and external quality reviews is included in our audit firm's Transparency Report.

Status of legal proceedings

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

Econcern

In 2014 the Disciplinary Counsel of Accountants ('de Accountantskamer') issued two of our external auditors with temporary suspensions in connection with four virtually identical complaints. In 2015 PwC reached an out-of-court settlement in which the appeal against three of the complaints was withdrawn and the suspension ratified as definitive by the Disciplinary Counsel and implemented in early 2016. The appeal lodged by the external auditors with the Trade and Industry Appeals Tribunal (CBb) in connection with the fourth complaint of an investor is still ongoing. The investor also started a civil procedure against PwC on 3 August 2016.

Fairfield funds

These proceedings involve three civil cases lodged against PwC in recent years.

One case, in New York, was brought by the fund liquidator and this was concluded during this past year with the claim brought by the liquidator being declared inadmissible.

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

LCI Technology

This is a civil case brought by the VEB (a major Dutch investor advocacy association) and is currently before the court.

Stichting Zonnehuizen

On 24 May 2016, the liquidator of Stichting Zonnehuizen (the Zonnehuizen Foundation), which was declared bankrupt in 2011, filed a disciplinary complaint with the Disciplinary Counsel of Accountants against the external auditor responsible for alleged non-detection of errors in the Foundation's annual financial statements. The verbal submissions have been made in this case and the external auditor is awaiting the Disciplinary Counsel's ruling.

In addition, there are the following cases pending that do not result from bankruptcies:

- On 19 April 2017, a professional conduct complaint against nine of our external auditors and board members was filed by SOBI in connection with negative publicity surrounding an alleged case of bribery fraud at an audit client. The verbal submissions in this case have not yet taken place.

- On 31 January 2017, a professional conduct complaint was filed against one of our external auditors in connection with an alleged error in a provision included in the annual financial statements of Boekel. The verbal submissions have been made in this case and the external auditor is awaiting the ruling.

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

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

- A disciplinary complaint was filed with the disciplinary court of first instance of the Dutch professional body of actuaries against one of the actuaries of PricewaterhouseCoopers Pensions, Actuarial & Insurance Services B.V. regarding the review of certain elements of a calculation for regulatory purposes. The disciplinary court of first instance rejected the complaint. Thereafter, the plaintiffs filed an appeal at the disciplinary court of appeal. On 25 November 2016, the appeal court confirmed the decision of the disciplinary court of first instance.

- On 28 April 2017, an audit firm filed disciplinary complaints against 26 auditors, including several former and current board members of the NBA (the Royal Netherlands Institute of Chartered Accountants) claiming that the auditors, as representatives of the NBA, were involved in creating a negative view of the audit firm's quality procedures. One of the NBA board members against whom a complaint has been filed is a former external auditor of PwC who moved across from PwC Accountants to PwC Advisory during this past year.

- On 25 July 2016 a former property fund manager filed a disciplinary complaint with the Disciplinary Counsel of Accountants against one of PwC's external auditors. The complaint, which related to alleged private investment activities on the part of the external auditor, was withdrawn at the end of 2016.

The appeal filed against the AFM is still in process

On 16 March 2016, as a result of its regular 2013-2014 inspection of 2011-2012 audit files, the Dutch Authority for the Financial Markets (AFM) levied an administrative fine on PwC in the amount of € 845,000 for a failure to meet its duty of care under Article 14 of the Wta (Audit Firms Supervision Act). This duty of care requires that the organization endeavours to ensure that its external auditors comply with the requirements relating, amongst other things, to professional competence. Mid 2016, PwC filed administrative objection proceedings with the AFM against the decision to levy a fine. After the AFM rejected PwC's objections, PwC filed an appeal with the district court in Rotterdam. This appeal is currently still pending.

PwC proceeded with its court appeal because of a difference of views between PwC and the AFM regarding the way in which the AFM can establish that an audit firm has failed to meet its duty of care. PwC hopes to obtain clarity from the court regarding what is expected of an audit firm in terms of its duty of care, specifically as regards the role of the audit firm in ensuring the quality of statutory audits performed by its external auditors. Clarity on the scope of the duty of care is particularly important for the future. PwC's appeal is not directed against the fact that the AFM identified shortcomings in the inspected statutory audit files.

If the decision to levy a fine is set aside, PwC will contribute an amount equal to the amount of the fine to the Foundation for Auditing Research (FAR). This foundation was set up last year to carry out academic research into the drivers of audit quality.

Please refer to the Transparency Report for more information.

A talented and well-schooled workforce

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

Our people development follows the 'PwC Professional' (see page 49), which defines the behaviour and the skills that our people need to demonstrate in order to live up to our purpose and values. These are not only technical skills, but also such attributes as authenticity and the ability to work together with others irrespective of cultural and physical difference. We see the PwC Professional as one of the drivers of our transformation.

We make increasing use of technological tools to support the continuous development of our people.

We have incorporated the Journey in our training programmes

We have made all relevant training material 'Journey-proof' as and when it addresses our transformation process. This means for example that, in our onboarding programmes and management development programmes, we have revised the training material within the context of the Journey or we have developed new modules or workshops. We have also organised briefings for our external training programme suppliers so they are thoroughly acquainted with our transformation process.

Where possible and relevant, we use the terminology of the Journey and values in our communications to ensure that our people relate to them and to help develop a common language around our transformation.

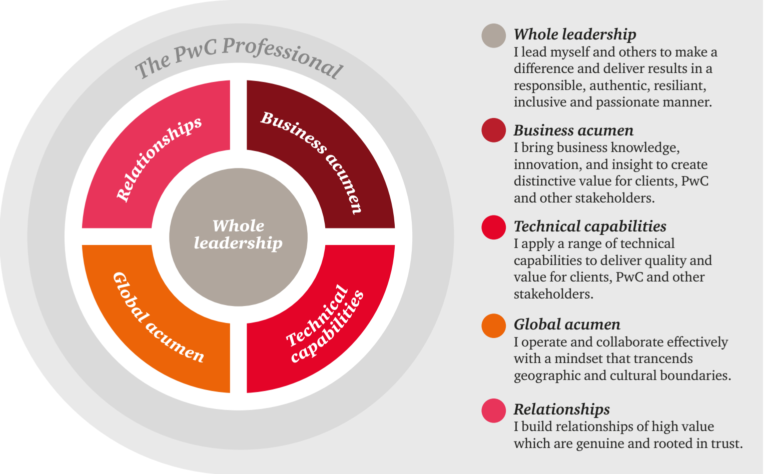
Turnover percentage (total) (%)		2016/2017	2015/2016
		15.5	13.3

Turnover by evaluation rating and experience level (%)		2016/2017	2015/2016
Evaluation	Outstanding/Very good	10.7	10.2
	Good	18.1	17.5
	Room for improvement/Unsatisfactory	30.2	37.5
Experience	0-3 years	13.0	9.2
	3-6 years	16.0	16.0
	> 6 years	19.4	17.3

Training hours	2016/2017	2015/2016
Average per FTE	119	119
External training	228,335	206,892
Internal training	282,833	285,320
Development and presentation of training	33,669	37,241
Dissertation and post-graduate research	2,742	1,675

Number of participants in the management development programmes	2016/2017	2015/2016
Senior consultants/senior associates*	297	242
Managers*	187	234
Senior managers	68	110
Female leadership	66	69
International PwC programmes	97	110

* The decrease in participants in the program for managers is related to a higher number of participants in 2015/2016 as a result of the update of the trajectory. A number of managers who were due to start prior year, started their programme in 2015/2016. This effect disappeared this last year. The increase in participants on the level of senior consultants and associates is following the introduction of a new programme.



We provide support to our people in becoming 'digitally-savvy'

As indicated previously, our aim is to be a technology enabled innovator. This means that all our people need to be 'digitally fit' if they are to understand innovative technology and its possibilities and to be able to engage effectively with clients and colleagues. In this regard, our first focus is on data analytics. We have optimised our curriculum in this area and we are in the process of defining learning paths for the different staff levels. We have also launched a tool for our professionals to assess their own digital fitness and to guide them to appropriate training where necessary.

We are strengthening our concept of continuous development

We are planning to launch a new innovative tool that enables our people to learn more quickly at the point of need. It also gives our learners the opportunity to create learning themselves. The tool supports a culture of continuous development based on the principles 'learn as you like', 'learn at the speed of need', 'share your learning' and 'own your learning'.

Continuous development is also one of the primary elements of our people evaluation programme. We don't want to limit feedback and evaluation to the formal evaluation moments at the mid and end points of the year. We prefer to see the 'end point' as no more than the cumulative outcome of the entire year's discussions between our people and their supervisors. Giving and receiving feedback more frequently and regularly is an important part of this.

We have introduced a real-time feedback app for professional development

Consistent with the concept of continuous development is the introduction of Snapshot, a smartphone app that facilitates real-time – 'in the moment' – feedback. We believe that giving and receiving feedback is crucial to becoming the learning organisation we aspire to be.

Feedback development and growth remain points of attention because our people indicate (in our People Survey) that we can make improvements in this area (see page 37).

We encourage our people to obtain new skills and experiences

Turnover among our highly-rated people has remained stable this year, and we have continued our programmes for retaining our top talent. Last year we introduced 'Cycles of Experience', a programme that facilitates mobility between functions and business units and helps people to seek new challenges and acquire new skills. We have also set up a mobility programme for Firm Services that offers our support staff secondment (of one or two years) in another functional department within Firm Services. We also encourage and support international mobility, as explained in more detail on page 54.

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We have introduced a global skills platform

Last year we introduced the Talent Link global skills platform. We have asked all our people to place their profile on Talent Link so they can be identified throughout the world when suitable opportunities arise. The platform is also a tool to get better acquainted with skills we have available in our global network and to staff our projects better and more quickly.

Recruitment efforts for technological and scientific profiles have been boosted

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

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

Results People Survey on Growth & Development (coaching and feedback)	2016/2017	2015/2016
I am encouraged to try new things and learn from failure.	75%	-
I have the opportunity to work on challenging assignments that contribute to my development.	78%	82%
The learning and development I have received at PwC has prepared me for the work I do.	79%	79%
The day-to-day feedback and coaching I receive allows me to make immediate improvement in my performance.	58%	57%
My career interests and goals are considered when staffing decisions are made.	61%	-

4. Investing in strategic competences

We strive to become increasingly relevant for our clients by providing the right solutions as they create value for their stakeholders. We have developed an approach for innovative service offerings in which we combine our knowledge of businesses, sectors and industries with technological expertise. This means we continue to invest in new, strategic competences.

All Lines of Service continue to invest in digitalisation
Assurance, Tax and Advisory keep working on the further digitalisation of their propositions. Assurance, for instance, continues to work on the development and implementation of the data enabled audit. Tax is also making increasing use of technology tools and big data in its service offerings and delivery. Advisory is investing, amongst other things, in more software for large volume data analysis, for instance in support of forensic investigations and due diligence engagements.

We acquired the data security specialist Everett
We are also continuously looking for opportunities for inorganic growth, especially in areas related to innovative technology. To strengthen our cyber security and privacy services, we acquired Everett last year. Everett is a leading technology company specialised in the sale and implementation of, and consultancy regarding, software for Identity and Access Management (IAM). Identity and Access Management verifies the authenticity of user identities in a network and grants access rights to these users. Everett has proven itself successful in this area both in the Netherlands and abroad. About 40 Everett employees have been housed in our Amsterdam offices.

We continue to focus on specific areas for innovation
As explained on page 29, we are investing in solutions that (where permitted by legislation and regulation) involve several Lines of Service. In 2015/2016 we identified a number of areas, derived from global megatrends, where we aim to strengthen and innovate our service delivery and offerings: Digital Transformation, Cyber Security, Data & Analytics, Technology Alliances and Capital Projects & Infrastructure. Almost all of our clients are facing issues in one or more of these areas. For us, they provide focus and guidance in allocating people and investments.

We continue the search for partners with whom we can develop technological solutions
The introduction of digital tools and the use of big data in our service delivery and offerings have meant that we are actively seeking partnering arrangements with technology companies on a global basis. We realise we cannot develop and maintain all the required technology on our own and we have therefore contracted with several well-known technology partners, such as Google, Workday, SAP, Oracle and Salesforce. The objective of combining our expertise with these partners is to develop offerings to support businesses in their transformation processes. We are continuously in search of partners with whom we can develop (technological) solutions for the benefit of our clients.

Last April we expanded our partnership with Microsoft, and will be focusing on cloudification and digital trust in big companies and organisations.

We also have alliances with partners who have knowledge that links with specific areas of our service delivery. For example, Arc-net and PwC in the Netherlands signed an alliance agreement to develop blockchain as breakthrough technology for traceability. Arc-net offers a proven solution based on blockchain technology that provides transparency on food safety, quality and integrity. The partnership allows us to introduce Arc-net's breakthrough solution to our clients, helping them solve the important challenges of bringing high quality, safe and transparent products to market and improve the trust we have in the food we eat.

We facilitate the development of promising ideas
Naturally the most innovative ideas arise during the daily client work and we want to avoid having good ideas fall by the wayside due to lack of time. We also want to scale up innovations when they have the potential to be useful for a broader group. So we make time available for the development and testing of promising ideas. We work according the 'agile' or 'lean' principles: no big projects, just short 'sprints' to develop proofs of concept (see textbox for example blockchain).

Critical success factors	What we have achieved in 2016/2017
Innovation to improve our service offerings and delivery and to meet the needs of our clients and society as a whole	- Digitalisation of existing and developing new service offerings and competencies

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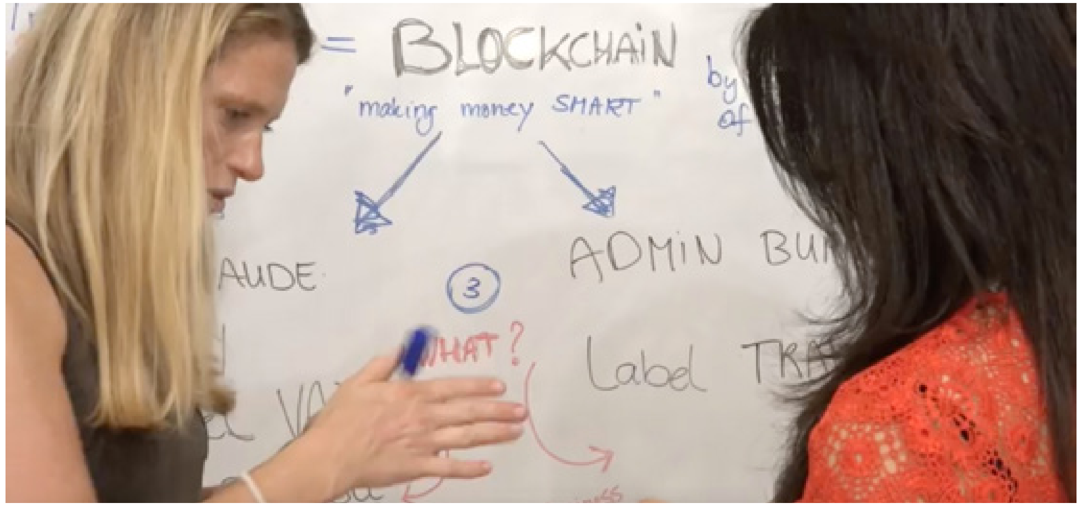
We encourage an innovative culture

We are striving to encourage an innovative culture, for example by organising sessions and meetings to share knowledge, best practices and success stories and increase appetite for innovation. We expect that the establishment of our Experience Centre (see *page 54*) will also contribute to this.

Within PwC Europe, our collaborative association with Germany, Austria, Belgium and Turkey, we have organised a joint Innovation Challenge. Last year there was a total of 75 innovations submitted, of which 26 came from the Netherlands. The ultimate winner was a team from PwC in Belgium that designed an app (‘MyTaxlocator’) that helps people file their taxes when working abroad. The PwC European Innovation Challenge was launched during a special Innovation Week which included inspiration sessions that our staff could participate in. ■



Experimenting when an easy answer is not available

Blockchain has the potential to disrupt industries. Many people still question, though, how blockchain could impact their industry, their business or their profession. The way to find out is to start experimenting with blockchain: low risk, in co-creation with business experts and with a lean start up approach (see also *pages 22* and *54*). We also decided to experiment ourselves to identify how we might integrate blockchain into our service offerings.

We formed a ‘blockchain tribe’ of about twenty of our people from different Industry Groups and Lines of Service and we started experimenting. We partnered with start-up LAB15 and built 3 proofs of concepts during 5 days of sprints.
- Blockchain solving VAT leakage and trader fraud and relieving business compliance burdens
- Blockchain solution focusing on automating audit checks by providing real-time transparency and assurance
- Blockchain used to manage assets in the blockchain, for instance fair and transparent pricing and track-and-tracing of goods.

We are co-developing these proofs of concepts in so-called Minimal Viable Products, products with just enough features to satisfy early customers and to obtain feedback for future development.

Because blockchain is a rather abstract concept that is difficult to visualise, we also developed the Blockchain eXperience, an interactive game demonstrating how blockchain technology works. The players in the game act as if they were nodals in the blockchain network and in doing so they actually experience the principles of this technology. The Blockchain eXperience enables people to identify the potential impacts of this technology on their business or profession. Other member firms in the PwC network are also using our Blockchain eXperience for their clients.

5. Transforming our organisation

Our transformational Journey is about culture and values, an outside-in mentality and acting from a stakeholder's perspective. This requires organisational and operational transformation to ensure we have the agility we need to respond to the ever changing environment.

Improvement of our workflows

We have continued to invest in tools and systems

We have continued to invest in our IT infrastructure and IT solutions to improve our work processes. For example, we have introduced apps to support our HR and training processes (see page 49) and we have developed a platform to process and store data. We also invested in improved protection against cybercrime (see also page 42).

These investments support the technology enabled innovator status we aspire to achieve. To develop new ways of working, tools and apps, we need an infrastructure that matches this ambition. Moreover, new technologies, like cloud applications, make international collaboration easier and often make travelling unnecessary. So these investments also support our ambition to become fully circular by 2030 (see page 38). Last year we successfully migrated to Google G Suite, which is another step in technology supported collaboration.

We coordinate our investments, to the extent possible, within our PwC Europe collaborative association and/or within our global network to achieve greater scale and to better align our (international) way of working.

We are transforming our offices into work environments that encourage flexibility and collaboration

After we remodelled our entire Rotterdam office in 2015/2016 along the principles of Activity Based Working, we rolled this concept out to our other offices. Activity Based Working is an office lay-out with no dedicated personal workspace where people simply go to the spot that best suits what they are working on at the time, whether that be individual work, one-on-one conversations or meetings. The key aim here is to encourage greater levels of collaboration within the workforce and to facilitate and grow the digitalisation of our work processes and deliverables.

This move towards Activity Based Working is a fundamental change. It requires behavioural change and a different, more digitalised approach to how we do things. We have brought in specialists from our People & Organisation practice to help, and we have communicated extensively with the people involved. Activity Based Working requires a significant up-front investment, though in time we recover these costs through reduced floor space needs. Floor space usage is already decreasing as a result of flexible working habits (location and time).

Critical success factors	What we have achieved in 2016/2017
Continuous improvement to our work flows	Investments in IT infrastructure and IT solutions to improve our processes and service delivery
Building an agile organisation able to meet changing stakeholder needs and a resilient organisation ready to deal with (unexpected) economic developments	Ongoing collaboration within 'PwC Europe', our collaborative association of four member firms

We continue to outsource work to specialised delivery centres

In the Assurance practice, we are working to outsource standardised (non-judgemental) audit work to specialist delivery centres. Outsourcing means improvement of the quality of the audit and more time for our people for the complex matters in the financial statements. Delivery Centres are organisations within our global network that perform this specific type of work efficiently and to a high standard of quality. In this past financial year, we outsourced some 6.5% of our audit work to such delivery centres in the Netherlands or Poland and we strive for more.

Tax is also outsourcing work to delivery centres, albeit on a smaller scale.

Building an agile organisation

We are increasingly coordinating our processes within our collaborative association PwC Europe

The driving force behind the pooling of resources within Europe, between the member firms in Germany, Austria, Belgium and Turkey ('PwC Europe'), is to achieve better cross-border client service and to leverage our investment and innovative power. The changes in our service delivery and offerings due to the ongoing advances in technology and the build-up of new skills and competences in our firm require huge investment.

For the same reasons we are also aligning investments and activities on global level. The alliances we have with big technology firms (see page 51) are an example of this increasing global collaboration.

Our people mobility needs emphasis

Following the increasing collaboration within PwC Europe, we also see mobility growing within these member firms. One would expect that our overall international mobility would also increase, but we don't see big changes there. Nevertheless we do see people, supported by technology, working more cross-border (without relocating).

This growing internal mobility is also due to the Cycles of Experience programme that offers our people the chance to work temporarily in another business unit (see page 49).

We want to improve mobility further because we see it as an important contributor to becoming 'a multi-nodal organisation', an organisation that makes optimal use of the international network and shares knowledge from global to regional and local and vice versa. Our experience is that mobility (whether short or long-term) is also an important contributor to the flexibility and versatility of our organisation. Furthermore, long-term and short-term secondments are a key tool in the development of our people, offering them new skills and experiences not only in terms of working methods but also in terms of mindset. ■

Mobility within PwC Netherlands (in people)*	2016/2017	2015/2016
Assurance	61	56
Tax	46	22
Advisory	11	18
Firm Services	29	20

Mobility within PwC Europe (in people)**	2016/2017	2015/2016
Assurance	22	17
Tax	30	7
Advisory	9	5
Firm Services	1	1

Mobility internationally (in people)***	2016/2017	2015/2016
Assurance	90	136
Tax	54	24
Advisory	20	18
Firm Services	1	1

* Mobility between business units, including business units in other lines of service

** Incoming and outgoing secondments with Germany, Austria and Belgium

*** Incoming and outgoing secondments with other territories (including Germany, Austria and Belgium), including temporary incoming secondments from abroad during Assurance's peak period

An experience centre for meeting, sharing, learning and innovating

In our Amsterdam offices we are developing an Experience Centre, an inspiring place where we bring together all aspects of innovation and where everything is focused on meeting, sharing, learning and innovating.

This Experience Centre follows the example set by our colleagues in Germany, who have already redesigned a floor in their Frankfurt office (see pictures). We took this idea for bringing all innovation activities into one place from start-ups, which often share office space and together create an informal, energetic and inspiring atmosphere.

This Experience Centre will fit well into our approach of developing innovative solutions for complex business issues and combining business and industry expertise with the knowledge of programmers, user experience designers, industrial designers and other creative professionals. These teams generally work in co-creation with the client and in line with the 'agile' or 'lean' principles also derived from the world of start-ups.

This approach is based on innovation in the form of small stages, with assumptions being validated at each stage and feedback from the end-user being incorporated as the innovation moves forward. The advantage of this agile approach is that it avoids gigantic, money-wasting failures as potential failure is identified at an earlier stage.

Risk factors

In determining and implementing our strategy, we naturally take into account the risks that can potentially most affect us. If we do not manage these risks, we eventually lose our relevance for clients and society as a whole. So we are constantly monitoring developments and trends as they evolve both in society in general and in the environment in which we operate. We have a Risk Council that monitors these risks on a periodic basis and submits recommendations for fine-tuning the way we manage these risks.

The accompanying table summarises these key risks, links them to our focus areas and critical success factors, indicates the potential impacts of the risks should they materialise and lists the key measures we have taken since prior year to mitigate the risks. It also indicates any change in the net risk prior year. Net risk means the residual risk after reflecting mitigating measures.

= Unchanged

↑ Increased

↓ Decreased

Focus areas	Critical success factors	Key (gross) risks	Potential impact of the risks	Key measures to mitigate the risks	Changes in net-risks
Under-standing our clients to create long-term value	Goals for profitable growth to generate funds for investment	- Insufficient investment funds due to lower profitability - Delays in 'time-to-market' for innovative services and solutions	- Insufficient funds for investment in quality, people and technology - Loss of market leadership/ failure to achieve a leading market position	- Financial planning and control cycles and monthly progress reporting - Roll-out of integrated reporting dashboard with strategic (financial and non-financial) KPIs - Ongoing pursuit of inorganic growth opportunities	=
	X-LoS service offerings and delivery that address our clients' key issues	- A silo mentality between lines of service - Delays in 'time-to-market' for innovative services and solutions	- Insufficient ability to be distinctive in the market - Inadequate solutions for important client problems	- Encouragement of collaboration across the Lines of Service by putting the client and social agendas at the heart of what we do ('outside-in') - Requirement for collaboration in the goal setting and evaluation processes - Empowerment of X-LoS collaboration in Industries - Investments in innovative services	=
	Robust dialogue that matches our clients' strategic agendas	- Insufficient understanding of our clients' needs	- Loss of credibility and leading market position - Loss of clients - Worsening client relationships	- Requesting and following up feedback from clients - Strengthening of account management consistency - Clear focus of professionals on specific skill sets, industries and clients	=

* The change in the net risk indicates the change in gross risk after reflecting risk resilience resulting from the key mitigating measures.

Focus areas	Critical success factors	Key (gross) risks	Potential impact of the risks	Key measures to mitigate the risks	Changes in net-risks
Delivering the PwC Culture	Building an inclusive culture based on encouragement and collaboration	- Losing track of societal developments and the needs of society - Not being able to attract and retain the diverse talents needed	- Lower quality client solution offerings - Restricted access to recruitment market potential	- Proactive approach to diversity focused on an appreciation of differences - Continuous focus on behaviour and culture in training programmes - Introduction of redefined global values and an updated Code of Conduct	↓
	Building an externally focused culture in which social involvement is the norm	- Lack of outside-in view	- Insufficient response to (changing) stakeholder expectations	- Active stakeholder dialogue - Active participation in the public debate. - Continuation of the ‘PwC Journey’ focused on transformation	↓
	An impactful CR approach	- A CR programme that is not in line with our know-how and expertise	- (Too) little social impact - Reduced social involvement on the part of our staff	- Focus on social enterprises, supporting them with know-how and expertise - Linking a selection of the UN’s Sustainable Development Goals to strategy - Ambition for full circularity by 2030	=
	Knowledge sharing and thought leadership	- Not being seen as a market leader	- Loss of PwC brand authority	- Investment in research through the Chief Economist Office - Participation in the Foundation for Audit Research - Encouragement of post-graduate study and professorships - Sector and Industry thought leadership initiatives, including publications and specific programmes for groups such as supervisory directors and CFOs	=
	Sensitivity for our people, their personal development and their well-being (valuing their contribution)	- Too little appreciation perceived by our people - Reduced level of well-being of partners and staff - Reduced attractiveness of PwC as an employer	- Higher staff turnover - Loss of talented people	- Sustainable deployment programmes (e.g. health programmes, Week of the Balance, etc.) - Competitive terms of employment - Talent management (e.g. coaching and mentoring programmes, opportunities for learning and development)	=
Building on the quality of our service offerings and delivery	Continuous improvement in and testing of our approach to quality and our risk management systems	- Non-compliance with legal and regulatory requirements and our own internal (quality) standards - Failure to (timely) address the impact of technology on the quality of and risks in our service offerings	- Loss of societal relevance and raison d’être - Financial damage from liability claims - Outdated (i.e. ineffective and inefficient) service offerings - Loss of clients and market share	- Continuous testing and improving our quality management systems - Focus in Assurance on ‘Building Quality Business’ - Real Time Reviews in Assurance and ECRs in all Lines of Service - Consultation panels in all Lines of Service	=
	A governance environment and organisation that encourages and facilitates our ambitions for maximum quality	- Undesirable or unethical behaviour by our people	- Financial and reputational risk - Sub-standard service delivery and offerings - Loss of public trust	- Continuation of the ‘PwC Journey’ focused on transformation - Introduction of redefined global values and an updated Code of Conduct - Independent supervision by the Supervisory Board - Quality as paramount in our partner and staff evaluation and remuneration process - Global Tax Code of Conduct	=
	A talented workforce continually schooled in both the hard and the soft aspects of our service offerings and delivery	- Reduced attractiveness of PwC as an employer - Loss of the ‘war for talent’	- Inability to perform complex audits and to deliver (new digital) advisory services to the high standards needed - Quality failures	- Talent management focused on people development through ‘PwC Professional’ and other programmes - Competitive terms of employment - Recruitment of people with diverse profiles	=

= Unchanged
↑ Increased
↓ Decreased

* The change in the net risk indicates the change in gross risk after reflecting risk resilience resulting from the key mitigating measures.

Focus areas	Critical success factors	Key (gross) risks	Potential impact of the risks	Key measures to mitigate the risks	Changes in net-risks
Investing in strategic competencies	Innovating to improve our service offerings and delivery and to meet the needs of our clients and society as a whole	- Delays in 'time-to-market' for innovative services and solutions - Inability to (timely) attract new technological skills - Insufficient agility and resilience to respond properly to the disruptive technological developments and/or to the behaviour of new market entrants	- Weakened (societal) relevance and competitive position - Outdated (i.e. ineffective and/or inefficient) service offerings	- Investment in technology and systems, also in an international context - Application of new technology, including digital, in our service offerings and delivery	=
Transforming our organisation	Continuous improvement to our work flows	- Insufficient agility to adapt new technologies - Violation of client confidentiality and privacy	- Reputational damage - Financial damage resulting from liability claims	- Investment in systems, technology and processes - Investment in cyber security and cyber resilience - ICT Code of Conduct	↑
	Building an agile organisation able to meet changing stakeholder needs and a resilient organisation ready to deal with (unexpected) economic developments	- Delayed 'time-to-market' of innovative services and solutions - New entrants in our markets	- Deterioration of competitive position - Erosion of brand and leading market position	- Joint investment at international levels - Partnering with others, including technology partners - Outsourcing of (non-judgemental) routine work to specialised Delivery Centres	=

* The change in the net risk indicates the change in gross risk after reflecting risk resilience resulting from the key mitigating measures.

= Unchanged
↑ Increased
↓ Decreased

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Governance and remuneration

Governance

We have reallocated portfolios within the Board of Management

Some of the portfolios within the Board of Management have been reallocated as of 1 October 2016. We believe that this reallocation of tasks and responsibilities has strengthened the efficiency of the executive team in dealing with the challenging environment we face. The Supervisory Board has approved the reallocation.

In addition, Marc Diepstraten joined the Board of Management on 1 July 2016 when he took over the Tax Chairmanship from Sytso Boonstra.

An overview of the current portfolio of the board members is provided on page 105.

The Public Interest Committee has been extended to include all members of the Supervisory Board

All members of the Supervisory Board (SB) had indicated a desire to be more involved with the issues that the Public Interest Committee deals with regarding the audit firm. Consequently, the SB has decided to extend the Public Interest Committee to include all members of the Board as from 1 July 2017.

Remuneration

Quality at the heart of our remuneration policy

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

The partner evaluation and remuneration process (the BMG&D process) is supervised by the Remuneration Committee of the Supervisory Board.

Claw-back

We have a claw-back scheme in place for audit partners, with a claw-back period of six years. Under this scheme, one sixth of each individual partner's annual management fee is transferred to an independent foundation. If it transpires that the external auditor has issued an incorrect opinion for which the auditor is culpable and which has resulted in societal damage, the auditor loses entitlement to part or all of this deferred remuneration. Any such proposals need to be approved by the Supervisory Board.

Fixed remuneration of the Board of Management

The Supervisory Board is responsible for determining the remuneration of the members of the Board of Management. The board members receive a fixed non-profit related remuneration and they can receive a variable element, not exceeding 20% of the fixed amount. This variable part is based on the achievement of long-term goals set by the Supervisory Board within the context of the organisation's societal role.

	2016/2017	2015/2016	Δ%
Management fee, salary and emoluments			
Available for distribution to partners (€ millions)	148.9	140.1	6.4
Average partner management fee* (€'000)	533.3	513.3	4.0
Staff bonuses** (€ millions)	24.0	27.7	-13.4
Average salary cost per FTE (€'000)	74.6	72.6	2.8
Average bonus per FTE (€'000)	5.5	6.7	-17.9

* Payments are made from the management fee relating to items such as goodwill rights, pension contributions, social security and disability contributions, life insurance premiums, etc.
** In 2016/2017 part of the bonus has been converted to salary components.

	2016/2017	2015/2016
Relationship of the highest remuneration within PwC NL to the median of the total remuneration within PwC NL (including partners) *		
Factor	27.9	29.2
Percentage increase (-decrease) in annual income	0	-5.4
Relationship of the highest remuneration within PwC NL to the average of the total remuneration within PwC NL (including partners) *		
Factor	17.7	18.6
Percentage increase (-decrease) in annual income	0	3.0

* Based on annual income, including bonuses and excluding non-monetary elements of remuneration such as private use of mobile telephone, lease car and expense allowances

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Sanctions policy

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

Our sanctions policy provides a summary of the sanctions available and the bodies to which infringements are to be referred. These bodies include the Complaints Committee and the Business Conduct Committee (both emanating from the Code of Conduct – see also pages 45-46 and 106) and the Independence Sanctions Committee. These committees do not raise sanctions themselves; they submit their proposals to the Code of Conduct Partner or the Board of Management.

During the past financial year, based on input from the Independence Sanctions Committee, 15 sanctions (2015/2016: 11) were imposed for independence infringements, of which 14 were written warnings and 1 was a reprimand. The written warnings all related to non-registration or late registration of purchases and/or sales of financial interests. The reprimand related to the holding of restricted financial interests

In addition to the personal independence sanctions mentioned above, 17 sanctions were issued with respect to non-compliance with PwC pre-approval procedures (as a result of an internal review), of which 1 reprimand and 16 warnings.

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

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

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

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

No additional remuneration for 'regular' conduct

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

Remuneration of the BoM

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

Evaluation of staff based on performance and behaviour

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

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

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

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

The Works Council involvement in establishing the terms of employment for staff

A Works Council committee, comprising representatives from all Lines of Service and a Chair, negotiates with the Board on these conditions. Where pension arrangements are concerned, both the Works Council and our HC department often draw on the advice of specialists within the organisation.

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

Last year we started developing a so called 'integrated dashboard'. This dashboard is based on our strategic objectives and its fourteen critical success factors (see pages 27-28) and measures the progress we make on these success factors and thus the extent to which we achieve the strategic goals. The integrated dashboard includes key performance indicators of culture, human capital, relationships, client expectations, financial performance, quality, compliance, and market developments.

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

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

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

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

Outlook

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

Investments in quality

Restoration of public trust in the quality of the audit remains our top priority. In recent years we invested heavily in the quality of our audits, e.g. by dedicating more time and people to our audit engagements. We expect this investments to continue, for example by investing in technology and outsourcing work to delivery centers.

Investments in new services and technology

The prerequisite for developing successful new services is that we drill down into the challenges that our clients are facing from the so-called megatrends. Our clients' strategic agenda must be right at the heart of what we do. Many of our clients face the challenge to transform their business models and organisation in a digitalising world. We want to become our clients' partner in their transformation. Therefore, we need to invest in new services in the areas of data and analytics, cyber security and digital transformation. In the current year we will raise our level of investments in these areas accordingly, both locally and in an international context.

Continue the PwC Journey

Our transformational journey will continue in the coming years. In order to stay relevant we will have to live up to our purpose. In order to build trust in society and solve important problems we need to be considerate, in all our decisions, actions and behaviours, of the needs of our clients, our people and society. In the current year we will continue to invest therein.

International teaming-up

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

Expectations for financing and headcount

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

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

Financial outlook for 2017/2018

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

Notwithstanding the volatile environment we are facing, we foresee for the current year continued demand for our services and therefore modest growth of revenues. In recent years we saw the high transition costs in connection with the mandatory audit firm rotation in the segment of public interest entities phasing out. Therefore we also expect a modest growth of profitability.

Amsterdam, 25 September 2017

The Board of Management:
Drs. P.J. van Mierlo RA (Statutory Director)
Mr. M.J.M. Diepstraten *
Prof. Mr. F.A. Engelen *
Drs. A.H.M. van Gils RA *
Drs. J.D. Lamse-Minderhoud RA *
Drs. M. de Ridder RA *

* Authorised executive director

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Financial statements

Holding PricewaterhouseCoopers Nederland B.V.

1. Consolidated financial statements

1.1 Consolidated balance sheet as at 30 June 2017 (before appropriation of profit) (in €'000)

		30 June 2017		30 June 2016	
Fixed assets					
Intangible fixed assets	[1]				
Intellectual property		468		2,153	
Goodwill		14,188		8,207	
			14,656		**10,360**
Tangible fixed assets	[2]				
Leasehold improvements		11,096		10,458	
Fixtures and fittings		6,170		4,123	
Other fixed assets		7,490		6,007	
Fixed assets under construction		2,478		47	
			27,234		**20,635**
Financial fixed assets	[3]				
Other financial interests		7,374		6,727	
Other receivables		1,733		1,738	
			9,107		**8,465**
Current assets					
Work in progress	[4]		**45,169**		**39,390**
Receivables					
Receivables from clients	[5]	174,190		158,020	
Taxes and social security charges	[6]	-		628	
Other receivables	[7]	15,817		14,677	
Prepayments and accrued income	[8]	18,228		19,571	
			208,235		**192,896**
Cash and cash equivalents	[9]		**16,298**		**17,668**
Total			**320,699**		**289,414**

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

		30 June 2017		30 June 2016	
Equity and liabilities					
Group equity	[10]		**10,439**		**10,260**
Provisions	[11]		**28,867**		**26,556**
Long-term liabilities					
Subordinated loans	[12]	46,340		45,140	
Accrued expenses and deferred income (long-term)	[13]	11,632		13,863	
			57,972		**59,003**
Current liabilities					
Liabilities to suppliers	[14]	26,813		13,433	
Liabilities to shareholders	[15]	64,851		53,628	
Taxes and social security charges	[16]	39,362		34,949	
Other liabilities	[17]	71,511		71,798	
Accrued expenses and deferred income (current)	[18]	20,884		19,787	
			223,421		**193,595**
Total			**320,699**		**289,414**

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

1.2 Consolidated profit and loss account for the year ended 30 June 2017 (in €'000)

		2016/2017		2015/2016	
Net revenue	[19]		**767,001**		**744,077**
Cost of work contracted-out and other external costs	[20]	76,638		75,256	
Salaries		266,507		251,984	
Social security charges	[21]	58,358		53,282	
Amortisation and depreciation of fixed assets	[1,2]	11,260		11,197	
Other operating costs	[22]	203,064		210,089	
Total operating costs			**615,827**		**601,808**
Operating profit			**151,174**		**142,269**
Interest and other financial income		127		171	
Interest and other financial expenses	[23]	-946		-1,428	
Profit on ordinary activities before tax			**150,355**		**141,012**
Taxes	[24]	-1,489		-1,229	
Results of participating interests		249		-	
Management fee Coöperatie PricewaterhouseCoopers Nederland U.A.	[25]	-148,936		-139,783	
Profit after tax			**179**		**-**

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

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1.3 Consolidated statement of cash flows for the year ended 30 June 2017 (in €'000)

		2016/2017		2015/2016	
Cash flow from operating activities					
Operating profit			151,174		142,269
Adjustments for:					
Amortisation and depreciation	[1-2]	11,260		11,197	
Movements in provisions	[11]	2,311		-5,898	
Movements in accrued expenses and deferred income (long-term)	[13]	-2,231		-2,572	
			11,340		**2,727**
Changes in working capital					
Receivables	[5-8]	-13,784		-1,400	
Work in progress	[4]	-5,742		-4,924	
Current liabilities	[14-18]	29,688		12,648	
			10,162		**6,324**
Cash flow from business operations			**172.676**		**151,320**
Dividend received	[3]	70		118	
Interest*	[23]	-719		-1,030	
Taxes	[24]	-1,064		-1,215	
			-1,713		**-2,127**
Management fee Coöperatie PricewaterhouseCoopers Nederland U.A.	[25]		-148,936		-139,783
Cash flow from operating activities			**22,027**		**9,410**
Cash flow from investing activities					
Additions to intangible fixed assets	[1]	-		-	
Additions to tangible fixed assets	[2]	-15,726		-8,092	
Disposals of tangible fixed assets	[2]	1,154		263	
Additions to financial fixed assets	[3]	-468		-950	
Disposals of financial fixed assets	[3]	5		10	
Acquisitions of subsidiaries		-9,133		3,308	
Cash flow from investing activities			**-24,168**		**-5,461**

			2016/2017		2015/2016
Cash flow from financing activities					
Subordinated loans	[12]	1,200		3,600	
Dividend distributions		-		-	
Cash flow from financing activities			**1,200**		**3,600**
Net cash flow			**-941**		**7.549**
Cash and cash equivalents - opening			17,668		10,216
Net cash flow			-941		7,549
Foreign currency exchange differences			-429		-97
Net cash and cash equivalents - closing	[9]		**16,298**		**17,668**

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

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

1.4 Notes to the consolidated financial statements

Activities

Holding PricewaterhouseCoopers Nederland B.V. ('the Company') has its registered office in Amsterdam. Its activities and those of its subsidiaries comprise Assurance, Tax and Advisory services. These activities are further described in the Report of the Board of Management. The Company is registered at the Chamber of Commerce under number 33280000.

On 4 July 2016 the Group signed an agreement to acquire 100% of the shares of Everett B.V. with completion on 29 September 2016. Everett focused on the sale and implementation of, and consultancy regarding, software for identity and access management. Subsequently its business became part of the Consulting Technology group within PricewaterhouseCoopers Advisory N.V. On 30 September 2016 the name of Everett B.V. was changed to PricewaterhouseCoopers Consulting Services Holding B.V. and its registered office changed from Nieuwegein to Amsterdam.

Group relationships

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

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

Coöperatie holds the sole priority share in Holding PricewaterhouseCoopers Nederland B.V. Coöperatie also holds an interest in Konsortium PwC Europe, registered in Frankfurt/Main, Germany. Konsortium PwC Europe is a consortium of the Dutch, German, Austrian and Belgian PwC member firms and it holds a 100% interest in PwC Europe SE Wirtschaftsprüfungsgesellschaft. Coöperatie's equity share in Konsortium PwC Europe was 32.3% as of 30 June 2017 (30 June 2016: 32.3%). This interest in Konsortium PwC Europe is revised annually as of 1 July and is related to the number of the Dutch member firm professional practitioners relative to the total number of professional practitioners in the PwC member firms of the PwC Europe consortium.

Basis of reporting

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

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

Principles of consolidation

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

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

The entities included in the consolidation are as follows:
- PricewaterhouseCoopers B.V., Amsterdam (100%)
- PricewaterhouseCoopers N.V., Amsterdam (100%)
- PricewaterhouseCoopers Accountants N.V., Amsterdam (100%)
- PricewaterhouseCoopers Advisory N.V., Amsterdam (100%)
- PricewaterhouseCoopers Belastingadviseurs N.V., Amsterdam (100%)
- PricewaterhouseCoopers Certification B.V., Amsterdam (100%)
- PricewaterhouseCoopers Compliance Services B.V., Amsterdam (100%)

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

Fiscal unity

Except for Executive Academy VOF, PricewaterhouseCoopers N.V. and PricewaterhouseCoopers Deelnemingen B.V., all of the abovementioned consolidated entities form a fiscal unity for value-added tax purposes with Holding PricewaterhouseCoopers Nederland B.V. PricewaterhouseCoopers Consulting Services Holding B.V., PricewaterhouseCoopers Consulting Services B.V. and PricewaterhouseCoopers Consulting Services NL B.V. were added to this fiscal unity as of 1 October 2016.

All of the abovementioned consolidated entities form a fiscal unity for corporation tax purposes with Holding PricewaterhouseCoopers Nederland B.V. PricewaterhouseCoopers Consulting Services Holding B.V., PricewaterhouseCoopers Consulting Services B.V. and PricewaterhouseCoopers Consulting Services NL B.V. were added to this fiscal unity as of 1 January 2017.

Acquisitions of group companies

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

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

Estimates

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

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

Related parties

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

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

Accounting policies for assets and liabilities

General

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

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

Comparison with prior year

The Group's financial year runs from 1 July to 30 June. The accounting policies applied in determining balance sheet and profit and loss account items are unchanged from prior year.

In the interests of improved presentation, the comparative amounts for Receivables from clients, Other receivables, Liabilities to suppliers and Other liabilities have been reclassified. Furthermore, the comparative amounts for Cost of work contracted-out and other external costs and Other operating costs have been reclassified.

Foreign currencies

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

Financial instruments

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

Intellectual property

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

Goodwill

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

Tangible fixed assets

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

Impairment fixed assets

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

Financial fixed assets

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

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

Work in progress

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

Receivables

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

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

Cash and cash equivalents

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

Provisions

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

Pension provisions relate to commitments under non-activity arrangements.

Personnel provisions relate to long-term disability benefit top-ups, long-service entitlements and severance pay. The provisions for commitments under non-activity arrangements and long-service entitlements are carried at present value using a discount rate of 2.5% (30 June 2016: 2.5%) and taking into account staff turnover probability. The provision for long-term unemployment benefit top-ups is carried at its present value using a discount rate of 2.5% (30 June 2016: 2.5%).

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

Subordinated loans

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

Accrued expenses and deferred income (long-term)

Long-term accrued expenses and deferred income include incentives received in connection with the rental of a number of office premises. These amounts are of a long-term nature and are taken to income on a straight-line basis over the term of the rental contracts.

Liabilities

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

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

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

Operating leases

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

Accounting policies for the profit and loss account

General

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

Net revenue

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

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

Operating costs

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

Amortisation and depreciation of intangible and tangible fixed assets

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

Salaries and social security charges

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

Pensions

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

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

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

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

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

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

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

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

Basis of preparation of the consolidated statement of cash flows

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

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

1.5. Notes to the consolidated balance sheet as at 30 June 2017 (in € '000)

[1] Intangible fixed assets

The movements are as follows:

	Intellectual property	Goodwill	2016/2017 Total	2015/2016 Total
Balance as at 1 July				
At cost	4,306	13,199	17,505	9,358
Accumulated amortisation	-2,153	-4,992	-7,145	-3,695
Carrying amount	**2,153**	**8,207**	**10,360**	**5,663**
Movements				
Additions	-	9,018	9,018	8,147
Disposals	-	-3,976	-3,976	-
Amortisation	-1,685	-3,037	-4,722	-3,450
Accumulated amortisation on disposals	-	3,976	3,976	-
	-1,685	**5,981**	**4,296**	**4,697**
Balance as at 30 June				
At cost	4,306	18,241	22,547	17,505
Accumulated amortisation	-3,838	-4,053	-7,891	-7,145
Carrying amount	**468**	**14,188**	**14,656**	**10,360**

Intellectual property represents the value of the intellectual property of the Taxmarc software licences acquired through the Group's acquisition of Taxolutions B.V. Taxolutions B.V. and its wholly-owned subsidiary Taxmarc B.V. were acquired on 16 March 2015 at a cost of € 4.3 m, of which € 1.5 m was contingent on specified conditions. As these conditions were not met within the specified timeframe, the conditional element of the purchase price of € 1.5 m has been released this fiscal year, the balance sheet amounts of the intellectual property and the goodwill have been reduced by € 0.3 m and a tax credit has been taken in the profit and loss account. The total benefit of € 1.7 m has been attributed to the results for this period.

Goodwill of € 9,018 was recognised on the acquisition of PricewaterhouseCoopers Consulting Services Holding B.V. (previously Everett B.V.) as of 29 September 2016, and is being amortised on a straight-line basis over five years.

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

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

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

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

[2] Tangible fixed assets

The movements are as follows:

	Leasehold improvements	Fixtures and fittings	Other fixed assets	Fixed assets under construction	2016/2017 Total	2015/2016 Total
Balance as at 1 July						
At cost	62,048	17,876	22,256	47	102,227	94,533
Accumulated depreciation	-51,590	-13,753	-16,249	-	-81,592	-74,336
Carrying amount	**10,458**	**4,123**	**6,007**	**47**	**20,635**	**20,197**
Movements						
Additions	4,012	2,927	6,421	2,431	15,791	8,221
Additions at cost from acquisitions	-	-	-	-	-	227
Disposals	-926	-359	-283	-	-1,568	-754
Accumulated depreciation on disposals	130	80	204	-	414	491
Depreciation	-2,578	-601	-4,859	-	-8,038	-7,747
	638	**2,047**	**1,483**	**2,431**	**6,599**	**438**
Balance as at 30 June						
At cost	65,134	20,444	28,394	2,478	116,450	102,227
Accumulated depreciation	-54,038	-14,274	-20,904	-	-89,216	-81,592
Carrying amount	**11,096**	**6,170**	**7,490**	**2,478**	**27,234**	**20,635**
Depreciation percentages	10	10	20-50			

Other fixed assets relate primarily to computers, servers and smartphones with a book value at 30 June 2017 of € 5.0 m (30 June 2016: € 3.5 m) and related software with a book value at 30 June 2017 of € 0.6 m (30 June 2016: € 0.5 m). The fair value of tangible fixed assets does not differ materially from the carrying amount.

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

[3] Financial fixed assets

The movements are as follows:

	Other financial interests	Other receivables	2016/2017 Total	2015/2016 Total
Balance as at 1 July	**6,727**	**1,738**	**8,465**	**27,400**
Investments, result and interest	717	-	717	9
Disposals, dividend and interest received	-70	-5	-75	-23
Movement due to acquisition of group companies	-	-	-	-18,921
Balance as at 30 June	**7,374**	**1,733**	**9,107**	**8,465**

Other financial interests

On 18 November 2016 the Group acquired 11.1% of the shares of PricewaterhouseCoopers IT Services Limited, London at cost of $ 500.

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

Members of the Group hold the following interests:

Name and location	Share in the issued capital %
BigData.Company B.V., The Hague*	20.00
Lifeguard Finance B.V., Amsterdam	16.35
PricewaterhouseCoopers Services B.V., Rotterdam	12.50
PricewaterhouseCoopers IT Services Ltd., London	11.10
L & F Holdings Limited, Bermuda	7.14
PwC Network Holdings Pte Ltd., Singapore	3.00
PwC Strategy& Parent (UK) Ltd., London	2.40

* Also trading as OneUp.Company.

Other receivables

This is a Floating Rate Subordinated Unsecured Loan Note of € 1,733 provided to Lifeguard Finance B.V. on 20 February 2014. The receivable is subordinated to all of Lifeguard Finance B.V.'s other creditors. Interest is payable semi-annually at the end of February and August, and is set at six-month Euribor plus 0.75% at the end of August each year. For the period from 28 February 2017 to 31 August 2017, interest has been set at 0.75%. The principal, together with any unpaid interest, is repayable in full on 30 November 2020.

[4] Work in progress

Work in progress at 30 June 2017 is stated net of amounts billed aggregating € 45 m (30 June 2016: € 39 m).

[5] Receivables from clients

Receivables are due within one year and are not interest bearing. A provision for doubtful debts of € 6.8 m was carried at 30 June 2017 (30 June 2016: € 7.9 m).

[6] Taxes and social security charges

	30 June 2017	30 June 2016
Corporation tax	-	628
Total	**-**	**628**

[7] Other receivables

Other receivables are as follows:

	30 June 2017	30 June 2016
Receivables from related parties	6,335	4,401
Deferred taxes	5,122	3,745
Receivables from personnel	404	345
Other	3,956	6,186
Total	**15,817**	**14,677**

Receivables from related parties comprise receivables from a number of PwC entities that are not part of the Group. Some € 4.1 m (30 June 2016: € 3.5 m) of the deferred taxes balance is recoverable after more than one year. Other includes amounts due from PwC Strategy& Parent (UK) Ltd. of € 0.7 m (30 June 2016 € 2.2 m).

[8] Prepayments and accrued income

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

	30 June 2017	30 June 2016
Prepaid rental costs	6,912	7,011
Prepaid insurance premiums	6,430	6,129
Prepaid car lease cost	1,891	2,109
Prepaid pension premiums	-	2,168
Other	2,995	2,154
Total	**18,228**	**19,571**

[9] Cash and cash equivalents

Of the cash and cash equivalents, € 2.5 m (30 June 2016: € 2.1 m) was not freely available.

[10] Group equity

Disclosures regarding shareholders' equity are provided in the notes to the company financial statements. A consolidated statement of comprehensive income is not presented as there is no difference between profit after tax and comprehensive income (2015/2016: the same).

[11] Provisions

The movements are as follows:

				2016/2017	2015/2016
	Personnel	Pensions	Other	Total	Total
Balance as at 1 July	**2,992**	**159**	**23,405**	**26,556**	**32,026**
Additions	1,645	10	9,672	11,327	8,846
Movement due to acquisition of group companies	-	-	-	-	428
Utilisation	-343	-86	-5,652	-6,081	-8,372
Releases	-75	-	-2,860	-2,935	-6,372
Balance as at 30 June	**4,219**	**83**	**24,565**	**28,867**	**26,556**

Approximately € 25 m (30 June 2016: approximately € 23 m) of provisions is long-term.

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

Other provisions include the provision for office vacancy of € 16.2 m (30 June 2016: € 13.7 m) in respect of leased premises. This provision is based on the lease costs for future periods during which it is expected that the premises will not be occupied. Other provisions also include a provision for obligations to restore leased premises at the end of the lease period of € 1.4 m (30 June 2016: € 1.4 m); this provision is recognised evenly over the lease period.

Other provisions also include professional liability provisions of € 6.7 m (30 June 2016: € 7.9 m) relating to work performed up to and including the balance sheet date. Releases relate primarily to changes in the estimated costs of claims outstanding. All of the claims are disputed, and provisions are made for any loss still expected to be incurred by the Group on ongoing claims. The Group is insured against any such claims. While the outcome of these disputes cannot be predicted with certainty, legal advice and other information received indicate that they will have no significant effect on the financial position of the Group.

[12] Subordinated loans

PwC Europe SE Wirtschaftsprüfungsgesellschaft has provided financing of € 46,340 (2015/2016: € 45,140) in the form of a loan subordinated to all of the Company's other creditors. Interest accrues at a maximum of 12% per annum depending on profitability. The amount of the loan fluctuates depending on the number of professional practitioners made available.

	2016/2017	2015/2016
Balance as at 1 July	**45,140**	**41,540**
Net movement from new and ended association agreements with partners	1,200	3,600
Balance as at 30 June	**46,340**	**45,140**

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

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

The deferred rental incentives are being released as follows:

	30 June 2017	30 June 2016
From 1-5 years	8,524	8,740
> 5 years	3,108	5,123
Carrying amount	**11,632**	**13,863**

[14] Liabilities to suppliers

Liabilities to suppliers are all due within one year.

[15] Liabilities to shareholders

The liability to shareholder Coöperatie has a remaining term of less than one year and is interest bearing. The average interest rate for 2016/2017 was 0.675% (2015/2016: 1.2%).

[16] Taxes and social security charges

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

	30 June 2017	30 June 2016
Value added tax	25,522	22,502
Wages, taxes and social security charges	13,840	12,447
Total	**39,362**	**34,949**

[17] Other liabilities

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

	30 June 2017	30 June 2016
Bonuses payable	23,108	27,639
Work in progress for which installments billed exceed the project revenue earned	22,444	21,950
Accrued leave entitlements and holiday allowances	18,366	18,048
Amounts due to related parties	7,454	4,054
Other	139	107
Total	**71,511**	**71,798**

[18] Accrued expenses and deferred income (current)

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

	30 June 2017	30 June 2016
Invoices to be received	16,152	14,358
Current portion of incentives received under lease agreements for office premises	2,231	2,587
Other	2,501	2,842
Total	**20,884**	**19,787**

Off-balance sheet liabilities and commitments

- PricewaterhouseCoopers B.V. stands surety for the annual Group profit-linked periodic benefit payments administered by Stichting Verrekenfonds, for the beneficiaries of one of the legal predecessors of the legacy firm Coopers & Lybrand. For 2016/2017, the payments amounted to € 0.8 m (2015/2016: € 0.9 m). The payments are due for the lifetimes of the individual beneficiaries.
- Guarantees provided in relation to lease and other obligations total € 2.5 m as at 30 June 2017 (30 June 2016: € 2.7 m), the longest running guarantee expiring on 31 December 2025.
- The Group has undertaken, in certain circumstances, to assume receivables of up to $ 14 m (30 June 2016: $ 14 m) on behalf of L & F Holdings Limited, in which PricewaterhouseCoopers Deelnemingen B.V. holds a 7.1% participating interest.
- PricewaterhouseCoopers B.V. has undertaken to indemnify a third party for 2.4% of certain liabilities that that party may incur under an agreement to fund supplementary payments of non-Dutch pensions.
- PricewaterhouseCoopers Deelnemingen B.V. has undertaken to bear 2.4% of the damages certain third parties may suffer in relation to their responsibilities in a certain non-Dutch Retirement Medical Trust.
- As at 30 June 2017, the Group had made commitments for capital expenditure aggregating € 3.1 m (30 June 2016: € 5.4 m) relating to office leasehold improvements and fixtures and fittings and € 5.7 m (30 June 2016: € 3.7 m) relating to other fixed assets.
- The Group has obligations under lease contracts (to restore leased premises at the end of the lease) estimated at € 2.3 m (30 June 2016: € 2.5 m). These obligations are recognised evenly over the lease period, and the provision carried at 30 June 2017 amounted to € 1.4 m (30 June 2016: € 1.3 m).
- The Group has committed to make an annual joint business development contribution to another PwC member firm amounting to € 1.3 m for each of the financial years 2017/2018 and 2018/2019, which will be charged to profit and loss in the years to which it relates.
- The Group has long-term rental contracts, other operating lease obligations and facility services insourcing obligations totalling € 197 m (30 June 2016: € 209 m).

These obligations mature as follows:

in € millions	30 June 2017	30 June 2016
< 1 year	42	43
From 1-5 years	120	111
> 5 years	35	55
Total obligations	**197**	**209**

1.6 Notes to the consolidated profit and loss account for the year ended 30 June 2017 (in € '000)

[19] Net revenue

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

	2016/2017	2015/2016
Assurance	299,725	302,021
Tax	263,532	250,985
Advisory	203,744	191,071
Total	**767,001**	**744,077**

Net revenue is earned primarily in the Netherlands.

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

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

[21] Social security charges

Social security charges are as follows:

	2016/2017	2015/2016
Social security charges	36,451	33,638
Pension premiums	21,907	19,644
Total	**58,358**	**53,282**

Pension costs are determined in accordance with the agreed pension schemes. Qualifying staff members are provided with an annual premium, depending on age and income, for contribution to their pension plans.

[22] Other operating costs

Other operating costs are as follows:

	2016/2017	2015/2016
Travel	60,247	59,342
Other personnel costs	41,717	51,497
Occupancy costs	36,253	32,267
Technology	17,750	22,839
Sales and business development	9,637	9,644
External consultants' fees	2,767	3,720
Other costs	34,693	30,780
Total	**203,064**	**210,089**

The decrease in other personnel costs and in technology costs arises as a result of temporary hires. Occupancy costs increased due to an additional provision for office vacancy. Other costs include membership contributions to PricewaterhouseCoopers International Ltd. and insurances and other costs related to professional liability.

[23] Interest and other financial expense

Interest and other financial expense is as follows:

	2016/2017	2015/2016
Interests payable to Coöperatie PricewaterhouseCoopers Nederland U.A.	429	724
Interests payable to PwC Europe SE	493	445
Other	24	259
Total	**946**	**1,428**

[24] Taxes

Taxes are as follows:

	2016/2017	2015/2016
Profit on ordinary activities before tax	1,489	1,229
Book/tax differences		
- Permanent	4,472	4,384
- Temporary	3,672	-1,679
Taxable profit	**9,633**	**3,934**
Tax thereon	2,398	973
Adjustments relating to prior year deferred tax	-1,293	276
Correction of previous years	384	-20
Corporation tax due	**1,489**	**1,229**

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

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

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

The management fee Coöperatie contributes to the aggregate profit available for distribution to the professional practitioners, as further described in 1.7 (Other notes) on page 81.

1.7 Other notes (in € '000)

Management agreement and other costs

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

The General Meeting of Holding PricewaterhouseCoopers Nederland B.V. has the option to appropriate the profit remaining after charging the management fee as dividend to the holder of its ordinary shares, PwC Europe SE Wirtschaftsprüfungsgesellschaft.

The General Meeting of PwC Europe SE Wirtschaftsprüfungsgesellschaft has the option to appropriate all or part of its profit as dividend to Konsortium PwC Europe.

The entire net profit of Konsortium PwC Europe is to be distributed to its participants, including Coöperatie, in accordance with their respective equity shares.

Coöperatie must distribute its entire net profit, after deduction of the return on members' capital contributions ('ledenvergoeding') and its own operating expenses, as management fee to its members.

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

	2016/2017	2015/2016
Management fee to Coöperatie	148,936	139,783
Results Coöperatie.	-391	302
Profit available for allocation	**148,545**	**140,085**
Management fee payable by Coöperatie PricewaterhouseCoopers Nederland U.A. to its members	-141,771	-133,471
Return on capital contributions paid to members of Coöperatie	-6,774	-6,614
	-	-
Average number of partners (FTE)	279	273
Average management fee per partner*	533.3	513.3

* Includes return on members' capital contributions.

In addition to their management fee, the members of Coöperatie also receive a car and expense allowance, aggregating € 8.5 m (2015/2016: € 8.1 m), and interest on their current accounts, aggregating € 0.5 m (2015/2016: € 0.7 m). These interest expenses are recognised as an expense by Coöperatie and are not included in these financial statements.

External auditor's fees

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

	2016/2017	2015/2016
Audit of the financial statements	202	228
Other audit engagements	18	50
Other non-audit engagements	37	-
Total	**257**	**278**

Operating leases

The Group charged € 44 m (2015/2016: € 46 m) to the profit and loss account for operating lease costs during the year relating to office premises and the leased car fleet.

Financial instruments and risk management

Foreign exchange risk

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

Any significant foreign exchange risks relating to future cash flows from operating activities in foreign currencies are hedged by means of currency forward contracts under terms determined by reference to the timing of the underlying receivables and obligations. Gains and losses on instruments used to hedge off-balance sheet positions are deferred until the hedged positions are recognised. As at 30 June 2017, there were no contracts outstanding (30 June 2016: no contracts outstanding).

At 30 June 2017, receivables in US dollars and other currencies amounted to € 5.5 m (30 June 2016: € 5.4 m) and € 1.5 m (30 June 2016: € 2.0 m). Liabilities in US dollars and other currencies amounted to € 3.1 m (30 June 2016: € 1.0 m) and € 3.0 m (30 June 2016: € 4.4 m).

Interest rate risk

The interest rate risk for the Group relates primarily to the following two loans:
- Subordinated loan of € 46,340 (2015/2016: € 45,140) from PwC Europe SE Wirtschaftsprüfungsgesellschaft to Holding PricewaterhouseCoopers Nederland B.V., with interest accruing at a maximum of 12% per annum depending on profitability.
- Loan of € 1,733 (2015/2016: € 1,738) receivable from Lifeguard Finance B.V. with interest, receivable semi-annually, set at six-month Euribor plus 0.75% at the end of August each year (for the period from 28 February 2017 to 31 August 2017: 0.75%). Interest rate risks on financial assets and liabilities are not hedged.

Credit risk

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

Liquidity risk

Liquidity risk is mitigated by the fact that the cash flow from operating activities generates sufficient liquidity to meet ongoing obligations. Furthermore, the Group has access to a revolving credit facility of € 25 m (30 June 2016: € 0).

Fair value

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

1.8 Segment information (in €'000)

2016/2017	Assurance	Tax	Advisory	Other [1]	Eliminations	Total
Net revenue from external clients	299,725	263,532	203,744	-	-	767,001
Net internal revenue	1,574	8,537	7,484	170,258	-187,853	-
Total net revenue	**301,299**	**272,069**	**211,228**	**170,258**	**-187,853**	**767,001**
Costs of work contracted-out and other external costs	23,305	31,366	28,512	259	-6,804	76,638
Staff costs	116,172	85,886	72,260	50,547	-	324,865
Amortisation and depreciation of fixed assets	-	581	2,701	7,978	-	11,260
Other operating costs	118,832	87,020	64,471	113,	-181,049	203,064
Total operating costs	**258,309**	**204,853**	**167,944**	**172,574**	**-187,853**	**615,827**
Operating profit	**42,990**	**67,216**	**43,284**	**-2,316**	**-**	**151,174**
Net financial income and expenses	-1,244	-1,151	-667	2,243	-	-819
Taxes	-443	-572	-474	-	-	-1,489
Results of participating interests	-	-	249	-	-	249
Management fee Coöperatie	-	-	-	-148,936	-	-148,936
Profit after tax	**41,303**	**65,493**	**42,392**	**-149,009**	**-**	**179**
Carrying amount of total assets as at 30 June 2017	**107,274**	**109,300**	**83,922**	**9,857**	**10,346**	**320,699**

[1] Internal costs are charged to group companies and recognised as internal revenue under Other.

People employed in FTE [2]	Assurance	Tax	Advisory	Firm Services	Total
Average number in 2016/2017					
- Partners	112	98	69	-	279
- Other professionals	1,651	1,081	778	-	3,510
- Support staff	39	16	13	737	805
Total	**1,802**	**1,195**	**860**	**737**	**4,594**

[2] FTE (excluding trainees) means full-time equivalents.

2015/2016

	Assurance	Tax	Advisory	Other [1]	Eliminations	Total
Net revenue from external clients	302,021	250,985	191,071	-	-	744,077
Net internal revenue	1,199	8,554	5,771	160,999	-176,523	-
Total net revenue	**303,220**	**259,539**	**196,842**	**160,999**	**-176,523**	**744,077**
Costs of work contracted-out and other external costs	25,012	29,078	28,350	283	-7,467	75,256
Staff costs	107,018	81,165	68,687	48,396	-	305,266
Amortisation and depreciation of fixed assets	-	1,820	1,717	7,660	-	11,197
Other operating costs	127,562	85,169	63,048	103,366	-169,056	210,089
Total operating costs	**259,592**	**197,232**	**161,802**	**159,705**	**-176,523**	**601,808**
Operating profit	**43,628**	**62,307**	**35,040**	**1,294**	**-**	**142,269**
Net financial income and expenses	-1,147	-1,015	-859	1,764	-	-1,257
Taxes	-504	-430	-295	-	-	-1,229
Management fee Coöperatie	-	-	-	-139,783	-	-139,783
Profit after tax	**41,977**	**60,862**	**33,886**	**-136,725**	**-**	**-**
Carrying amount of total assets as at 30 June 2016	**112,831**	**104,149**	**73,895**	**12,904**	**-14,365**	**289,414**

[1] Internal costs are charged to group companies and recognised as internal revenue under Other.

People employed in FTE [2]

	Assurance	Tax	Advisory	Firm Services	Total
Average number in 2015/2016					
- Partners	112	96	65	-	273
- Other professionals	1,560	1,046	760	-	3,366
- Support staff	29	15	17	740	801
Total	**1,701**	**1,157**	**842**	**740**	**4,440**

[2] FTE (excluding trainees) means full-time equivalents.

2. Company financial statements

2.1 Company balance sheet as at 30 June 2017 (before appropriation of profit) (in €'000)

		30 June 2017		30 June 2016	
Fixed assets					
Financial fixed assets					
Participating interests	[26]	157,266		147,003	
Receivables from group companies	[27]	42,737		41,763	
			200,003		**188,766**
Current assets					
Receivables					
Receivables from group companies	[27]	2,763		2,600	
Taxes and social security charges		-		451	
Other receivables	[7]	5,938		4,645	
			8,701		**7,696**
Cash and cash equivalents			**1,156**		**5,208**
Total			**209,860**		**201,670**
Equity and liabilities					
Shareholder's equity					
Issued capital	[28]	6,750		6,750	
Share premium		3,510		3,510	
Legal reserve	[29]	179		-	
			10,439		**10,260**
Long-term liabilities					
Subordinated loans	[12]	46,340		45,140	
			46,340		**45,140**
Current liabilities	[30]				
Liabilities to shareholders	[15]	64,851		53,628	
Liabilities to group companies		85,433		92,196	
Taxes and social security charges		998		-	
Other liabilities		1,799		446	
			153,081		**146,270**
Total			**209,860**		**201,670**

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

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2.2 *Company profit and loss account for the year ended 30 June 2017* (in €'000)

	2016/2017		2015/2016	
Results of participating interests	147,639		137,376	
Other income and expense after tax	-147,460		-137,376	
Profit after tax		**179**		-

2.3 Notes to the company financial statements

Basis of preparation

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

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

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

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

Fiscal unity

Except for Executive Academy VOF, PricewaterhouseCoopers N.V. and PricewaterhouseCoopers Deelnemingen B.V., all of the abovementioned consolidated entities form a fiscal unity for value added tax purposes with Holding PricewaterhouseCoopers Nederland B.V. PricewaterhouseCoopers Consulting Services Holding B.V., PricewaterhouseCoopers Consulting Services B.V. and PricewaterhouseCoopers Consulting Services NL B.V. were added as of 1 October 2016.

All of the abovementioned consolidated entities form a fiscal unity for corporation tax purposes with Holding PricewaterhouseCoopers Nederland B.V. PricewaterhouseCoopers Consulting Services Holding B.V., PricewaterhouseCoopers Consulting Services B.V. and PricewaterhouseCoopers Consulting Services NL B.V. were added as of 1 January 2017.

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

General

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

2.4 Notes to the company balance sheet as at 30 June 2017 (in € '000)

[26] Participating interests

These consist of direct holdings in the following entities:
- PricewaterhouseCoopers B.V., Amsterdam (100%)
- PricewaterhouseCoopers N.V., Amsterdam (100%)
- PricewaterhouseCoopers Deelnemingen B.V., Amsterdam (100%).

Movements during the year are as follows:

	2016/2017	2015/2016
Balance as at 1 July	**147,003**	**161,926**
Less: Dividend distribution	-137,376	-152,299
Add: Results of participating interests	147,639	137,376
Balance as at 30 June	**157,266**	**147,003**

[27] Receivables from group companies

Receivables from group companies are as follows:

	2016/2017	2015/2016
PricewaterhouseCoopers Accountants N.V.	18,363	18,525
PricewaterhouseCoopers Belastingadviseurs N.V.	16,087	15,113
PricewaterhouseCoopers Advisory N.V.	11,050	10,725
	45,500	**44,363**
Due within one year	-2,763	-2,600
Balance as at 30 June	**42,737**	**41,763**

Holding PricewaterhouseCoopers Nederland B.V. has provided subordinated loans aggregating € 45,500 (2015/2016: € 44,363) to group companies. These loans fluctuate depending on the number of professional practitioners made available by Coöperatie. The nominal amount of the loan is € 162,500 (single Euros) for each practitioner made available. Interest is fixed annually on the basis of the 15-year external capital market interest rates plus a risk premium. The rate for 2016/2017 is 6% (2015/2016: 6%).

An amount of € 2.8 million is due within one year.

[28] Issued capital

The Company's authorised share capital amounts to € 20,000 at 30 June 2017, divided into 800 ordinary shares of EUR 25,000 (single Euros) each and 1 priority share of EUR 1. The issued capital amounts to € 6,750, consisting of 270 ordinary shares of EUR 25,000 each (single Euros) and 1 priority share of EUR 1 (2015/2016: 270 ordinary shares and 1 priority share).

[29] Legal reserve

The legal reserve is recognised to the extent of undistributed results of associates and direct increases in value amounting to € 179 (2015/2016: € 0).

Allocation of the profit after tax of € 179 to the legal reserves leaves a remaining distributable profit at the disposal of the General Meeting of Shareholders of nil.

[30] Current liabilities

All current liabilities are due within one year. Given the short-term nature of the liabilities, the fair values of current liabilities approximate their carrying amounts.

Off-balance sheet assets and commitments

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

2.5 Other notes

Risk management in the area of financial instruments

Foreign exchange risk

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

Any significant foreign exchange risks relating to future cash flows in foreign currencies are hedged by means of currency forward contracts under terms determined by reference to the timing of the underlying receivables and obligations. Gains and losses on instruments used to hedge off-balance sheet positions are deferred until the hedged positions are recognised. As at 30 June 2017, there were no contracts outstanding (30 June 2016: no contracts outstanding).

Interest rate risk

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

Credit risk

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

Liquidity risk

Liquidity risk is mitigated by the fact that the cash flow from operating activities generates sufficient liquidity to meet ongoing obligations. Furthermore, the Group has access to a revolving credit facility of € 25 m (30 June 2016: € 0).

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

	2016/2017	2015/2016
Members of the Board of Management	5,885	5,885
Members of the Supervisory Board	445	445
	6,330	**6,330**

Members of the Board of Management

The remuneration of the Board of Management, comprising the statutory director and the five authorised executive directors, amounted to € 5.9 m for 2016/2017 (2015/2016: € 5.9 m).

Reference is made to the remuneration report of the Supervisory Board included elsewhere in this annual report.

Members and former members of the Supervisory Board

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

Amsterdam, 25 September 2017

The Board of Management:
Drs. P.J. van Mierlo RA (statutory director)
Mr. M.J.M. Diepstraten *
Prof. mr. F.A. Engelen *
Drs. A.H.M. van Gils RA *
Drs. J.D. Lamse-Minderhoud RA *
Drs. M. de Ridder RA *

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

* Authorised executive director

3. Other information

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

Article 30 of the Company's Articles of Association prescribes the following:
- From the distributable profits as determined by the shareholders, a dividend is distributable firstly on the priority share, determined as a percentage of the nominal amount of the priority share equivalent to the legal interest rate applicable as of 1 January of the financial year. The remaining distributable profits are at the disposal of the General Meeting of Shareholders for the distribution of dividend solely on the ordinary shares, for appropriation to reserves or for any other purposes consistent with the Company's objectives that the Meeting shall decide upon.
- The Company may distribute profits only to the extent that shareholders' equity exceeds the reserves which are required by law to be retained.
- A decision to distribute is not valid until it is approved by the Board of Management, and this approval shall not be given if the Board knows, or should reasonably be able to foresee, that the distribution would cause the Company to be unable to settle its obligations as they fall due.
- Shares held in treasury may not participate in any profit distribution.
- Only the amount of the legal payment obligation on the nominal amount of the share is to be used when determining the amount of any profit to be distributed per share. This may be disregarded at any time with the consent of all shareholders.
- Unless the Board of Management resolves otherwise, dividends become payable immediately the Board of Management approves the decision to make the distribution.
- Shareholder entitlements to claims under this article lapse after a period of five years.

3.2 Specific provisions of the Articles of Association governing shareholder control

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

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

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

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

21.2 Decisions by the General Meeting of Shareholders regarding the following matters may be taken only with the approval of the Priority Shareholder:
- Appointments to the Board of Management
- Removal or waiver of the binding nature of nominations of appointments to the Board of Management mandatory requirements surrounding the appointment nomination
- Appointment of one or more persons to temporarily discharge the duties of a member or members of the Board of Management
- Appointments to the Supervisory Board
- Appointment of one of the Supervisory Board members as Chair
- Determination of the remuneration of the members of the Supervisory Board
- Changes to the Articles of Association.

3.3 Events occurring after the balance sheet date

In September 2017 the Group signed an agreement forming the obligation to subscribe to loan notes of $ 5.6 m in relation to the incorporation of PwC Business Solutions B.V. Loans are to be repaid over a six-year period with a balloon repayment on 30 June 2023.

3.4 Combined independent auditor's and assurance report

To: the shareholders and Supervisory Board of Holding PricewaterhouseCoopers Nederland B.V.

A. Report on the audit of the financial statements and components of the Annual Report 2016/2017

Our opinions
We have audited the financial statements and components of the Annual Report for the year ended 30 June 2017 of Holding PricewaterhouseCoopers Nederland B.V. (hereinafter 'PwC'), based in Amsterdam.

We have audited	***Our opinions***
The financial statements which comprise: 1. the consolidated and company balance sheet as at 30 June 2017; 2. the consolidated and company profit and loss account for the year then ended; and 3. the notes comprising a summary of the applicable accounting policies and other explanatory information.	In our opinion the enclosed financial statements give a true and fair view of the financial position of PwC as at 30 June 2017 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.
And the following components of the Annual Report for the year ended 30 June 2017: 4. The Key statistics (*page 5 to 9*), the Report of the Board of Management (*pages 16 to 61*), Information about PwC (*pages 98 to 113*) and the appendices Five-years summary of financial performance (*page 115*).	In our opinion the audited components of the Annual Report presents, in all material respects, a reliable and adequate view of the results and efforts of PwC regarding corporate responsibility in accordance with section 2:391 of the Dutch Civil Code and the reporting criteria of PwC which are based on the GRI G4 Guidelines as described on *pages 123-130*.
The audited components of the Annual Report include prospective information such as ambitions, objectives, targets and expectations. Inherent to this information is that the actual results may differ in the future and are therefore uncertain. We do not provide any assurance on the achievability of prospective information in the Annual Report.	

Basis for our opinions

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing and the Dutch Assurance Standards 3000A 'Assurance engagements other than audits or reviews of historical financial information (attestation engagements)' and 3810N 'Assurance engagements relating to sustainability reports'. Our responsibilities under those standards are described in the 'Our responsibilities for the audit of the financial statements and the audited components of the Annual Report' section of our report.

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

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

Reporting criteria

The information in the scope of our engagements needs to be read and understood together with the reporting criteria, for which PwC is solely responsible for selecting and applying, taking into account applicable law and regulations related to reporting. The criteria used for the preparation of the consolidated and company financial statements are Part 9 of Book 2 of the Dutch Civil Code; the criteria used for the preparation of the audited components of the Annual Report are the GRI G4 Guideliness and the supplemental reporting criteria developed by PwC as disclosed on pages 123-130 We consider the reporting criteria used relevant and suitable for our assurance engagements.

Materiality

Based on our professional judgment we determined the materiality for the financial statements as a whole at € 7,500,000. The materiality has been calculated with reference to a benchmark of profit before tax (representing 5% of reported profit before tax) which we consider to be one of the principal considerations for members of the company in assessing the financial performance of the company. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

We agreed with the Supervisory Board that misstatements in excess of € 375,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

For the assurance procedures concerning the audited components of the Annual Report we have considered the factors that influence the relevance for the intended users of the Information, based on the PwC's materiality assessment.

Scope of the group audit

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

Our group audit mainly focused on significant group entities. We consider an entity significant when:
- it is of individual financial significance to the group; or
- the component, due to its specific nature or circumstances, is likely to include significant risks of material misstatement, whether due to fraud or error of the group financial statements.

To this extend we:
- performed audit procedures ourselves at group entities:
  - PricewaterhouseCoopers Accountants N.V.;
  - PricewaterhouseCoopers Belastingadviseurs N.V.;
  - PricewaterhouseCoopers Advisory N.V.;
  - PricewaterhouseCoopers B.V.
  - PricewaterhouseCoopers Certification B.V.;
  - PricewaterhouseCoopers Compliance Services B.V.;
  - PricewaterhouseCoopers IT Services (NL) B.V.;
  - PricewaterhouseCoopers Pensions, Actuarial & Insurance Services B.V.;
  - PwC Strategy& (Netherlands) B.V.
- performed review procedures or specific audit procedures at other group entities.

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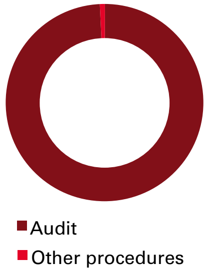
For clarification purposes we hereby show our scope:

Group Audit - divided into revenue



Group Audit - divided into assets

Group Audit - divided into result

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

Our key audit matters

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

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

Valuation work in progress	***Our audit approach***
Valuation of work in progress is an important focus area during our audit due to its significance and assumptions made. The valuation of work in progress at balance sheet date requires a high degree of judgement due to uncertainty about the accuracy of the expected results of current engagements which is based on an estimate of time and costs to be incurred in comparison with the fee received.	Our audit procedures included an assessment of the quality of the internal controls within PwC, testing relevant controls and performing substantive procedures. These substantive procedures consisted of an analysis whether the balance of the work in progress at year-end is invoiced in the next financial year, reconciliation of confirmations received from the responsible partners, analysis of net-rates during the year and analysis of the realization of each partner in relation to the recognized provision. We tested the provision by comparing the realization for each partner during the year with the realization for each project included in work in progress at year-end. We discussed the findings of these analysis' with the responsible LoS controllers.

Valuation provision for office vacancy in respect of lease premises	***Our audit approach***
Valuation of the provision for vacant property is an important focus area during our audit because significant assumptions are made for calculating this provision.	During our audit we performed substantive procedures regarding the valuation of the provision for vacant property. We verified whether additions to the provision are supported by underlying information, such as the decision to implement Activity Based Working. We verified that the vacant offices are offered for letting in whole or in part. We determined that the remaining tenancy period is in accordance with the tenancy agreement and that the assumptions used are based on the actual rental costs. We also verified the assumptions made regarding the possibility of offering the vacant offices for rent. We analysed underlying evidence and conducted interviews with those responsible. In addition we evaluated the notes on clarity and context and examined whether trends and developments were sufficiently explained.

Valuation of provision for professional liability	***Our audit approach***
Valuation of the provision for professional liability is an important focus area during our audit because of the estimates and assumptions that need to be made regarding the extent of professional liability in certain cases.	During our audit we received an overview of claims either recognized in the provision for professional liability and/or disclosed in the financial statements. We received lawyers letters from the lawyers engaged by PwC informing us about any significant claims against PwC. With these we determined the accuracy and completeness of claims recognized and/or disclosed in the financial statements. In this respect we also gained additional comfort from the minutes of the board meetings. In addition we interviewed members of the PwC claim team.

Audit components of the Annual Report	***Our audit approach***
In order to give stakeholders a fair view on the social, economic and environmental achievements and challenges in the year under review it is crucial that both successes and dilemmas are included. Clarifications and sufficient context are required to explain the progress in PwC’s corporate responsibility performance, whether positive or negative. As a result the balanced reporting in the presented text and data is an important part of our audit.	Evaluating the balance in the presented notes and data within a corporateresponsibility report requires a thorough understanding of developments within the sector and the company. In this respect, a media analysis and specific sector knowledge is utilized to have a full understanding of recent developments and ensure a balanced presentation of corporate responsibility performance. In addition we evaluated PwC’s data collection and reporting in terms of criteria applied and processes followed. We analysed the underlying evidence and conducted interviews with those responsible for presenting the corporate responsibility performance. Furthermore we evaluated the text on clarity and context and examined whether trends and developments were sufficiently explained.

B. Report on other information included in the Annual Report

Next to the financial statements and our opinion thereon, the Annual Report consists of other information, including:

- Foreword;
- Key statistics;
- Report of the Supervisory Board;
- Report of the Board of Management;
- Information about PwC;
- Appendices;
- the other information on page 90-91.

Based on the procedures as mentioned below, we are of the opinion that the other information:

- is consistent with the financial statements and contains no material deficiencies;
- includes all information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information and based on our knowledge and understanding obtained from the audit of the financial statements or otherwise, we have considered if the other information contains material deficiencies.

With these procedures, we have complied with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Auditing Standard 720. These procedures do not have the same scope as our audit procedures on the financial statements.

Management is responsible for the preparation of the items named above in accordance with Part 9 of Book 2 of the Dutch Civil Code.

C. Report on other legal and regulatory requirements

Engagement

We were engaged by the Supervisory Board as auditor of PwC on 17 June 2016 as of the audit for the year ended 30 June 2017 and have operated as statutory auditor ever since that date.

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D. Description of responsibilities for the financial statements and the audited components of the Annual Report

Responsibilities of management and the Supervisory Board for the Annual Report
The Management Board is responsible for the preparation and fair presentation of the financial statements on pages 63 to 89 in accordance with Part 9 of Book 2 of the Dutch Civil Code. The Management Board is also responsible for the preparation of the other pages of the Annual Report in accordance with section 2:391 of the Netherlands Civil Code and the reporting criteria of PwC, based on the GRI G4 Guidelines. Furthermore, the Management Board is responsible for such internal control as the Management Board determines is necessary to enable the preparation of the Annual Report that is free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements as included on pages 63 to 89, the Management Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting unless the Management Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Management Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements and the Report of the Board of Management.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements and the audited components of the Annual Report
Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinions.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from errors or fraud and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Annual Report.

The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinions.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements.

Our audit of the financial statements included e.g.:
- Identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit 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 company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Our audit of the audited components of the Annual Report included e.g.:

- A risk analysis as the basis for determining the completeness, level of detail and balanced presentation of the material issues and identifying and assessing the risks that the audited components in the Annual Report contains material misstatements. This risk assessment forms the basis for the selection and performance of the audit procedures;
- Gaining an understanding of the internal control relevant to the audit by interviewing those responsible for delivering and analysing the information for the Annual Report;
- Selecting and performing appropriate audit procedures based on the risk analysis and evaluation of the internal control, including random sampling of internal and external documents to ascertain whether the information in the Annual Report is properly substantiated;
- Evaluating the information presented in the Annual Report based on our sector specific knowledge and experience;
- Reviewing and testing the work performed by the Internal Audit Department;
- Reviewing the content in relation to the specific requirements as set out in Section 2:391 of the Netherlands Civil Code and GRI G4 Guidelines.

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

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not mentioning it is in the public interest.

Utrecht, 25 September 2017

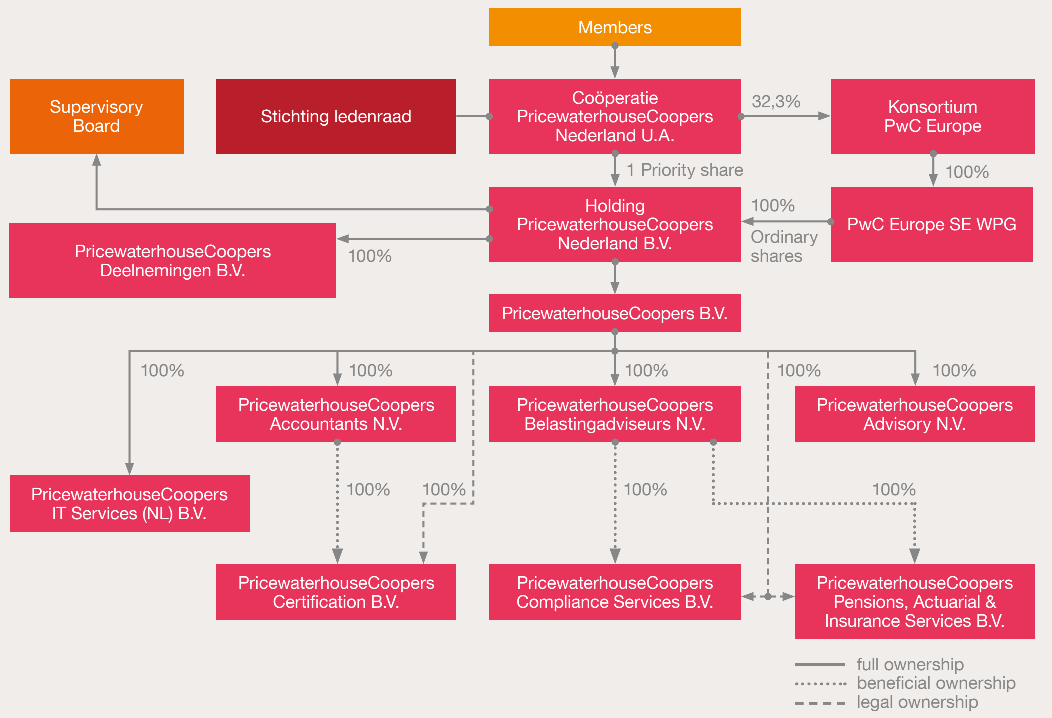
For and on behalf of BDO Audit & Assurance B.V.,

R.W.A. Eradus RA

Information about PwC

Our legal structure

Simplified legal structure as at 30 June 2017



The entire ordinary share capital of Holding PricewaterhouseCoopers Nederland B.V. ('Holding') is held by PwC Europe SE Wirtschaftsprüfungsgesellschaft ('PwC Europe'), a German entity in which the member firms in Germany, Austria, Belgium and the Netherlands (indirectly) hold shares. One priority share in the capital of Holding (a share with certain controlling rights) is held by Coöperatie PricewaterhouseCoopers Nederland U.A. Holding in its turn holds all shares in the capital of PricewaterhouseCoopers B.V.

Holding and Coöperatie PricewaterhouseCoopers Nederland U.A. have concluded association agreements with each of the private limited liability companies owned by the professional practitioners ('partner BVs'). Under these agreements, the professional practitioners are made available by the partner BVs to practice one of the professions within our Lines of Service in exchange for a management fee.

Holding PricewaterhouseCoopers Nederland B.V. has the following wholly owned operational subsidiaries:
- PricewaterhouseCoopers Deelnemingen B.V.
- PricewaterhouseCoopers Accountants N.V. ('Assurance')
- PricewaterhouseCoopers Belastingadviseurs N.V. ('Tax')
- PricewaterhouseCoopers Advisory N.V. ('Advisory')
- PricewaterhouseCoopers Compliance Services B.V.
- PricewaterhouseCoopers Certification B.V.
- PricewaterhouseCoopers Pensions, Actuarial & Insurance Services B.V.
- PricewaterhouseCoopers IT Services (NL) B.V.

PricewaterhouseCoopers Compliance Services B.V. ('CoS') issues compilation reports.

PricewaterhouseCoopers Certification B.V. handles assignments involving mandatory accreditation, such as assurance on CO_2 and NO_x emissions, and the issue of ISO certificates on Information Security Management Systems (ISMS).

PricewaterhouseCoopers Pensions, Actuarial & Insurance Services B.V. ('PAIS') provides advice on, and intermediation regarding, pensions and insurance products, and operates under a licence from the Netherlands Authority for the Financial Markets (AFM) for these activities.

PricewaterhouseCoopers IT Services (NL) B.V. provides IT services to PwC network entities, particularly the entities that are part of PwC Europe, the four country European collaborative association (as further described below).

PricewaterhouseCoopers Strategy& (Netherlands) B.V. transferred its business activities to PricewaterhouseCoopers Advisory N.V.

PricewaterhouseCoopers Consulting Services B.V. (formerly named Everett International B.V.) and PricewaterhouseCoopers Consulting Services NL B.V. (formerly named Everett NL B.V.) transferred its business activities to PricewaterhouseCoopers Advisory N.V.

PwC Europe

Along with the member firms in Germany, Austria and Belgium, PwC Netherlands is a participant in PwC Europe. The member firm of Turkey is joining this collaboration.

With the exception of its one single priority share, which is held by Coöperatie PricewaterhouseCoopers Nederland U.A., all (ordinary) shares in the capital of Holding are held by PwC Europe. Similar structures are in place with respect to the top holding entities of the PwC member firms in Germany, Austria and Belgium.

The entire share capital of PwC Europe is held by Konsortium PwC Europe, a legal entity under German law that is transparent for regulatory purposes. The equity rights in Konsortium PwC Europe are held by Coöperatie PricewaterhouseCoopers Nederland U.A., Konsortium PwC Deutschland, PwC Austria Beteiligungsgesellschaft mbH Wirtschaftsprüfungs und Steuerberatungsgesellschaft and PwC Belgium BCVBA.

Our global network

PwC is a global network of separate and independent member firms operating locally in countries around the world (PwC network). Coöperatie PricewaterhouseCoopers Nederland U.A., Holding PricewaterhouseCoopers Nederland B.V., PricewaterhouseCoopers B.V. and their subsidiaries are all associated with this network.

The member firms that comprise the global PwC network are members of PricewaterhouseCoopers International Limited (PwCIL), a United Kingdom-based private company limited by guarantee. The PwC network, therefore, is not an international partnership and the member firms do not constitute any form of legal partnership or group of companies, except in a very limited number of cases that have been agreed for specific purposes.

PwCIL has a coordinating role, including for example issuing standards in the areas of risk and quality management. PwCIL does not provide services to clients, but focuses solely on reinforcing and supporting the network in the areas of strategy, knowledge development and expertise of the professionals, and protection of the PwC brand. PwCIL does not own any of the member firms and the member firms do not own any of the other member firms, except in a number of very specific cases.

All services are delivered by the individual member firms for their own account and risk. PwCIL is not responsible or liable for any actions or omissions of any of its member firms, it cannot exercise control over their professional opinions and it cannot bind them in any way. Member firms may not act as agent for or representative of PwCIL or any other member firm, and they are responsible solely for their own actions or omissions.

Member firms may participate in regional affiliations. These are designed to encourage collaboration and the application of common strategies and risk and quality standards.

Corporate Governance

The following bodies constitute the key elements of the governance structure of PwC Netherlands:

- *General Meeting (GM)*
- *Board of Management (BoM)*
- *Supervisory Board (SB)*
- *Partner Council (PC)*
- *Line of Service Boards (LoS Boards)*
- *Business units (BUs)*
- *Country Admissions Committee (CAD)*
- *Works Council*

General Meeting

The GM has powers related to the appointment and dismissal of the (chair of the) BoM. It adopts the annual financial statements, budget and overall strategy of PwC Netherlands.

Board of Management

Under the Audit Firms Supervision Act ('Wet toezicht accountantsorganisaties'), members of the BoM qualify as policymakers of PricewaterhouseCoopers Accountants N.V. and of Coöperatie PricewaterhouseCoopers Nederland U.A., both of which entities have a license from the Authority for the Financial Markets (the AFM) to perform statutory audits. The BoM (also referred to as the Territory Leadership Team) is responsible for creating and maintaining an appropriate environment for the conduct of the Company's business and is responsible for the achievement of its objectives, strategy and policies.

The Board has had six members, each of whom has been assigned specific areas of portfolio responsibility. The allocation of responsibilities among the members of the Board of Management reflects the BoM's need to manage and supervise both the various Lines of Service and market segments as well as functional tasks such as Finance, Human Capital, IT, Quality & Risk and Marketing. The chair is the only statutory director (under the articles of association) and he appoints the other members as authorised executive directors. Their résumés are included on page 105.

The Assurance, Tax and Advisory representatives in the BoM are individually also the chair of their respective LoS Board and of the board of their Line of Service operating company.

The chair of the BoM is appointed on the basis of a binding proposal from the SB. Appointment is for a term of up to four years, with eligibility for reappointment for one more additional term of up to four years.

Candidates for board positions are always screened prior to appointment. The SB ensures that each selected candidate has the necessary qualities (both personal and as required by legislation and regulation) and has sufficient support among the partners. They are also screened for conflicts of interest (independence compliance screening). For policymakers and co-policymakers in both the Assurance and PAIS (Pensions, Actuarial & Insurance Services) practices, there is also an external screening performed by the AFM.

The members of the LoS Boards are appointed for a maximum of two four-year terms. The members of the Board of Management who represent an individual Line of Service are also chair of the relevant LoS Board as well as the single statutory director of the relevant Line of Service operating company. The chair of each LoS Board appoints the other members of the LoS Board as authorised executive members of such board.

Supervisory Board

The SB operates at the level of Holding PricewaterhouseCoopers Nederland B.V. It has the role and responsibility of supervisory body within PwC Netherlands. The SB comprises seven supervisory directors.

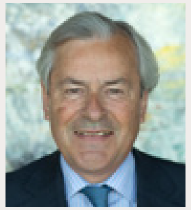
The members of the SB are appointed by the GM of Holding PricewaterhouseCoopers Nederland B.V. on the basis of a binding proposal submitted by the SB.

Following Principle III.1 of the Dutch Corporate Governance Code, the role of the SB is to supervise the activities of the Board of Management and the overall business affairs of Holding PricewaterhouseCoopers Nederland B.V. and its affiliated group enterprises, as well as to assist the Board of Management by providing advice. Amongst other things, the SB is also tasked with approving the appointment of the Compliance Officer. The Chair of the SB is also Chair of the General Meeting.

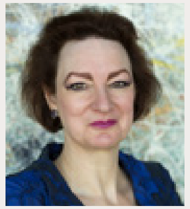
The SB comprises Jan Maarten de Jong (Chair), Nout Wellink (deputy Chair), Naomi Ellemers, Annemarie Jorritsma, Frits Oldenburg, Cees van Rijn and Yvonne van Rooy.

Brief résumés of the members of the Supervisory Board of PwC in the Netherlands

A complete overview of the current positions of the SB-members is included in the Report of the Supervisory Board.

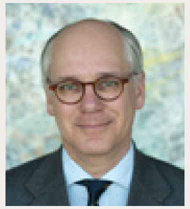


Jan Maarten de Jong (born 1945, Chair) was a member of the Managing Board of ABN AMRO and ABN AMRO Holding until 2002 and Chair of the Strategy & Governance Forum of PwC. He is currently member of the Supervisory Board of KBL European Private Bankers S.A. (Luxemburg) and member of the Board of Directors of Stichting Preferente Aandelen ASML.



Naomi Ellemers (born 1963) is a social psychologist and a Distinguished University Professor at Utrecht University since 1 September 2015 specialising in culture and behaviour within organisations. Amongst other things, she is a member of the Royal Netherlands Academy of Arts and Sciences, and a Corresponding Fellow of the British Academy for the Humanities and Social Sciences (FBA). In 2010 she was awarded the Royal Netherlands Academy of Arts and Sciences' Merian Prize for women in science and the Spinoza Prize.

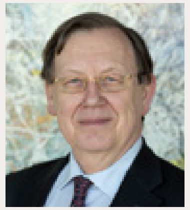
Annemarie Jorritsma (born 1950) was a member of the Dutch Parliament (Second Chamber), Minister of Transport, Public Works and Water Management, Minister of Economic Affairs and Deputy Prime Minister. She was Mayor of Almere for 12 years up to September 2015. Annemarie Jorritsma currently is amongst other things Chair of the Supervisory Board of Alliander and Chair of the Dutch Private Equity and Venture Capital Association. She is a member of the Dutch Parliament (First Chamber). She is a member of PwC's Supervisory Board as from 1 September 2015.



Frits Oldenburg (born 1961) is of-counsel with FG Lawyers. Until recently, he was a member of the Board of Trustees of the International Bureau of Fiscal Documentation, partner with NautaDutilh and a civil-law notary specialising in corporate law. He was also, inter alia, a member of the Board of Management of the Koninklijke Notariële Beroepsorganisatie (the Dutch professional body for civil-law notaries). Oldenburg has been a member of PwC's Public Interest Committee from 2013 to 2015.

Yvonne van Rooy (born 1951) has been, amongst other things, Minister for foreign trade, Member of the Dutch Parliament (Second Chamber) and President of the Board of Utrecht University. She is currently Chair of de Nederlandse Vereniging van Ziekenhuizen (the Dutch Association of Hospitals) and, amongst other things, Chair of the Supervisory Board of Philips Electronics Nederland and a member of the Supervisory Board of NN Group. Van Rooy has been a member of PwC's Public Interest Committee since 2013.

Cees van Rijn (born 1947) was CFO and member of the Board of Management of Nutreco for ten years. Amongst other things, he is also a Supervisory Board member and member of the Audit Committee of ForFarmers, Chairman of the Supervisory Board of Detailresult Groep, Member of the Supervisory Board and Chairman of the Audit Committee of Royal FloraHolland and Plukon Food Group. Van Rijn has been a member of PwC's Public Interest Committee since 2013.



Nout Wellink (born 1943, Vice Chair) was President of De Nederlandsche Bank (the Dutch Central Bank) until June 2011. He is currently a non-executive Director of the Bank of China and Chair of the Bontius foundation. He has been Chair since 2013 of PwC's Public Interest Committee.

The SB has the following committees:

- *Audit Committee*

The role of this Committee is to assist the SB in its decision-making processes in the area of financial matters. These include the (joint) signing of the annual financial statements and annual report, the financial reporting process, including the preparation and determination of Holding PricewaterhouseCoopers Nederland B.V.'s annual plans and budgets, major capital investments and the design and operation of the internal risk management and control systems. The Committee also advises the SB on the selection of the external auditor and on the preparation of the proposal to the General Meeting regarding the auditor's appointment and fee. The Committee comprises Cees van Rijn (Chair), Annemarie Jorritsma and Frits Oldenburg.

- *Remuneration Committee*

The role of this Committee is to assist the SB in its decision-making processes in the area of remuneration policies and practices. These include the approval of policies for the remuneration of the Board of Management, partners and staff and the SB's supervision of the proper implementation thereof. The Committee comprises Annemarie Jorritsma (Chair), Yvonne van Rooy, Jan Maarten de Jong and Nout Wellink.

- *Selection and Appointment Committee*

The role of this Committee is to assist the SB in its decision-making processes in the area of appointment policies and practices. These include approval of the appointment policies to be implemented, selection and submission processes for the appointment of members of the SB (on the advice of the Selection and Appointment Committee), approval of the appointment of the Compliance Officer and selection and preparation of a binding submission to the General Meeting for the appointment of the Board of Management. The Committee consists of Jan Maarten de Jong (Chair), Naomi Ellemers and Frits Oldenburg.

- *Public Interest Committee*

The Public Interest Committee was set up after the signing of the Code for Audit Firms. Its role is to safeguard the public interest in the audit process. Having now been incorporated as a committee into the SB, the Public Interest Committee's role is to monitor the way in which PricewaterhouseCoopers Accountants N.V. and its Dutch entities ensure that the public interest is safeguarded in its audits. As of 1 July 2017 the Committee comprises of all SB members.'

Partner Council

The Partner Council represents the collective interests of the members of Coöperatie PricewaterhouseCoopers Nederland U.A. and provides advice on matters that are presented to Coöperatie PricewaterhouseCoopers Nederland U.A.'s GM for decision making or approval. The Partner Council may also provide advice to the BoM of the Coöperatie, either on request or on its own initiative, and may act as advocate in the interests of the partner concerned in cases of internal dispute. The members of the Partner Council are appointed by the members of Coöperatie PricewaterhouseCoopers Nederland U.A. for a term of up to four years, with the possibility for reappointment for another maximum term of four years.

The members of the Partner Council are Ruud Dekkers (Chair), Hans Bod, Hans Dullaert, Sander Gerritsen, Shana Laurie de Hernandez, George de Soeten and Janet Visbeen.

Lines of Service Boards

The members of the LoS Boards act as directors of their respective Line of Service operating company. The LoS Boards have operational responsibility for formulating and implementing their LoS' strategy.

These operational responsibilities include the day-to-day affairs and results of the LoS, the quality of the professional practice and client service, HC, risk management and the evaluation of partners and directors. Members of the Assurance Board qualify as policymakers of PricewaterhouseCoopers Accountants N.V. under the Audit Firms Supervision Act.

The members of the LoS Boards are appointed for a maximum of two four-year terms. The members of the Board of Management who represent an individual Line of Service are also chair of the relevant LoS Board as well as the single statutory director of the relevant Line of Service operating company. The chair of each LoS Board appoints the other members of the LoS Board as authorised executive members of such board.

Members of the Assurance Board

Ad van Gils (Chair and statutory director of PricewaterhouseCoopers Accountants N.V. replacing Michael de Ridder as of 1 October 2016), Michel Adriaansens, Agnes Koops-Aukes and Wytse van der Molen (as of 1 July 2016) (authorised executive members of the board of PricewaterhouseCoopers Accountants N.V.).

Members of the Tax Board

Marc Diepstraten (Chair), Jeroen Boonacker, Henk van Cappelle, Diederik van Dommelen, Wanda Otto, Marc Borggreven and Marcel Jakobsen (authorised executive members of the board of PricewaterhouseCoopers Belastingadviseurs N.V.).

Members of the Advisory Board

Frank Engelen (Chair and statutory director of PricewaterhouseCoopers Advisory N.V. replacing Ad van Gils as of 1 October 2016), Martin Blokland (up to 15 August), Gert-Jan van der Marel, Maarten van de Pol and Wendy van Tol (authorised executive members of the board of PricewaterhouseCoopers Advisory N.V.).

Business units

Given the size of their organisations and the nature of these businesses, the Lines of Service are structured operationally into business units (BUs).

These BUs have the following responsibilities:

- Implementation of the applicable regulatory requirements for quality, risk management and conduct (Code of Conduct), the Business Unit Leader being assisted in this role by the Quality Assurance Partner who is responsible for quality aspects such as the acceptance, continuance and execution of engagements including the statutory audits.
- Operational management by objective in the areas of revenue, productivity and profitability.
- Development and management of an effective infrastructure to manage staffing needs and resources and business unit planning.
- Human capital management (with focus on client service) and people development (in terms of experience and conduct).

Country Admissions Committee

The CAD acts as an advisory body for both the BoM and the LoS Boards regarding the appointment of new partners and directors. The CAD has a sub-committee for each LoS and an (independent) chair. The chair and the members of the CAD are appointed by the BoM. The members are nominated by the LoS Boards, both for a maximum of two three-year terms. The chair and members may hold no management functions.

The CAD focuses mainly on the extent to which the personal qualities of the professionals concerned fit the profile developed for PwC partners and directors. The LoS Board appoints new directors only after concurring advice has been received from the CAD and these appointments are then ratified by the BoM. Decisions to proceed with association agreements with the new partner BVs are presented by the BoM to the GM along with preliminary advice of the Partner Council based on the concurring advice received from the CAD.

Works Council

PwC's Works Council has nineteen members, representing the various Lines of Service and support departments (seven from Assurance, three from Tax, three from Advisory, two from TRS (staff who were previously part of CoS) and four from support departments). The Works Council meets regularly with a representative of the BoM. Works Council members are also seated on various sub-committees linked to individual Lines of Service and support departments, the role of which is to represent the interests of all staff in the LoS/support department and to bring topics forward for consideration by the Works Council and discussion with the BoM.

The Works Council also has various specialist committees dealing with conditions of employment, employment law and regulation, and pensions. ■

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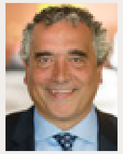
Résumés of the members of the Board of Management of PwC Netherlands

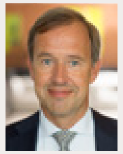


Peter van Mierlo (born 1963) joined one of the legacy firms of PwC in 1987 and has been a partner since 1996. He was previously a member and then Chair of the Assurance Board. He joined the Board of Management on 1 November 2009 and has been Chair since 1 July 2013.

Portfolio:
- CEO
- Member Leadership Team of PwC Europe SE
- Member of the EMEA Leadership Team
- Member of the PwC Network Strategy Council

Date of appointment: 1 November 2009
Term of office ends: 1 July 2018, not eligible for reappointment

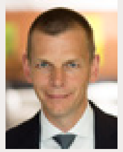
Other external positions:
- Member of the Executive Board of VNO-NCW (the Confederation of Netherlands Industry and Employers)
- Member of the Board of Stichting Wetenschappelijk Instituut voor het CDA (the Research institute of the CDA political party)



Marc Diepstraten (born 1966) joined one of the legacy firms of PwC in 1990 and became partner on 1 July 2001. He is an international Tax/Transfer Pricing specialist and is heading the EMEA VCT group since 1 November 2011. Between September 2013 and July 2016 he fulfilled the role of Retail & Consumer Industry Leader. As of 1 July 2016 he is Chair of the Board of PricewaterhouseCoopers Belastingadviseurs N.V. and became an authorised executive director of the Board of Management.

Portfolio:
- Tax
- Digital, Data&Analytics, Cyber Security
- Member Global Core Team VCT
- Member Tax EMEA Leadership Team

Date of appointment: 1 July 2016
Term of office ends: 1 July 2018, eligible for reappointment

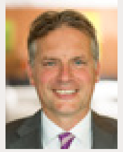


Frank Engelen (born 1971) joined one of the legacy firms of PwC in 1996 and has been a partner since 2003. He became an authorised executive director of the Board of Management of PwC on 1 July 2013 and was appointed Chair of the Board of PricewaterhouseCoopers Advisory N.V. since 1 October 2016.

Portfolio:
- Advisory
- Markets
- Marketing
- Innovation
- Member of the Executive Team of PwC Europe SE (Industries & E-accounts)

Date of appointment: 1 July 2013
Term of office ends: 1 July 2018, eligible for reappointment

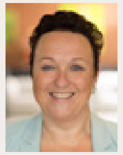
Other external position:
- Member of the Board of the Foundation for Advanced International Tax Studies
- Member of the Board of the Foundation for the Advancement of the Study of International Taxation
- Professor of International Tax Law at Leiden University
- Deputy judge at The Hague Court of Justice



Ad van Gils (born 1967) joined one of the legacy firms of PwC as an auditor in 1991 and became partner on 1 July 2002. From 2006 to 2009, he was Transaction Services Business Unit Leader and then managed the Deals & Forensics business unit until 1 July 2013. He joined the Advisory Board on 1 July 2012, and has been Chair of the Board of PricewaterhouseCoopers Advisory N.V. until 1 October 2016 and an authorised executive director of the Board of Management of PwC since 1 July 2013. Ad van Gils was appointed Chair of the Board of PricewaterhouseCoopers Accountants N.V. since 1 October 2016.

Portfolio:
- Assurance
- Corporate Responsibility
- Member of the EMEA Assurance Leadership Team

Date of appointment: 1 July 2013
Term of office ends: 1 July 2018, eligible for reappointment

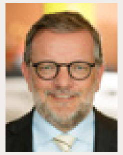


Jolanda Lamse-Minderhoud (born 1969) joined one of the legacy firms of PwC in 1992 and has been a partner since 2006. She was appointed to the Assurance Board in 2010 and became an authorised executive director of the Board of Management since 1 July 2013.

Portfolio:
- Human Capital
- Member of the Executive Team of PwC Europe SE (Human Capital)
- EMEA Human Capital Leader
- Employer's representative to the Works Council
- Diversity
- Middle Market

Date of appointment: 1 July 2013
Term of office ends: 1 July 2018, eligible for reappointment

Other external position:
- Member Oversight Board TNO (The Netherlands organisation for Applied Scientific Research)



Michael de Ridder (born 1963) started with one of the legacy firms of PwC in 1986 and has been a partner since 1996. Before being appointed to the Assurance Board in 2008, he held various positions, including that of Business Unit Leader. He has been Chair of the Board of PricewaterhouseCoopers Accountants N.V. until 1 October 2016 and an authorised executive director of the Board of Management since 1 July 2013. Michael de Ridder became CFO/COO since 1 October 2016.

Portfolio:
- CFO
- COO
- X-LoS Risk & Quality

Date of appointment: 1 July 2013
Term of office ends: 1 July 2018, eligible for reappointment

Other external positions:
- Member of the Curatorium of post-graduate accountancy studies at VU University, Amsterdam
- Teacher education programme for Supervisory Board members at Nyenrode Business University
- Member of the board of the Foundation for Auditing research

Code of Conduct and complaints and whistleblower procedures

In addition to having procedures covering the matters that affect our technical expertise, integrity and independence, we also have a global Code of Conduct that concisely and clearly sets out what we stand for and what is expected of us. We have adopted our Code of Conduct from the global PwC network code.

Code of Conduct

In fiscal year 2016/2017 the new Code of Conduct was introduced, as well as the new Global Values. The Code is based on our Values and provides guidance to our staff and partners as to how they should behave and conduct themselves in a variety of differing circumstances and situations. In practice, what this means is that we expect all PwC staff and partners to behave with respect, dignity, honesty and courtesy. We have deliberately framed our Code of Conduct in general terms, as guidelines cannot be devised for all situations and we believe that our people are very well placed to make their own decisions sensibly and to consult with colleagues where needed.

Compliance with the Code of Conduct is not voluntary. It is an integral part of the contract of employment signed by all partners and staff. By signing the letter of engagement, our clients also confirm through the terms and conditions that they will act ethically, and we require major suppliers with contracts above € 25,000 to agree to our supplier conditions which include a passage on ethical behaviour.

The Code of Conduct is a mandatory element of our training and development programmes. Every new staff member is given an e-learning which specifically addresses the handling of dilemmas. The Code of Conduct is also covered in other training modules.

Complaints and notifications procedures

The Code of Conduct provides a complaints procedure (covering complaints in the personal area) and a notification and whistleblower procedure (covering suspicions of professional misconduct).
Notifications in the personal area cover, for instance, intimidation, aggressive behaviour or discrimination, and complaints notified of this nature are dealt with by the Complaints Committee. Notifications of suspected professional misconduct (for instance improper acceptance of gifts or deliberate mis-invoicing) are dealt with by the Business Conduct Committee.

Neither the Complaints Committee nor the Business Conduct Committee is empowered to levy sanctions. The Complaints Committee submits recommendations to the Code of Conduct Partner, who can, depending on the seriousness of the offence, decide to involve the Board of Management. The Business Conduct Committee submits recommendations to the Board of Management. Also depending on the seriousness of the offence the committees can recommend a sanction that can take the form of a warning, written notification, suspension or dismissal.

Those who may have or have complaints in the personal area or who suspect professional misconduct can confide in one of approximately twenty Confidential Counsellors within our organisation. The counsellors look into how issues arising in the work place can be resolved and they can provide guidance to those contemplating to file or filing a complaint.

Complaints from external parties

Third and external parties can also file a complaint. Information on this is set out on our website. ■

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Our quality, risk management and compliance framework

When we refer to the quality of our professional services delivery, we mean two equally very important elements: (a) the extent to which our service and deliverables comply with legislation, regulatory requirements and professional standards (which can generally be determined fairly objectively) and (b) the extent to which the service meets the expectations of our clients and other stakeholders. Our quality and risk management policies and processes cover both aspects.

As legislation, regulation and professional standards differ between the various professional service offerings, our Lines of Service Assurance, Tax and Advisory each have their own specific requirements and procedures. Our quality control and risk management systems are embedded in our operational processes - from the acceptance of clients and engagements through to the delivery of the end product.

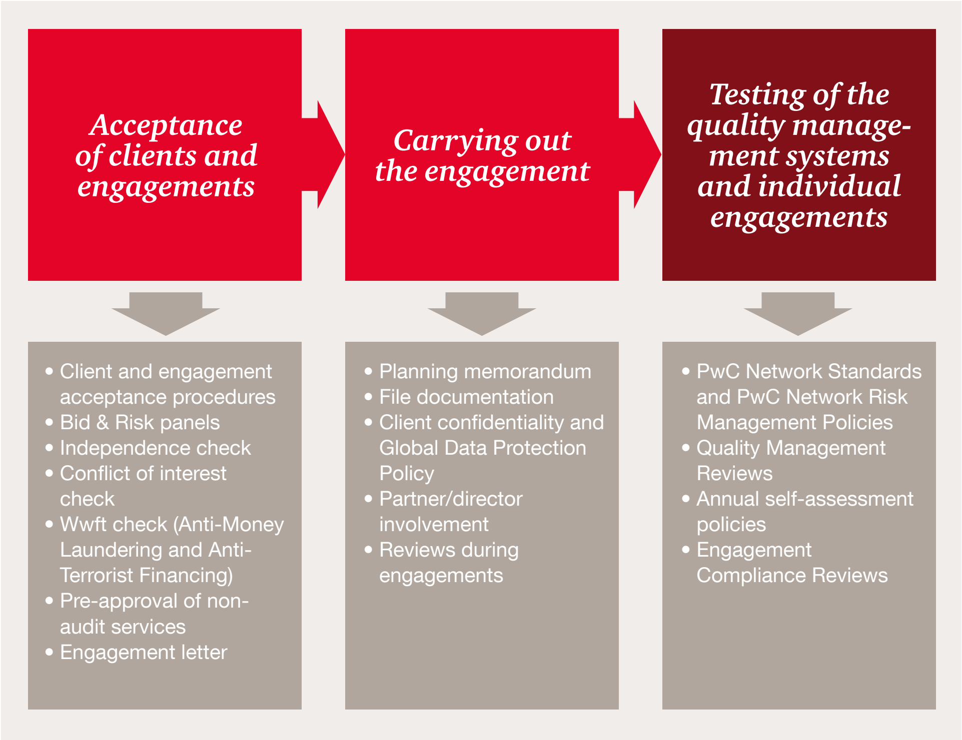
The picture across the page shows the main elements of our quality management framework and applies to all Lines of Service.

Acceptance of clients and engagements

- *Acceptance procedures for new clients and engagements* include aspects such as determining and verifying the identity of the client and its representative. Matters addressed include: does the reputation of the (potential) client fit with the standards of PwC? Who are the owners and what do we know about (the quality of) management? Are there external and/or internal supervisory bodies? How strong is the financial position of the client? What exactly is the client looking for? Can we deliver what the client is looking for? Has the company/organisation been in the news recently and in what context?

- *Bid & Risk panels* are called for potential engagements where risk or size criteria indicate that a wider assessment needs to be made regarding the acceptability of the engagement. A high-risk situation can arise, for instance, because of the client's profile, the complexity of the engagement or the nature, diversity and composition of the stakeholders we might encounter. In addition to these mandatory situations, individual engagement teams may also voluntarily ask for a panel to assess a potential engagement.

In addition to the partners directly involved in the potential engagement, the risk panel may include the LoS Risk Management Partner, the Business Unit Leader, the Industry and/or Specialist Leader and other partners with particularly relevant experience. In many cases, the Independence Officer is also involved and, where necessary, also a member of the applicable LoS Board or the BoM.



A risk panel can decide to impose additional requirements to address the risks identified, for instance a requirement to have 'two pairs of eyes' involved, by appointing a second partner to the engagement or by adding a subject matter expert to the engagement team.

- *Independence check*: In the Netherlands specific independence requirements apply to audit and assurance engagements. PwC as an organisation and its partners must be independent to the clients to which they provide these engagements. The PwC Global Independence Policy extends this requirement to all PwC audit clients worldwide. PwC NL has extended this requirement to all directors. Amongst other things, this means that PwC team members involved on an engagement cannot have financial interests in the client, nor close personal relationships with senior persons within the entity involved who have a management or supervisory role or a role from which they can exert influence on the entity being audited.

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Engagement and client acceptance procedures include an assessment as to which independence requirements apply to the particular client and as to whether the service is a permitted service under the applicable legislative and regulatory requirements. Dutch law prohibits to provide advisory services to public interest entities (PIEs), such as listed companies, banks and insurance companies for which it performs the statutory audit.

Annually a sample of about 15% of the partners and directors is subject to a detailed testing of compliance with applicable personal independence requirements. The sample includes all partner and director candidates, as well as the partners and directors who received a written warning or reprimand the year before.

- *Conflict of interest check*: A potential conflict of interest can arise, for instance, where two or more PwC teams are acting for different potential buyers and/or sellers in a business acquisition. Where needed, we put so-called Chinese (or ethical) walls in place to prevent confidential information held by one team inadvertently becoming available to the other team. In such situations, the teams are kept physically separate and increased confidentiality requirements are put in place. In such situations, it is also possible that we decide not to take on the engagement or that the client decides not to engage us.

- *The Anti-Money Laundering and Anti-Terrorist Financing Act (Wwft)* requires that both the client and the Ultimate Beneficial Owner (UBO) be identified and that, where necessary, this identification be verified before the engagement can begin. This law also requires us to report any unusual transactions identified at or entered into by a client to the Financial Intelligence Unit Nederland.

- *Pre-approval of non-audit services*: The audit partner responsible for the client must pre-approve all non-audit services proposed for his/her client irrespective of which PwC member firm wishes to provide the service. Until this approval has been obtained, the work may not begin and no time may be charged to the engagement. The approval process is managed through the Authorisation for Services application (AFS). AFS must be used for all listed companies and companies with overseas operations.

- *Engagement letter*: This contract with the client sets out exactly what services, related activities and deliverables PwC NL is to provide, the respective responsibilities of PwC NL and the client, the fee, and the applicable terms and conditions. The engagement partner (the partner ultimately responsible for the engagement) and the client both sign this agreement to avoid potential misunderstandings as to what was agreed.

Carrying out the engagement

- *Planning memorandum*: This document, put together on larger engagements, sets out how the engagement is to be carried out, who is responsible for what and what competencies need to be called upon in order to be able to complete the engagement as agreed with the client.

- *File documentation*: For every professional engagement, it is crucial for our people to maintain, complete and clear files. There must be sufficient documentation on file of the work done to support the end product agreed in the engagement letter.

- *Client confidentiality and data protection policy*: In exchanging information necessary for completing the engagement, it is of the utmost importance that the confidentiality of client and other personal information gathered or used in the context of the engagement be protected as required by law and regulation. In this regard, we comply with the PwC Global Data Protection Policy, supplemented with the Dutch' requirements concerning the protection of personal information (such as the Dutch Data Protection Act ('Wet bescherming persoonsgegevens'), and the Data Breach Notification Act.

- *Partner/senior director/director involvement on the engagement*: The engagement leader (who is always a partner, senior director or director) is responsible for the adequacy and quality of the performance of the engagement, and sufficient involvement of partners, senior directors and directors in the performance of the engagement is critical.

- *Review during the engagement*: All work done is required to be reviewed by someone more senior in the team.

- *Real Time Reviews* are independent reviews carried out in Assurance during the engagement.

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Testing of the quality management systems and individual engagements

- *PwC Network Standards and PwC Network Risk Management Policies*: All PwC member firms are required to comply with the PwC Network Standards (10) and to ensure that all partners and staff comply with the PwC Network Risk Management Policies (41). Compliance with the PwC Network Standards is annually confirmed to the network on a self-assessed basis. The self-assessments are reviewed by network specialists. Compliance with the PwC Risk Management Policies is done through Quality Management Reviews and the Engagement Compliance Reviews (ECR).

- *Quality Management (System) Review (QMR)*: In Assurance, Global Risk & Quality reviews the Assurance Quality Management System (QMS) on an annual basis, including proper application of any updates thereto. A 'full QMR' is carried out every three years, which tests in detail compliance with all applicable standards and policies, with an 'update QMR' being performed during the two intervening years.

- Engagement-specific reviews by independent partners, directors and managers: These *Engagement Compliance Reviews (ECRs)* are performed in all Lines of Service to test engagement performance quality and compliance with applicable PwC requirements and policies, to identify potential areas for improvement, and to determine that PwC has not been exposed to unacceptable risk. In Assurance, these reviews are largely carried out by people from outside the Netherlands.

- *Ad hoc reviews* are carried out as deemed necessary in view of circumstances or as follow-up to the outcome of earlier internal and external reviews.

- Reviews by the *Internal Audit Department (IAD)*: The Internal Audit Department carries out a risk-specific programme of work throughout the year and reports its findings to the COO, the BoM and the SB.

- *Compliance Officer*
  By law, the Compliance Officer has a legal supervisory responsibility regarding auditor compliance with laws and regulations and regarding the operation of the quality management systems. PwC NL has extended this responsibility to include its entire organisation. As from financial year 2015/2016, the Compliance Officer has a direct reporting responsibility to the Supervisory Board.

LoS-specific policies for quality

Each Line of Service has its own policies and practices, though the quality of the service offerings and delivery is always paramount. Assurance, Tax and Advisory carry out their own periodic reviews and have their own extensive monitoring programmes to assure quality in service offerings and delivery and, where necessary, to implement improvements where shortcomings are noted.

Assurance

The services provided by Assurance are highly regulated. Statutory audits fall under the supervision of the AFM, and the AFM regularly reviews our quality control systems and sample tests the quality of the statutory audits we have performed.

In Assurance, National Office (NO) provides professional support to the practice in a number of different ways. It develops and supports the implementation of policies and procedures in the areas of accounting, auditing and risk management, and this plays a key role in ensuring our compliance with legislative and regulatory requirements.
A detailed description of Assurance's Quality Management System is provided in the Transparency Report.

Tax

Tax has a knowledge centre that keeps our tax advisers informed on current developments in the fiscal and legal arenas. Partners and staff are required to consult the Tax Opinion Committee when advising on certain complex tax issues. This committee includes specialist partners and staff, including a number of university professors.

Tax also has a Bid & Risk panel, which evaluates the potential risks associated with a commercial opportunity to ensure that risks in the areas of public exposure, pricing, client reputation and staffing are properly managed and that the service is permitted under applicable independence requirements.

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The PwC Global Tax Code of Conduct is the framework within which we provide advice to clients. PwC NL has implemented Tax Policy Panels, which review proposed tax advice within the context of the Tax Code of Conduct and assess the impact it could have on the societal debate and our reputation.

Advisory
Advisory is ISO 9001:2015-certified for its quality management system.

External audits are carried out regularly to assess Advisory's maintenance of quality in connection with these certifications and accreditations.

Other measures

We have set out above how all clients and engagements are subject to our acceptance procedures and that we have a wide range of quality, risk management and compliance systems and processes in place to ensure we are in full compliance with applicable laws and regulations.

We have also put measures in place for the prevention of fraud and corruption within our organisation. These include regular IAD testing of all expense claims on a random sample basis. The IAD also tests the operation of our financial systems for reliability and the application of and compliance with our internal control and other procedures. ■

Our sustainability ambitions and achievements

We have an ambitious goal: to be circular by 2030 and to integrate circular thinking into our service offerings. By this we mean no waste, no emissions and optimal recycling and usage. We have reduced our emissions by 8.4% vs baseline 2015.

This ambition relates to Global Sustainable Development Goal 12 (see page 25). When formulating our circularity ambition in 2015/2016, we set that year as the baseline from which we set our annual reduction goals. Our goal for this year (2016/2017) was to reduce our CO_2 emissions by 10% vs baseline year 2015. We came close to this, with a reduction of 8.4%. The emissions per FTE also decreased from 3.7 to 3.2 metric tons. To keep us well placed on the road to climate neutrality in 2030, we are aiming to achieve a reduction of 30% in 2020 vs baseline year 2014/2015.

In order to achieve these targets, we have developed detailed roadmaps for all focus areas in which we believe we can make the biggest impact: air, train and car mobility, energy, waste and procurement. To implement our sustainability roadmaps as effectively as possible, our Facilities Management, Procurement, Fleet Management, Technology Services and Corporate Responsibility teams continue to work in close collaboration with each other.

We have taken concrete steps to reduce our emissions

We have again taken measures this past year to reduce our environmental impact in all impact areas and to facilitate sustainable behavioural change among our people. We practice what we preach. We focus not only on our internal operations, but we also strive to integrate circular thinking into our service offerings by helping clients to formulate and implement their circularity business cases.

We have intensified our efforts towards sustainable mobility

Mobility schemes form the lion's share of our CO_2 footprint, so new environmental measures have been launched this past year to make mobility schemes more environmentally sustainable. This resulted in a 9% reduction in our car mobility carbon footprint and 12% in our air and train mobility footprint. We also increased train travel per FTE by 32% compared to last year.

The specific steps we have taken past year are as follows:

- Application of maximum CO_2 emission levels to newly acquired lease cars and an increase in the contribution we bear towards the more fuel-efficient categories of cars.
- Further encouragement of electric car usage through the initiative 'fee-free changing your fossil fuel car to electric car' (max. 100), which made 100 employees change their cars. This increased our (semi-)electric car fleet from 2,7% to 8,6% and will further increase the by end of this year. We aim for zero fossil fuel cars in our fleet by 2025.
- Further encouragement of the use of electric taxi services. In addition to Taxi Electric, we have also contracted Mama taxi as a preferred supplier, an electric taxi company that provides jobs for women who are having difficulty accessing the labour market.
- Participation as an official launch partner of 'Toogether' through the introduction of the car sharing app designed to encourage staff to carpool.
- Encouragement of train travel to reduce our air travel CO_2 footprint. For example, travel between Amsterdam and Paris is now mandatory by train instead of by air. We are also working at PwC Europe level for a further joint approach to reduce our air travel CO_2 footprint.

Striving for more circularity in our buildings

- We are implementing further energy efficiency measures in our buildings, for instance by adjusting parking garage lighting to circular lighting through better configuration and activation of equipment and through better timing mechanisms for central heating usage.
- This year we performed a BREEAM self-assessment for our office buildings. We aim for BREEAM certification in 2018 with an energy label of A or higher.
- Our electricity is generated sustainably in the Netherlands, with 86.8% of our entire electricity usage being from sustainably generated wind energy.
- We decided this year to participate in the 'Transitiecoalitie', a corporate call to action for the new Dutch government to give priority to speeding up the energy transition.

The social cost of environmental impact

The biggest negative environmental impact of our operations is our carbon footprint. If we were to translate our carbon footprint into financial terms, this would mean a social cost. Based on scientific and publicly available studies, the estimated social cost per ton of emitted CO_2 varies significantly, depending on different factors such as the period and location. According to a recent study by the Netherlands Bureau for Economic Policy Analysis (het Centraal Planbureau), the cost ranges between some € 48 and € 160 per ton of CO_2.

These costs are not based on current market prices, but on the estimated costs in the long term of continuing to use natural resources at the rate we do today.

On this basis, our total carbon footprint would result in an estimated social cost of some € 0,7 m - € 2,4 m.

Improving our waste segregation processes and recycling and usage policies

As we strive to achieve zero waste by 2020, waste segregation has now been implemented in all our offices and we have invested in our own composting machines in Rotterdam and Amsterdam, resulting in an increase in the recycling rate from 46% to 51%. However, our total waste has also grown by 34% (caused by reconstructions for more Activity Based Working (see page 53), and we realise we have a long way to go. Behavioural change is an essential element in this and needs further attention. During this past year we have again invested in an annual Act Green campaign to create greater awareness among our employees, and we will continue this next year.

Integrating circularity in our procurement practices

Environmental care is a standard requirement in our requests for proposal. We take the view that collaboration in the value chain not only provides opportunities for efficiency but also contributes to a sustainable society. Our procurement terms and conditions include a Supplier Code of Conduct which requires suppliers to provide information regarding their performance in the areas covered by the Code of Conduct. PwC will discuss with suppliers not (yet) able to comply with the terms of the Code the steps they need to take in order to ensure compliance in the short term.

We were awarded a golden score card by EcoVadis

At the request of a number of clients, PwC completes the annual CSR score card run by the independent agency EcoVadis. Just as last year, we were awarded a golden score for our Corporate Social Responsibility initiatives.

Impact areas	Environmental indicators	2016/2017	2015/2016
Car mobility	Business kilometres driven (per FTE)	13,129	13,906
	CO_2 emissions cars (in metric tons)	8,368	9,179
	Car Mobility Circular (in %)	4.5	1.0
Air and train mobility	Number of kilometres flown (per FTE)	5,713	6,332
	Number of business kilometres travelled by train (per FTE)	561	424
	CO_2 emissions air travel (in metric tons)	4,551	5,156
	CO_2 emissions train (in metric tons)*	25	53
	Air and Train Mobility Circular (in %)	0.5%	1.0%
Energy	Renewable electricity consumption (in %)	86.8	84.2
	CO_2 emissions electricity (in metric tons) **	752	862
	CO_2 emissions gas (in metric tons) **	687	817
	CO_2 emissions district heating (in metric tons) **	436	369
	Energy Circular (in %)	72	65.4
Waste	Purchased printer and copier paper (in kgs per FTE)	20	27
	Recycled paper, cardboard and printing (in kgs per FTE)	32	41
	Archive destruction (in kgs per FTE)	26	0
	Waste Circular (in %)	51.2	45.9
Total	**CO_2 emissions (in metric tons)**	**14,819**	**16,436**
	Circular (in %)	**32**	**28.3**

* Conversion factor train decreased significantly compared to previous year resulting in less CO_2 emissions

** Extrapolated from actual measurements

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Definitions environmental KPIs

We are in the process of reviewing the scope of each of our environmental KPIs, to ensure all our material impact is measured and that this is sustainably aligned with our strategic ambition to become fully circular. We are currently using the following definitions:

Business kilometres driven (per FTE)
Total kilometres registered in our mileage registration system by all employees that are entitled to a lease car (around 90% of staff) (including commute kilometres) divided by total average FTE.

CO_2 emissions cars (in metric tons)
Total kilometres registered in our mileage registration system multiplied by the percentages of total car fleet (lease) per category (gasoline, diesel, hybrid and electric) times its carbon emission factor (based on actual consumption per category).

Car mobility circular
Percentage of our total car fleet that consists of electric cars (plug-in hybrids are not included as electric cars).
Number of kilometres flown (per FTE).
Total kilometres flown registered by our travel booking agency divided by total average FTE.

Number of business kilometres travelled by train (per FTE)
Total kilometres per train travelled with NS or internationally registered by our travel booking agency divided by total average FTE.

CO_2 emissions air travel (in metric tons)
Flights classified in four categories (flights < 464 km, > 464 km and < 1108 km, >1108 and < 3400 km and > 3400 km) times its respective carbon emission factor.

CO_2 emissions train (in metric tons)
Total number of business kilometres travelled per train times its carbon emission factor.

Air&train mobility circular
Percentage of train mobility as part of our total carbon footprint (air and train) based on total flight and train kilometres.

Renewable electricity consumption (in %)
Percentage of renewable electricity as part of our total electricity consumption.

CO_2 emissions electricity (in metric tons)
Total electricity consumption (excluding renewable electricity) times its carbon emission factor (86.5% based on actual consumption, remaining extrapolated).

CO_2 emissions gas (in metric tons)
Total gas consumption times its carbon emission factor (92% based on actual consumption, remaining extrapolated).

CO_2 emissions district heating (in metric tons)
Total district and thermal heating consumption times its carbon emission factor (66% based on actual consumption, remaining extrapolated).

Energy circular
Percentage of total energy use that consists of green electricity and thermal heating.

Purchased printer and copier paper (in kgs per FTE)
Total amount of purchased paper (in kgs) divided by total average FTE.

Recycled paper, cardboard and printing (in kgs per FTE)
Total amount of paper, cardboard and printing collected by our waste treatment companies (in kgs) divided by total average FTE.

Archive destruction (in kgs per FTE)
Total amount of archive destruction (in kgs) collected by our archive destruction company divided by total average FTE.

Waste circular
Total kgs of recycled waste as percentage of total kgs of waste.

Appendices

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Five-year summary of financial results

	2016/2017	2015/2016	2014/2015	2013/2014	2012/2013
Revenue					
Net revenue (€ millions)	767.0	744.1	697.3	671.6	663.8
Increase/decrease	+3.1%	+6.7%	+3.8%	+1.2%	-4.3%
Net revenue per FTE (€'000)	167.0	167.6	169.7	165.9	154.7
Increase/decrease	-0.4%	-1.2%	+2.2%	+7.2%	-0.4%
External revenue per Line of Service (€ millions)					
Assurance	299.7	302.0	291.9	285.4	306.1
Tax	263.6	251.0	240.5	240.3	217.0
Advisory	203.7	191.1	164.9	145.9	140.7
Total	**767.0**	**744.1**	**697.3**	**671.6**	**663.8**
Results					
Operating profit (€ millions)	**151.2**	**142.3**	**157.7**	**162.1**	**143.1**
Increase/decrease	+6.3%	-9.8%	-2.8%	+13.3%	+7.5%
Operating profit per Line of Service (€ millions)					
Assurance	43.0	43.6	55.6	69.1	61.9
Tax	67.2	62.3	63.4	64.5	58.2
Advisory	43.3	35.0	36.2	27.8	22.7
Management fee, salary and emoluments					
Available for distribution to partners (€ millions)	148.9	140.1	153.9	156.1	137.7
Average partner management fee* (€'000)	533.3	513.3	605.8	639.7	527.5
Increase/decrease	4.0%	-15.3%	-5.3%	21.3%	12.6%
Staff bonuses**(€ millions)	24.0	27.7	29.3	30.3	23.4
Average salary cost per FTE (€'000)	74.6	72.6	72.2	71.8	68.9
Average bonus per FTE** (€'000)	5.5	6.7	7.6	8.0	5.8
Average FTEs	4,594	4,440	4,110	4,047	4,292
Partners	279	273	254	244	261
Professional staff	3,510	3,366	3,054	3,000	3,180
Support staff	805	801	802	803	851

* Payments are made from the management fee relating to items such as pension contributions, social security and disability contributions and life insurance premiums.
** In 2016/2017 part of the bonus has been converted to salary components.

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How we put together our materiality matrix

We have a large and varying group of stakeholders

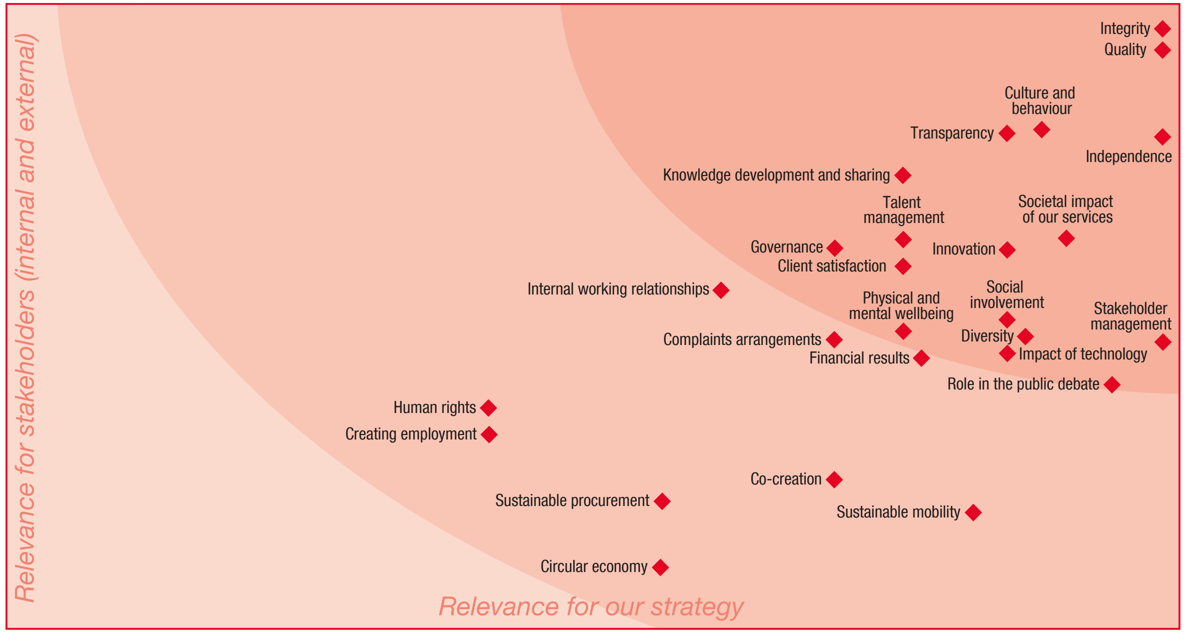
Our group of stakeholders is wider than only our portfolio of clients and our people. Our services affect more than only those we audit, advise or employ. The societal environment in which we deliver our services, is becoming increasingly significant and critical. Therefore, our dialogue with stakeholders is crucial.

We identify our most important stakeholders based on two questions: who are the stakeholders on whom we have the greatest influence and, on the other hand, who are the stakeholders who have the greatest influence on us? In dialogue with these stakeholders we discuss our societal relevance and the issues that are crucial to our strategy.

Reconfirmation of our materiality matrix

The materiality matrix is the graphic representation of the relative importance that we and our stakeholders place on identified strategic (material) themes. We have included the most relevant themes in this annual report.

Materiality matrix PwC



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

In fiscal year 2015/2016 we put together a materiality matrix by surveying a large group of stakeholders with the request to indicate the importance of a number of themes, relating to our strategy. This year we reconfirmed this materiality matrix in one-on-one conversations with our stakeholders and we asked them to complete the same survey as we sent prior fiscal year to this large group of stakeholders. Just like in the former fiscal year, we conducted an analysis on which issues the (social) media report regarding PwC. And we looked by a so called sector analysis how our colleagues deal with the issues we consider most relevant for our stakeholders. The table on page 117 provides an overview.

During all stakeholder meetings, a member of the Board of Management or another partner was present. Members of the Supervisory Board were also involved in some of the meetings.

Main findings

We conclude that our stakeholders view as strategically material the same themes as in prior year. This means they reconfirmed the materiality matrix as we have put together in fiscal year 2015/2016. The findings from the media and sector analyses are in line with the findings from the conversations we had with our stakeholders.

In the one-on-one conversations we had, our stakeholders also put forward current issues such as cultural and behavioural change, tax evasion, the UN's Sustainable Development Goals and security and privacy issues. ■

	Form of stakeholder dialogue:	**Key issues for stakeholders:**
People	One-on-one discussion with Works Council representatives and completion by them of a survey on the relative importance of strategic themes to PwC People satisfaction survey Stakeholder dialogue meeting	-Integrity -Quality -Culture and behaviour -Talent management -Diversity
Clients	Conversations with the CEOs and CFOs of a selection of clients and completion by them of a survey on the relative importance of strategic themes to PwC	-Integrity -Transparency -Governance -Culture and behaviour -Quality -Independence
Society	Conversations with the representatives of: -Eumedion (corporate governance platform that represents institutional investors interests) - VDBO (The Dutch Association of Investors for Sustainable Development) - VEB (the Association of Dutch Investors) - Dutch Sustainable Business (De Groene Zaak) - Federation of Audit research - Leiden University - Politicians Completion by these stakeholders of a survey on the relative importance of strategic themes to PwC. -Sector and media analysis	-Integrity -Culture and behaviour -Independence -Quality -Societal impact of our services

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Holding PricewaterhouseCoopers Nederland B.V. - Remuneration Report for the financial year ended 30 June 2017

This Remuneration Report was prepared by the Remuneration Committee on 25 September 2017 and adopted by the Supervisory Board on 25 September 2017. It is part of the Report of the Supervisory Board included in the Annual Report of Holding PricewaterhouseCoopers Nederland B.V. The Annual Report is published on the website www.pwc.nl.

Introduction

The responsibilities of the Remuneration Committee of the Supervisory Board include the preparation of the annual Remuneration Report for adoption by the Supervisory Board, as required by the Dutch Corporate Governance Code.

This Report addresses PwC NL's governance as well as the remuneration of partners, staff, the Board of Management and the Supervisory Board. The Annual Report's section 'Governance and remuneration' (pages 58-59) provides further information regarding the remuneration framework of PwC NL.

Partner remuneration and introduction of claw back scheme

In light of the level of public interest in PwC NL's services, the remuneration framework for PwC NL partners has been designed so that quality and matters such as independence, Code of Conduct and compliance, including with internal and external regulatory requirements, have a proportionately significant effect on remuneration levels. As part of PwC's processes for the assessment, goalsetting and development of its partners, all partners need to evaluate the extent to which their contribution to the process is in line with PwC's ambition to become a purpose-led and values-driven organisation (the PwC Journey). The individual's contribution to becoming a purpose-led and values-driven organisation is assessed in each of the components Clients, People, Firm within the PwC NL partner evaluation and income system.

The evaluation and remuneration methodologies for partners are set out in the Annual Report on page 59. The partners receive their profit shares in the partner BVs through which they operate under an association agreement with PwC NL. These partner BVs bear the costs of pension provisioning, insurances and taxation.

The Remuneration Committee and the Supervisory Board consider the role of quality in all three of the annual evaluation components: People, Clients, Firm. Quality has a significant influence on performance scores (both positive and negative). The effects of internal and external client engagement reviews as well as compliance with internal and relevant external regulation (e.g. independence and risk management) are reflected in performance scoring (positive and negative) for the Clients/Firm components.

For the People component, quality is assessed in aspects such as coaching, diversity, development and team collaboration and, for the Firm component, in aspects such as development and delivery of training and, where applicable, in quality roles undertaken. Each partner is expected to evaluate his or her performance and his or her goalsetting in terms of the quality of the work delivered and to assess to what extent he or she reflects the PwC values in his or her interactions with PwC's staff and clients.

For Assurance partners, in view of their particular role in society, a positive performance score automatically arises in the area of Clients when quality performance scores above expectation and this leads to an upward remuneration adjustment provided that the conduct of the partner meets the standard applicable to a PwC partner. Conversely negative quality performance results in a downward remuneration adjustment when a file review results in a non-compliant conclusion, generating a negative score on the performance evaluation component Clients or on Baseline expectations and thereby negatively affecting the variable remuneration of the Assurance partner involved. This adjustment (upward and downward) can vary from 12.5% to 50% of total remuneration. Any negative performance evaluation on the Clients component cannot be compensated by commercial or other achievements. Assurance partners and directors are not rewarded for cross selling at audit clients.

A claw back scheme was introduced during the previous financial year for partners who act as external auditor. The claw back period has been determined as six years. Under this scheme, one sixth of the individual partner's remuneration is held back and transferred to a foundation set up for this purpose. If it transpires before the end of this period that the external auditor has issued an incorrect opinion for which the auditor is culpable and which has

The definitions of certain terms used in this Remuneration Report are as follows:
PwC NL Coöperatie PricewaterhouseCoopers Nederland U.A., Holding PricewaterhouseCoopers Nederland B.V. and/or one or more of its subsidiary companies, unless specifically stated otherwise.
Professional practitioner The natural person who practices his/her profession in the name of Coöperatie PricewaterhouseCoopers Nederland U.A., Holding PricewaterhouseCoopers Nederland B.V. or a subsidiary company thereof on the basis of an association agreement.

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Governance

The Supervisory Board was installed as of 1 May 2015 and comprises only external members. The General Meeting appoints the Supervisory Board members based on a binding proposal submitted by the Supervisory Board on the advice of its Selection and Appointment Committee. The General Meeting has the power to suspend or dismiss a member of the Supervisory Board. Members of the Supervisory Board are appointed for the period determined at the time of appointment and this term may extend to no later than the first General Meeting following the end of four years after appointment. The Supervisory Board has put together a retirement schedule, which is included in this Remuneration Report.

The Board of Management comprises one or more members. The Articles of Association prescribe that the Board of Management may comprise only of professional practitioners with whose partner BVs an association agreement has been concluded. The professional practitioner with whose partner BV an association agreement has been concluded is authorised to use the title 'partner' vis à vis third parties.

The Chair of the Board of Management (also known as the Territory Senior Partner) is the Company's only statutory director and he/she appoints the other members as authorised executive director for the term of his/her period of office. The Chair of the Board of Management is appointed by the General Meeting based on a binding proposal submitted by the Supervisory Board on the advice of its Selection and Appointment Committee. In making its selection proposals, the Selection and Appointment Committee also evaluates the candidates the potential Territory Senior Partner is proposing for his team as fellow members of the Board of Management.

The General Meeting has the power to suspend or dismiss any member of the Board of Management, and the Supervisory Board has the power to suspend any member of the Board of Management. The Supervisory Board determines the remuneration of the statutory director and all authorised executive directors.

resulted in societal damage, the auditor loses entitlement to part or all of the deferred remuneration. In 2016/2017 no clawback was made under the scheme.

The Remuneration Committee and the Supervisory Board have also evaluated the proposals submitted to the Board of Management by the Line of Service Boards and the Markets Leader, through their stratification of the relative scoring of the performance ratings and mapping of the partners. Where a partner evaluation results in an unsatisfactory rating, an assessment is carried out as to whether the issues are incidental and as to whether there are indications of longer-term issues. The evaluation process also assesses how compliance infringements are dealt with, includes the results of reviews and assesses gender diversity in performance ratings in the Clients, People and Firm components.

As part of its oversight of the Board of Management, the Remuneration Committee and the Supervisory Board have also reviewed the evaluations of the audit firm's other policymakers, specifically the key findings, the goals and the evaluations in the Clients, People and Firm components, and concluded that their remuneration has been based on quality and is consistent with the long-term goals set.

The Remuneration Committee has also reviewed the Transparency Report's outline of partner and director remuneration in the context of quality and the way in which PwC monitors quality and the extent to which the results of the monitoring are reflected in the evaluation and remuneration of Assurance partners and directors.

Staff remuneration

The evaluation and remuneration process for staff is set out in the Annual Report on page 59. Following the annual revision of the primary and secondary conditions of employment, the Remuneration Committee and the Supervisory Board compared the distinctive features of the PwC NL salary structure to other Dutch organisations and sector colleagues. This included a review of the staff mix and career path movement and the effects thereof on overall salary costs.

Remuneration of the Board of Management

Two years ago the remuneration arrangements for the Board of Management were brought into line with the 'In the Public Interest' report and, since then, the members of the Board of Management are now remunerated on a fixed, non-profit related basis.

Remuneration for individual members

The Supervisory Board determines the amount of the remuneration of individual members of the Board of Management in line with criteria set by the General Meeting. This amount is determined before taxes, social charges, pensions and similar items and, in principle, represents the annual fixed remuneration for the individual's term of office in the Board of Management. In line with the association agreements, it is paid to the partner BVs, and the members of the Board of Management are responsible for the payment of taxes, pension arrangements and insurances. In addition to the fixed remuneration, the members of the Board of Management also receive expense allowances in line with those set for all partners and they receive interest income on capital contributed, which is the same for all partners at PwC NL.

Fixed Remuneration for three years
During summer 2015, the Remuneration Committee reviewed the remuneration framework for the Board of Management within the context of Measure 3.3 of the report 'In the Public Interest' and submitted proposals to the Supervisory Board. The proposed remuneration framework for the Board of Management was approved by the General Meeting on 2 October 2015.

As mentioned in the Supervisory Board's Annual Report, all members of the BoM took part in annual goalsetting interviews followed by mid-year and year-end interviews with appropriate members of the Supervisory Board. This evaluation included an assessment of the time spent by BoM members in their roles. The remuneration of the members of the BoM was determined after completing the year-end interviews.

As the fixed remuneration was initially determined for a period of three years, it will be reviewed again this coming financial year to determine the remuneration for the future board members who will replace the current Board of Management when its term of office ends on 30 June 2018.

Variable remuneration
The Supervisory Board is empowered to determine a bonus of up to 20% of fixed remuneration based on the achievement of long-term goals set by the Supervisory Board within the context of PwC's societal role. This bonus may only be awarded if the goals so set have been exceeded, i.e. in case of exceptional achievements. The Supervisory Board is also empowered to levy a remuneration penalty on a member of the Board of Management, up to a maximum of 20%, where the quality aspects of the performance as professional practitioner or member of the Board of Management justifies this.

The change in portfolio allocations within the BoM as of 1 October 2016 did not result in changes to the fixed remuneration of any of the individual members of the Board of Management, considering the long-term goals were set only two years ago as well as the introduction of the fixed remuneration. Encouraging aspects of this year's evaluation process are the results of the People Engagement Index and the regulator's conclusions on, amongst other things, behaviour and culture. At the same time the regulator deemed four statutory audit files inspected to be inadequate, and there are still improvements to be made in terms of staying in control regarding audit quality. PwC's transformation process to becoming a purpose-led and values-driven organisation is focussed on this.

Following the proposals of the Remuneration Committee, no bonus or penalty was determined for the financial year 2016/2017. The Supervisory Board has determined the remuneration of the individual members of the Board of Management as follows:

In Euro's[1]		2016/2017	2015/2016
Marc Diepstraten[2]		914,500	817,797[3]
Frank Engelen		1,047,250	1,047,250
Ad van Gils		914,500	914,500
Jolanda Lamse		914,500	914,500
Peter van Mierlo	Chair	1,180,000	1,180,000
Michael de Ridder		914,500	914,500

1 Total remuneration before the obligatory Foundation Verrekenfonds deductions and before the amounts withheld annually in connection with the claw back for members of the Board of Management who have been authorised by the Supervisory Board to act as external auditor.
2 As from financial year 2016/2017, Marc Diepstraten succeeded Sytso Boonstra in the Board of Management.
3 No fixed remuneration applicable prior to appointment as Board member.

Benchmarks
When establishing the remuneration framework for the Board of Management in 2015, the Supervisory Board compared the remuneration framework for the Board of Management, partners and staff to a number of remuneration benchmarks such as CEOs, other audit and advisory organisations, other PwC member firms and relative remuneration levels within PwC NL and other organisations. The Supervisory Board also considered remuneration levels and trends for current and past members of the Board of Management (both before and after their membership of the Board), trends in the Euro values per point and investments made or planned (including investments in quality and acquisitions), and reflected in the fixed remuneration levels the responsibilities and portfolios of the individual members of the Board of Management.

Claw back applying to the Board of Management

The Supervisory Board is empowered to claw back bonuses from individual members of the Board of Management if the information (financial or non-financial) supporting the bonus transpires to be inaccurate. The claw back for partners who act as external auditor applies also to members of the Board of Management who have been authorised by the Supervisory Board to act as external auditor.

Loans and guarantees

No personal loans or guarantees have been provided to or on behalf of the members of the Board of Management.

Remuneration of the Supervisory Board

The remuneration of the members of the Supervisory Board consists of a fixed annual amount, determined by the General Meeting. No personal loans or guarantees have been provided to or on behalf of the members of the Supervisory Board. The remuneration of the members of the Supervisory Board is independent of the performance of PwC NL. The remuneration of the Supervisory Board is provided in the table on this page. The amounts relate to the Supervisory Board's period of office in this financial year 2016/2017. The members of the SB are also entitled to claim expenses.

The agreements made regarding the time allocated to roles and responsibilities are set out in the Supervisory Board's Charter, in its committees' charters and in the appointment contracts with each member. The time allocated depends on the role that the member fills in the Supervisory Board and in one or more of its committees, and therefore varies per member.

The Supervisory Board's Charter requires that remuneration be proportionate to the responsibilities and the time needed to discharge the responsibilities properly and that it be independent of the Company's results. The remuneration for each member is based on his/her roles in the Board and in committees and is set out in an appointment agreement with each Member. The Member is responsible for discharging the role agreed and for managing his/her time to achieve this, with due consideration given to the roles, jurisdiction and responsibilities allocated to the Supervisory Board and its members as prescribed by law, the Articles of Association, the Supervisory Board's Charter and the appointment agreement.

Remuneration for the Supervisory Board for 2016/2017 (€)	Fixed remuneration for chairmanship or membership of the SB	Remuneration for Audit Committee membership	Remuneration for Remuneration Committee membership	Remuneration for Selection and Appointment Committee membership	Remuneration for Public Interest Committee membership*	Total remuneration for chairmanship or membership of the SB and its committees for 2016/2017	Total remuneration for chairmanship or membership of the SB and its committees for 2015/2016
N. Ellemers	45,000			7,500	7,500	60,000	60,000
J.M. de Jong (Chair)	70,000		7,500	10,000		87,500	87,500
A. Jorritsma*	45,000	7,500	10,000			62,500	52,083*
F.W. Oldenburg	45,000	7,500		7,500		60,000	60,000
C.J.M. van Rijn	45,000	10,000			7,500	62,500	62,500
Y.C.M.T. van Rooy	45,000		7,500		7,500	60,000	60,000
A.H.E.M. Wellink	45,000		7,500		10,000	62,500	62,500

* Member as from 1 September 2015

The annual remuneration for the Chair of the Supervisory Board amounts to €70,000, for a member of the Supervisory Board €45,000, for a Chair of a committee €10,000, and for a member of a committee €7,500.

The remuneration of the Supervisory Board was included in the Supervisory Board's annual evaluation process, and no reason or need for modification arose. ■

Retirement roster for the members of the Supervisory Board

	Age at date of appointment	Appointment	2016	2017	2018	2019	Available or eligible for reappointment?
N. Ellemers	52	1 May 2015				●	Yes
J.M. de Jong (Chair)	69	1 May 2015				●	No
F.W. Oldenburg	54	1 May 2015				●	Yes
C.J.M. van Rijn	67	1 May 2015				●	No
Y.C.M.T. van Rooy	63	1 May 2015				●	Yes
A.H.E.M. Wellink (Vice-chair)	71	1 May 2015			●		No
A. Jorritsma	65	1 September 2015				●	Yes

The Supervisory Board has set up a roster indicating when members are expected to step down from the Board and/or make themselves available for re-appointment if eligible. This is published on the website.
The members of the Supervisory Board are appointed for the period determined at the time of appointment, and this term may extend to no later than the first General Meeting following the end of four years after appointment, in which General Meeting the new appointment of a Supervisory Board member for the seat in question is placed on the agenda.

GRI table 4.0

NR	ENG - GRI description	Page	Aspect	Not included	Scope*
General aspects covered by PwC's reporting, in accordance with the GRI 4.0 requirements					
Strategy & analysis					
G4-1	Statement from the most senior decision-maker about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	3-4	Foreword		
G4-2	Provide a description of key impacts, risks and opportunities.	51, 55-57, 61	Our strategy and achievements (Investing in strategic competences) Risk factors, Outlook		
Organisational Profile					
G4-3	Report the name of the organization.	99	Our legal structure		
G4-4	Report the primary brands, products, and services	18-19, 24	PwC in the Netherlands, How we create value		
G4-5	Report the location of the organization's headquarters.	134	Acknowledgements		
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	18-19, 100	PwC in the Netherlands, Our legal structure		
G4-7	Report the nature of ownership and legal form	99-100	Our legal structure		
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	18-19, 99	PwC in the Netherlands, Our legal structure		
G4-9	Report the scale of the organisation	18-19, 131	PwC in the Netherlands, Breakdown of our headcount		
G4-10	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees and supervised orkers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	131	Breakdown of our headcount	Significant (seasonal) variations in employment numbers ('f') not reported because this is not material	
G4-11	Report the percentage of total employees covered by collective bargaining agreements.			Not applicable	
G4-12	Describe the organization's supply chain.	112	Our sustainablitlity ambitions and achievements		
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or it's supply chain.	17, 99	About the Report of the Board of Management, Our legal structure		
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.			Not applicable	
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	17, 24-25	About the Report of the Board of Management, How we create value		
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organization.	41	Our Strategy and achivements (Delivering the PwC Culture)		
Identified Material Aspects and Boundaries					
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent ocuments. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	68-69	General notes to the financial statements		

*All indicators relate to PwC NL, unless otherwise indicated in this table.

NR	ENG - GRI description	Page	Aspect	Not included	Scope*
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	17, 116-117	About the report of the Board of Management, How we put together a materiality matrix		
G4-19	List all the material Aspects identified in the process for defining report content.	17	About the report of the Board of Management		
G4-20	For each material Aspect, report the Aspect Boundary within the organization.	17	About the report of the Board of Management		
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	17	About the report of the Board of Management		
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.			Not applicable	
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	17	About the report of the Board of Management		
	Stakeholder Egagement				
G4-24	Provide a list of stakeholder groups engaged by the organization.	116-117	How we put together a materiality matrix		
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	116-117	How we put together a materiality matrix		
G4-26	Report the organization’s approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	116-117	How we put together a materiality matrix		
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	20-21, 116-117	Messages form our stakeholders, How we put together a materiality matrix		
	Reporting profile				
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	17	About the report of the Board of Management		
G4-29	Date of most recent previous report (if any).			Not applicable	
G4-30	Reporting cycle (such as annual, biennial).	17	About the report of the Board of Management		
G4-31	Provide the contact point for questions regarding the report or its contents.	134	Acknowledgements		
G4-32	a. Report the ‘in accordance’ option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below).	17, 123	About the report of the Board of Management		
G4-33	a. Report the organization’s policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization’s sustainability report.	17, 90-97, 103	About the report of the Board of Management, Other information, Corporate governance		
	Governance				
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	60, 101-105	Management approach, Corporate governance		
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	60	Management approach		
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	60	Management approach		

*All indicators relate to PwC NL, unless otherwise indicated in this table.

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NR	ENG - GRI description	Page	Aspect	Not included	Scope*
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	60, 116-117	Management approach, How we put together a materiality matrix		
G4-38	Report the composition of the highest governance body and its committees.	101-105	Corporate governance		
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	105	Corporate governance		
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	101-103	Corporate governance		
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders.	59, 101	Governance and remuneration, Corporate governance		
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	60	Management approach		
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	60	Management approach		
G4-44	a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment.b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	58-59	Governance and remuneration		
G4-45	a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes. b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.	60, 20-21, 55-57, 107	Management approach, Messages form our stakeholders, Riskfactors, Our quality, risk management and compliance framework		
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	60, 55-57, 107-110	Management approach, , Riskfactors, Our quality, risk management and compliance framework		
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	60, 55-57, 107-110	Management approach, , Riskfactors, Our quality, risk management and compliance framework		
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material aspects are covered.	103	Corporate governance		
G4-49	Report the process for communicating critical concerns to the highest governance body.	60	Management Approach,		
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.	20-21	Messages of our stakeholders		
G4-51	a. Report the remuneration policies for the highest governance body and senior executives. b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	58-59	Governance and remuneration		
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	58-59	Governance and remuneration		
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	58-59	Governance and remuneration		
G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.	58	Governance and remuneration		Partners, professional staff, not support or temporary staff

*All indicators relate to PwC NL, unless otherwise indicated in this table.

NR	ENG - GRI description	Page	Aspect	Not included	Scope*
G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highestpaid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.	58	Governance and remuneration		Partners, professional staff, not support or temporary staff
	Ethics and Integrity				
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	3-4, 25-26, 45-46, 106	Foreword, How we create value, Strategy and achievements (Delivering the PwC Culture, Building on the quality of our service delivery), Code of Conduct and complaints and whistleblower procedures		
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	45-46, 106	Strategy and achievements (Building on the quality of our service delivery), Code of Conduct and complaints and whistleblower procedures		
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	45-46, 106	Strategy and achievements (Building on the quality of our service delivery), Code of Conduct and complaints and whistleblower procedures		
	Material Aspects covered more extensively by PwC's reporting in order to continue to monitor progress, in accordance with GRI 4.0				
	Disclosures on Management Approach (DMA)				
	Economic performance				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	29, 55-57, 60 61, 116-117	Management approach, Our strategy and achievements (Understanding our clients to create long-term value), Risk factors, Management approach, Outlook, How we put together a materiality matrix		
G4-EC1	Report the direct economic value generated and distributed	6, 30-32, 62-89, 115	Key Statistics, Our strategy and achievements (Understanding our clients to create long-term value), Financial statements, Five year summary of financial results,		
G4-EC2	Report risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue or expenditure.			Not material	
G4-EC3	Where the plan's liabilities are met by the organization's general resources, report the estimated value of those liabilities.	76-77	Financial statements		
G4-EC4	Report the total monetary value of financial assistance received by the organization from governments during the reporting period.			Not applicable	
	Occupational Health				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	37, 55-57, 60, 116-117	Our strategy and achievements (Delivering the PwC Culture), Risk facors, Management approach, How we put together a materiality matrix		
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.			Not applicable	

*All indicators relate to PwC NL, unless otherwise indicated in this table.

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NR	ENG - GRI description	Page	Aspect	Not included	Scope*
G4-LA6	Type of injury and rates injury, occupational diseases, lost days and absenteeism and total number of work-related fatalities, by region and by gender.	37	Our strategy and achievements (Delivering the PwC Culture)		
G4-LA7	Workers with high incidence or high risk of diseases related tot their occupation.			Not material	
G4-LA8	Health and safety topics covered in formal agreements with trade unions.			Not applicable	
	Training and Education				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	48-50, 55-57, 60, 116-117	Our strategy and achievements (Building on the quality of our service delivery), Risk facors, Management approach, How we put together a materiality matrix		
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	7, 49, 132	Key statistics, Our strategy and achievements (Building on the quality of our service delivery), Appendices to the GRI table		
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	49	Our strategy and achievements (Building on the quality of our service delivery)		
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	59	Governance and remuneration		
	Diversity and Equal Opportunity				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	9, 35-36, 55-57, 60, 116-117	Key statistics, Our strategy and achievements (Delivering the PwC Culture), Risk facors, Management approach, How we put together a materiality matrix		
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	36, 102, 105, 131	Our strategy and achievements (Delivering the PwC Culture), Corporate governance, breakdown of our headcount		PwC NL - excluding trainees
	Equal Remuneration for Women and Men				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	48-50, 55-57, 60, 116-117	Our strategy and achievements (Delivering the PwC Culture), Risk facors, Management approach, How we put together a materiality matrix (material aspect Diversity)		
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	36	Our strategy and achievements (Delivering the PwC Culture)		Only professional staff, not support or temporary staff and excluding partners as they are not employees. Bonuses not included in this calculation.

*All indicators relate to PwC NL, unless otherwise indicated in this table.

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NR	ENG - GRI description	Page	Aspect	Not included	Scope*
	Anti-Corruption				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	34-35, 45-46, 55-57, 60, 116-117, 107-110	Our strategy and achievements (Delivering the PwC Culture, Building on the quality of our service delivery), Risk factors, Management approach, How we put together a materiality matrix (material aspects Integrity, Independence) Our quality, risk management and compliance framework		
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	110	Our quality, risk management and compliance framework (see 'other measures')		
G4-SO4	Communication and training on anti-corruption policies and procedures.	34-35, 45-46, 106	Our strategy and achievements (Delivering the PwC Culture, Building on the quality of our service delivery), Code of Conduct and complaints and whistleblower procedures		
G4-SO5	Confirmed incidents of corruption and actions taken.	59	Governance and remuneration		
	Product and Service Labeling				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	30, 55-57, 60, 116-117	Our strategy and achievements (Understanding our clients to create long-term value), Risk Factors, Management approach, How we put together a materiality matrix (material aspect Client Satisfaction)		
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information equirements.			Not material	
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.			Not material	
G4-PR5	Results of surveys measuring customer satisfaction.	6, 30	Key statistics, Our strategy and achievements (Understanding our clients to create long-term value)		Professional Services
	Compliance				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	42-44, 50-57, 60, 116-117, 107-110	Our strategy and achievements (Building on the quality of our service delivery), Risk Factors, Management approach, How we put together a materiality matrix (material aspects Integrity, Independence, Quality), Our quality, risk management and compliance framework		
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	48	Our strategy and achievements (Building on the quality of our service delivery)		

*All indicators relate to PwC NL, unless otherwise indicated in this table.

NR	ENG - GRI description	Page	Aspect	Not included	Scope*
Aspects that are less material, but regarding which PwC voluntarily reports a number of GRI indicators in order to continue to monitor progress					
Employment					
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	9, 18-19, 131, 132	Key statistics, PwC in the Netherlands, Appendices to the GRI table, Breakdown of our headcount,		
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part- time employees, by significant locations of operation.			Not applicable	
G4-LA3	Return to work and retention rates after parental leave, by gender.			Not material	
Local Communities					
G4-SO1	Percentage of operations with implemented local community engagement, impact assesments and development programs.	39-40	Our strategy and achievements (Delivering the PwC Culture)		Only qualitative descrition
Privacy					
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	43	Our strategy and achievements (Building on the quality of our service delivery)		
Energy					
G4-EN3	Energy consumption within the organization.	111-112	Our sustainability ambitions and achievements		PwC NL - All offices
G4-EN6	Reduction of energy consumption.	111-112	Our sustainability ambitions and achievements		PwC NL - All offices
Emissions					
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1).	111-112	Our sustainability ambitions and achievements		PwC NL - All offices: Air travel (PwC NL - all), Cars (all who have a lease car, excluding partners), Train travel (all)
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2).	111-112	Our sustainability ambitions and achievements		PwC NL - All offices: Air travel (PwC NL - all), Cars (all who have a lease car, excluding partners), Train travel (all)
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3).		Our sustainability ambitions and achievements	We report no scope 3 emissions	
G4-EN19	Reduction of greenhouse gas (GHG) emissions.	111-112	Our sustainability ambitions and achievements		PwC NL - All offices
G4-EN23	Total weight of waste by type and disposal method.	111- 112	Our sustainability ambitions and achievements		PwC NL - All offices

*All indicators relate to PwC NL, unless otherwise indicated in this table.

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NR	ENG - GRI description	Page	Aspect	Not included	Scope*
	Transport				
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce.	112	Our sustainability ambitions and achievements		PwC NL - All offices: Air travel (PwC NL - all), Cars (all who have a lease car, excluding partners), Train travel (all)
	Other material aspects that PwC reports which are not part of the GRI-standard				
Not applicable	Number of files reviewed	8, 46	Key statistics, Our strategy and achievements (Building on the quality of our service delivery)		Professional Services
Not applicable	Mobility numbers	54	Our strategy and achievements (transforming our organisation)		Professional Services
Not applicable	Results of the People Survey	6, 9, 37	Key statistics, Our strategy and achievements (Building on the quality of our service delivery)		
Not applicable	Participants in the management development programmes	49	Our strategy and achievements (Building on the quality of our service delivery)		PwC NL – From manager level

*All indicators relate to PwC NL, unless otherwise indicated in this table.

Appendices to the GRI table

Breakdown of our headcount

Number of people (as at 30 June 2017)			Contract			
LoS	Sex	Level	Permanent contract	Temporary contract	Contracted in	Total
Assurance	Male	Partner	101	1	0	102
		Professional staff	971	72	11	1,054
		Support staff	7	0	1	8
	Male total		1,079	73	12	1,164
	Female	Partner	13	0	0	13
		Professional staff	538	58	0	596
		Support staff	38	7	0	45
	Female total		589	65	0	654
Assurance total			**1,668**	**138**	**12**	**1,818**
Tax	Male	Partner	86	0	0	86
		Professional staff	620	52	5	677
		Support staff	6	0	0	6
	Male total		712	52	5	769
	Female	Partner	10	0	0	10
		Professional staff	475	33	3	511
		Support staff	16	0	0	16
	Female total		501	33	3	537
Tax total			**1,213**	**85**	**8**	**1,306**
Advisory	Male	Partner	59	0	0	59
		Professional staff	521	23	7	551
		Support Staff	4	0	0	4
	Male total		584	23	7	614
	Female	Partner	9	0	0	9
		Professional staff	250	14	3	267
		Support staff	14	1	0	15
	Female total		273	15	3	291
Advisory total			**857**	**38**	**10**	**905**
Firm Services	Male	Partner	0	0	0	0
		Professional staff	0	0	0	0
		Support staff	246	14	61	321
	Male total		246	14	61	321
	Female	Partner	0	0	0	0
		Professional staff	0	0	0	0
		Support staff	534	42	49	625
	Female total		534	42	49	625
Firm Services total			**780**	**56**	**110**	**946**
Total			**4,518**	**317**	**140**	**4,975**

Number of people (as at 30 June 2017)			Full-time/Part-time			
LoS	Sex	Level	Full-time	Part-time	Contracted in	Total
Assurance	Male	Partner	93	9	0	102
		Professional staff	994	49	11	1,054
		Support staff	6	1	1	8
	Male total		1,093	59	12	1,164
	Female	Partner	9	4	0	13
		Professional staff	509	87	0	596
		Support staff	22	23	0	45
	Female total		540	114	0	654
Assurance total			**1,633**	**173**	**12**	**1,818**
Tax	Male	Partner	86	0	0	86
		Professional staff	532	140	5	677
		Support staff	3	3	0	6
	Male total		621	143	5	769
	Female	Partner	10	0	0	10
		Professional staff	278	230	3	511
		Support staff	6	10	0	16
	Female total		294	240	3	537
Tax total			**915**	**383**	**8**	**1,306**
Advisory	Male	Partner	59	0	0	59
		Professional staff	494	50	7	551
		Support Staff	2	2	0	4
	Male total		555	52	7	614
	Female	Partner	7	2	0	9
		Professional staff	216	48	3	267
		Support staff	8	7	0	15
	Female total		231	57	3	291
Advisory total			**786**	**109**	**10**	**905**
Firm Services	Male	Partner	0	0	0	0
		Professional staff	0	0	0	0
		Support staff	196	64	61	321
	Male total		196	64	61	321
	Female	Partner	0	0	0	0
		Professional staff	0	0	0	0
		Support staff	214	362	49	625
	Female total		214	362	49	625
Firm Services total			**410**	**426**	**110**	**946**
Total			**3,744**	**1,091**	**140**	**4,975**

Appendices to the GRI table

Training hours by gender/turnover by age

Training hours (average per FTE)	Partner	Professional staff	Support staff	Total
Female				
External training	10	54	32	47
Internal training	44	76	17	58
Giving and preparing of training	5	8	1	6
Dissertation and post-graduate research	0	1	0	1
Total	**59**	**139**	**50**	**112**
Male				
External training	5	50	112	52
Internal training	43	71	23	64
Giving and preparing of training	13	9	2	8
Dissertation and post-graduate research	0	0	0	0
Total	**61**	**130**	**137**	**124**

Turnover by age	2016/2017
< 30 years	12.3%
30 - 50 years	19.6%
> 50 years	6.5%
Total	**15.5%**

Glossary

AFM	The Netherlands Authority for the Financial Markets, the external independent body responsible for the supervision of financial institutions and of audit firms with a PIE licence
BCC	Business Conduct Committee, to which staff refer if they note instances or suspicions of professional misconduct
BMG&D	'Beoordeling, Mapping Goalsetting & Development' (Evaluation, Mapping, Goal setting & Development), the PwC process surrounding the evaluation and remuneration of partners and directors
BoM	Board of Management
BU	Business Unit, the sub-units of the Assurance, Tax and Advisory LoSs, determined on the basis of geography and/or professionalism/specialism
CAD	Country Admission Committee, the body that advises the SB on the appointment of new partners and directors
CEO	Chief Executive Officer, the Chair of the Board of Management
CFO	Chief Financial Officer, the member of the Board of Management tasked with all financial matters
COO	Chief Operating Officer, the member of the BoM tasked with the operational aspects of the business
Compliance Officer	The officer responsible for overseeing compliance with all legal, regulatory and other requirements and standards
CR	Corporate Responsibility, doing business on a sustainable basis that reflects the interests of society, employees and the environment
ECR	Engagement Compliance Review, internal reviews carried out by the global network into the quality of client engagements
EU&M	The industry group Energy, Utility & Mining
E&PB	Enterpreneurial & Private Business, the PwC sector group that focuses on unlisted companies, including family businesses
FS	The industry group Financial Services
General meeting (GM)	The meeting of the PwC partners who, via their partner BVs, are formally the members of Coöperatie PricewaterhouseCoopers Nederland U.A.
GRI	Global Reporting Initiative, the organisation that is responsible for the ongoing development of reporting standards for non-financial information
HC	Human Capital, the term used for the department or persons responsible for PwC's staffing policies and the implementation thereof
Industry/Industry group	One of the eight groups to which all professional staff are assigned, each focusing on a specific market sector or segment
IP	The industry group Industrial Products
IAD	Internal Audit Department
IIRC	International Integrated Reporting Council, the international organisation, comprising standard setters, investors, companies, auditors and NGOs, that is responsible for the promotion and development of the framework for integrated reporting
Integrated reporting	The reporting format that addresses the financial and non-financial value, to a wide range of stakeholders, of a business or an organisation
KPI	Key Performance Indicator, a measurable variable that provides insight into progress on meeting objectives
L&D	Learning and Development, the department within PwC that develops and manages the training and management development programmes
Materiality matrix	Graphic indication of the relative importance that our stakeholders and we place on the various identified strategic themes. The most important or relevant themes are called 'material'
Partner Council	The organisation that represents the collective interests of the members of Coöperatie PricewaterhouseCoopers Nederland U.A. (the partner BVs) and provides advice, either on request or on its own initiative, to the Board of Management on issues to be submitted to the General Meeting
Local Oversight Board	The internal supervisory body, comprising partners, which has become the Partner Council since the installation of the Supervisory Board
LoS	Line of Service, one of three divisions in which PwC offers and delivers its services: Assurance, Tax and Advisory
NBA	The Netherlands Institute of Chartered Accountants
PIE	Public Interest Entity, an organisation that, because of its scope or role in society, impacts a wide range of stakeholder groups (for instance, listed companies, insurers and financial institutions) and for the audit of which audit firms are required to have a licence from the AFM
PwC Europe	The collaborative association of four PwC European member firms in Germany, Austria, the Netherlands and Belgium
PS	The industry group Public Sector
Q&R	Quality & Risk, a person or department responsible for quality and risk management
R&C	The industry group Retail & Consumer
SB	Supervisory Board
SDGs	UN's Sustainable Development Goals. The SDGs address the most pressing global issues such as hunger, inequality and climate change
T&L	The industry group Transport & Logistics
TMT	The industry group Technology, Media & Telecom
Wft	'Wet op het financieel toezicht' (the Act on Financial Supervision), which sets the legal parameters for the solidity and behaviour of financial enterprises and regulates supervision of the financial sector in the Netherlands
Wta	'Wet toezicht accountantsorganisaties' (the Law on the Supervision of Audit Firms), which regulates the external (AFM) supervision of audit firms

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PwC Annual Report 2016/2017

Board of Management/headquarters	Thomas R. Malthusstraat 5 1066 JR Amsterdam
Editorial address	PricewaterhouseCoopers B.V. Marketing department P.O. Box 90351, 1006 BJ Amsterdam +31 (0)88 792 72 23 http://www.pwc.nl/nl/onze-organisatie/ feiten-en-cijfers.jhtml
Concept, design and production	Marketing department
Photography	Global brandsite PwC
For more information	Meint Waterlander Spokesperson for the Board of Management +31 (0)88 792 70 00 E-mail: meint.waterlander@pwc.com

PwC the Netherlands has more than 4,800 people operating from twelve offices and from three different perspectives: Assurance, Tax and Advisory. We deliver sector-specific services and we seek innovative solutions, not only for national and international companies but also for public sector and civil society organisations.
'PwC' is the brand name under which member firms of PricewaterhouseCoopers International Limited (PwCIL) operate and deliver services. Together these firms make up the global PwC network, within which some 223,000 people in 157 countries share their ideas, experience and solutions in developing new perspectives and meaningful advice.
In this report, the terms 'PricewaterhouseCoopers' and 'PwC' also refer to PricewaterhouseCoopers B.V. and, depending on the context, its consolidated Dutch group companies. Together, these are also referred to as 'PwC the Netherlands', 'PwC NL' or 'the Group'.