2017-2018

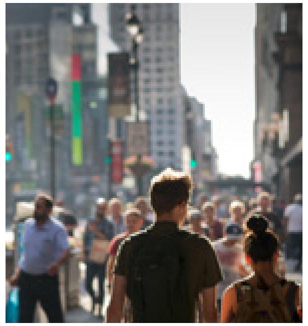
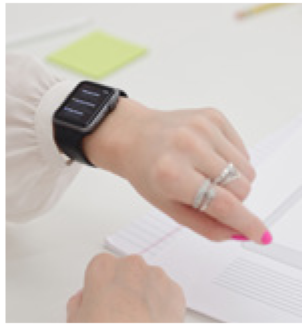
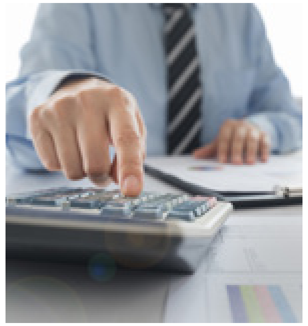
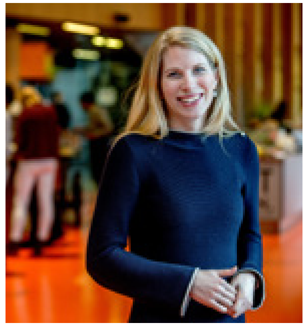
PwC Annual Report

pwc

pwc.nl

Contents




Foreword

It was 125 years ago this year that Emanuel van Dien laid the foundations for our present organisation – a long history of highs and lows, mergers and demergers, booming business and financial and social crises. The only constant has been our continuous need to change – looking constantly at how we can do things differently and better, always making choices that we hope and expect will safeguard our future. This continuous need to change is what characterises our people and our organisation and what enables us to be able to continue to fulfil the important position of trust that we have in society.

The 125-year anniversary was an excellent moment for us to take stock amongst ourselves of the organisation that we have become: a terrific organisation, with clients that value us, with more than 5,000 committed colleagues, with a powerful brand, and with solid financial results that enable us to invest in our people, our quality and our services.

But we have no time to dwell on this. Our future demands that we be bold enough to leave behind the past and embrace the future, particularly at this time when our sector is under so much pressure. We are increasingly being judged on the probity of our intentions and the credibility of the way we do business. We need to live up to our ambitions and achieve them. Only then will we be trusted and accepted as an organisation that can learn from mistakes.

To achieve this, we are building a future-proof, purpose-led and values-driven organisation. We are convinced that our culture and behaviour will determine our future and what we will become. So we continue to focus on culture and behaviour as drivers for change. We are being held to account for the speed and transparency of this change, so we need to more keenly challenge ourselves to demonstrate what it is that we do and where it is taking us – even when things are difficult or go badly.

The power of our organisation lies in the integrated services we provide. Combining knowledge and experience is a must for achieving quality. This applies equally to audit and (tax) consulting work, which is why our various Lines of service, ever increasingly supported by greater use of technology, are working together in the interests of society and clients in the overriding belief that it is people who make the difference – even in the digitalised organisation that we aspire to become.

More than we realise, success and failure are determined by ‘how’ we do things – with each other, with our clients, within society. So we must put ourselves in others’ shoes and be prepared to be open to critical input. We must also not shy away from robust dialogue and for this we need to have strong trust-based relationships with our stakeholders.

Our societal responsibilities cover more than just the services we provide to clients. Our own business practices must be more sustainable, and we have embraced the sustainable development goals of the United Nations. We have set ourselves the goal of being fully circular by 2030. We are moving forward in the areas of electric mobility, separation of waste and renewable energy. The ultimate challenge here for the coming years is to reduce our CO_2 footprint. An impactful sustainability agenda can provide powerful momentum to our purpose.

We can become successful only if we are able to attract and retain the best people. We are by now well aware that the profile of the traditional professional services provider is changing. Digitalisation, different types of service and new forms of collaboration require different knowledge bases, skills and expertise. The workload of our people is still high as the demand for our services is increasing and we continue to invest in quality. We must be prepared to allow our people to work more flexible and to differentiate more in employment terms if we are to continue to offer an attractive working and learning environment to the workforce of the future.

We also need to speed up the progress of our diversity agenda. We must be bolder in how we develop talent. Getting more female colleagues and colleagues with a migration background into more senior positions is a priority. For this, we need to have an inclusive culture in which everyone feels comfortable and valued – and because of the differences, not despite the differences. Technology is a crucial element of our transformation, and we are developing new ways to collaborate with our clients and with technology partners. We innovate and we experiment. In our new Experience Centre, we will be moving forward with clients on their digital future. We are investing in the digital health of our people and in the recruitment of new colleagues with non-traditional competencies. If we are serious about becoming digital, then we will all need to learn to change also through trial and error.

We are proud of all the colleagues who together make up PwC Netherlands. This past year, they have again demonstrated that they make the difference. Each through their own individual attributes makes an important contribution to our transformation. Our people are the critical factor. The Board of Management recognises that great demands are placed on our people and that much is asked of them. We would like to say a huge thank you in appreciation of their unwavering efforts and commitment.

On 1 July this year, I assumed the chairmanship of PwC Netherlands from Peter van Mierlo, and a new team was appointed with me. Right now is a particularly special time to be taking over the leadership of the professional services organisation that is PwC, and the challenges are legion. You can be assured that we will work towards the restoration of trust in our sector and towards helping solve important problems with dedication, energy and enthusiasm – and gladly with your help.

I sincerely hope you enjoy reading our Annual Report. 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,

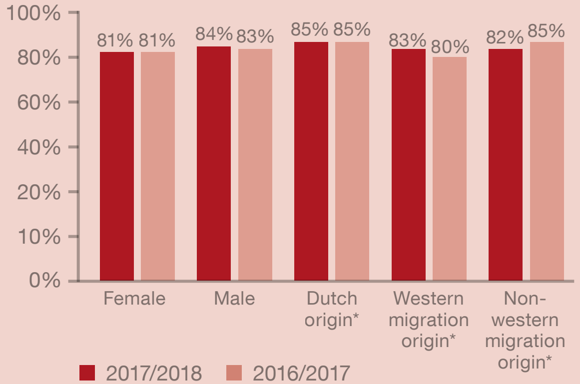
Ad van Gils,
Chair

Key statistics

Key statistics

Our People Engagement Index is among the highest in our global network

We are proud of the results of our People Survey.



The percentage of women in new partner and director appointments is on target

Diversity at the top is gradually improving.

2017/2018	2016/2017
31%	30%

This year's internal audit file reviews show progress in audit quality

This year the AFM and PCAOB did not conduct any regular audit file inspections.

		Year	Compliant	Non-compliant
External reviews	AFM	2017/2018	-	
		2016/2017	4	4
	PCAOB	2017/2018	-	
		2016/2017	-	
	Other	2017/2018	24	
		2016/2017	27	1
Internal reviews		2017/2018	36	1
		2016/2017	35	5

■ Compliant ■ Non-compliant

This year we welcomed our 5,000th employee

	Average FTE	Headcount as at 30 June
2017/2018	4,713	5,091
2016/2017	4,594	4,835

Client satisfaction remains high

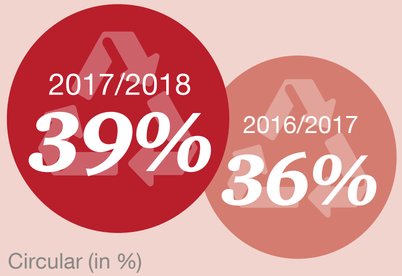
Client feedback results remains above target of 8.0, though we should have requested more feedback.

	2017/2018	2016/2017
Recommendation	8.2	8.2
Net promotor score	38	39
Client satisfaction	8.1	8.1

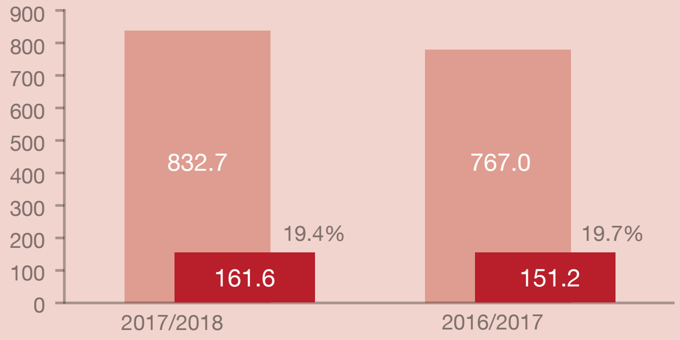
Looking back at a solid financial year where we were able to invest in our people, quality of our service delivery, innovation and social responsibility.

More than a third of our operations is already circular

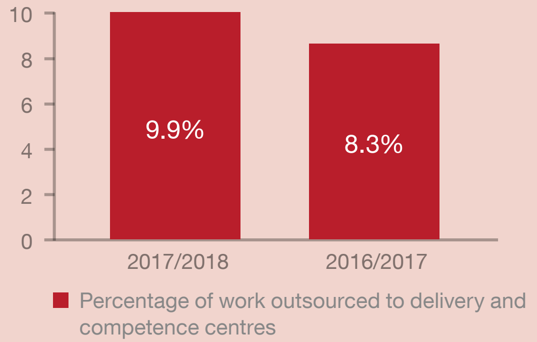
Our ambition is to become fully circular by 2030. We have reduced our CO_2 emissions to 3.9 tons per FTE (2016/2017: 4.2 tons).



We achieved growth at stable profit margins from increased demand for our services

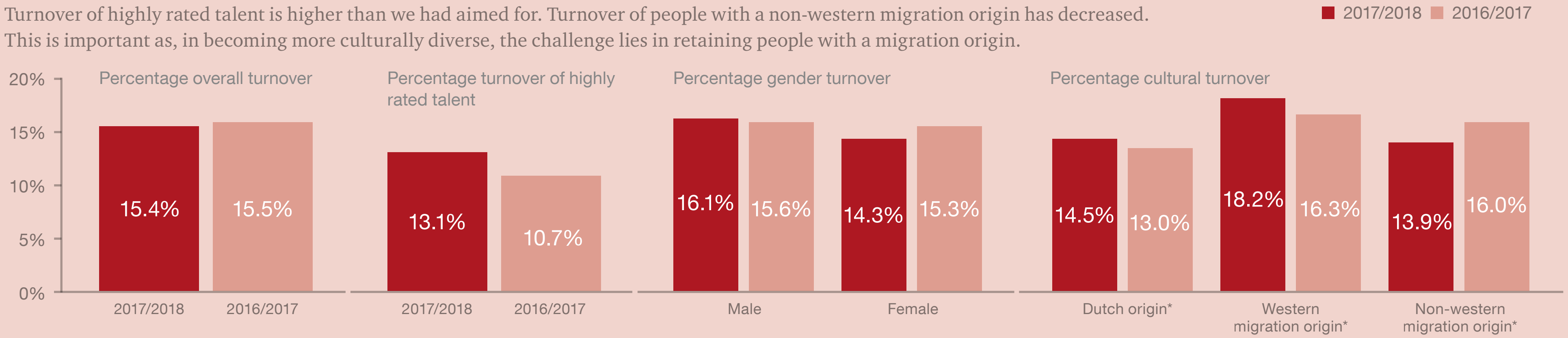


Assurance's outsourcing of standardised work increased as part of our audit quality agenda



Staff turnover remains stable in competitive labour markets

Turnover of highly rated talent is higher than we had aimed for. Turnover of people with a non-western migration origin has decreased. This is important as, in becoming more culturally diverse, the challenge lies in retaining people with a migration origin.



Report of the Supervisory Board

Report of the Supervisory Board

This report sets out how the Supervisory Board (SB) of Holding PricewaterhouseCoopers Nederland B.V., the top holding company of the PwC member firms in the Netherlands, has exercised its supervision over the Board of Management (BoM) and over PwC NL's business affairs generally. In order to mirror the broad societal role of PwC, the SB consists of external members with a wide range of experience and knowledge from their previous and current roles in areas such as public administration, corporate governance, finance and reporting and behavioural science.

This financial year 2017/2018 was the third full operational year of the SB. The role of the SB is to supervise the BoM and the overall business affairs of PwC NL. The SB's tasks and responsibilities cover firm-wide aspects and reflect PwC's continuing transformation towards becoming a purpose-led and values-driven organisation. The SB performs its duties in the context of the SB's outside-in approach and with a critical eye vis à vis the BoM with regard to achieving cultural change.

It is good that the organisation values the presence of an SB, albeit a critical SB. There is continuing attention to achieving the right balance in relationships between the SB and the BoM in terms of support for the BoM on the one hand and supervision of the BoM on the other hand – an important aspect in any situation in which the supervisor and the supervised need to work together closely. The SB regularly reassesses the delicate balance between its need to be critical while still maintaining positivity in its dialogue with, and motivation of, the members of the BoM.

Composition

In 2017/2018, the SB comprised seven external members: 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 and in the Netherlands Corporate Governance Code for combined experience, expertise, diversity and independence of its members. The SB believes that its diversity (regarding gender, age and professional background), together with the number of seven external members, contributes to the quality of its performance. It is of further added value that issues can be considered from a wide range of differing perspectives and experiences, with due regard to individual opinions and independence.

The SB considers the use of technology to be a crucial element in PwC's journey to become purpose-led and values-driven. It acknowledges that this requires different knowledge bases, skills and expertise within the Lines of Service as well as within both the BoM and the SB. Although the composition of the SB is considered to be sufficiently diverse, adding expertise in the area of digitalisation and technology (without increasing the size of the SB) would be valuable and consistent with the SB's need to be more expert in this field.

Members of the Supervisory Board

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

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

Other positions
- Chair of the Supervisory Board of Alliander
- Member of the Supervisory Board of HG International
- Chair of De Nederlandse Vereniging van Participatiemaatschappijen (the Dutch Private Equity and Venture Capital Association)
- Chair of Koninklijke Nederlandsche Heidemaatschappij
- Chair of the Jury for Businesswoman of the Year
- Member of the Senate of the States General (and party Chair of the VVD in the Senate)
- Facilitating officer of Topvrouwen Foundation

The SB is currently considering how to achieve support in this area.

In accordance with the SB's rotation schedule, the board's composition will change significantly in 2018/2019 as Nout Wellink retired on 30 June 2018 and Jan Maarten de Jong (the SB's Chair) is due to retire by the end of 2018/2019. The SB has engaged external consultants to support its deliberations regarding succession for both positions, giving due regard to the way in which the SB is composed and operates. As the SB values stability in its knowledge and experience in the areas of finance and reporting, internal control and risk management at listed companies, the rotation schedule was amended to include the availability of Cees van Rijn for a second term.

Committees

The SB has four committees: the Public Interest Committee, the Audit Committee, the Remuneration Committee and the Selection and Appointment Committee. 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. The tasks of these committees are set out in the SB's charter (see pages 112) for more detailed information).

- **Audit Committee**
  The Audit Committee comprises Cees van Rijn (Chair), Annemarie Jorritsma and Frits Oldenburg. It focuses on finance and reporting, internal and external audit and risk. The Audit Committee meets regularly with those responsible for internal audit, risk and finance, and it holds a private discussion annually with the external auditor (in the absence of the CFO and Internal Audit). During 2017/2018, the Audit Committee met five times. One member was absent from one meeting (attendance rate 80%). The attendance rate for both other members was 100%.

  The Audit Committee discussed periodic forecasts, the internal audit plan and internal audit reports, the 2017/2018 results, the draft annual financial statements, proposed acquisitions and divestments (such as the sale of the 20% shareholding in oneUp B.V.), and the external auditor's management letter. The Audit Committee also received IT updates, including guidance on the implementation of the General Data Protection Regulation (GDPR), and it monitored IT investments in the collaboration between the PwC Europe member firms. As part of the business planning process, the Audit Committee discussed PwC NL's enterprise opportunity and risk management.

  During 2017/2018, the Audit Committee met with the external auditor to discuss the audit plan and approach, as well as the management letter. The Audit Committee was also kept informed of the set-up of the 'AddValue' central unit for all Lines of Service to support engagement teams with client and engagement acceptance procedures in order to reduce the risk of non-compliance and increase quality in internal processes and tasks. In addition, the development of the Experience Centre in the Amsterdam offices (where clients and PwC people can experience the consequences of innovation), and its budget, were presented to the Audit Committee.

- **Public Interest Committee**
  As from 2017/2018, the Public Interest Committee comprises all seven members of the SB and was chaired by Nout Wellink until 1 July 2018. This committee focuses on matters of public interest, regulatory affairs, quality and risk, transformation and change. During 2017/2018, the Public Interest Committee met five times with an attendance rate of 80% for three of its members. The attendance rate for the other four members was 100%.

  The Public Interest Committee evaluated the policymakers in the board of PricewaterhouseCoopers Accountants N.V. in terms of maintaining focus on the cultural and behavioural change that the Assurance practice is aiming to achieve and it monitored the measures taken with respect to quality improvement, such as the development of the Integrated Dashboard. Following the AFM's 'Quality of PIE Audit Firms' report issued last year, the Public Interest Committee also discussed PwC's quality improvement plan and priorities. It also discussed the appeal against the fine levied by the AFM on PricewaterhouseCoopers Accountants N.V. (in 2016) and further developments in this case.

  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 Erasmus Q-intelligence B.V.

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

- **Remuneration Committee**
  The Remuneration Committee comprises Annemarie Jorritsma (Chair), Yvonne van Rooy, Jan Maarten de Jong and Nout Wellink (who retired on 30 June 2018). It focuses on the remuneration of the members of the BoM and, as of 1 July 2018, also of the members of the board of PricewaterhouseCoopers Accountants N.V.) and of partners. During 2017/2018, the Remuneration Committee met twice with an attendance rate of 100% for each member.

  The Remuneration Committee considered the remuneration policy and the proposed remuneration of the members of the BoM and, as from 1 July 2018, also of the members of the board of PricewaterhouseCoopers Accountants N.V. The committee also discussed the process surrounding the evaluation and remuneration of partners and it discussed the staff evaluation and remuneration processes and working conditions during the year.

  The Remuneration Committee's Remuneration Report, as adopted by the SB, is included as an appendix to this Annual Report 2017/2018 (see pages 126-130). It addresses, amongst other things, the 2017/2018 remuneration arrangements for partners and the BoM (including the claw-back scheme for partners who act as external auditor) as well as the remuneration arrangements 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 on partner, senior director and director admissions, appointments to the BoM and of other policymakers, performance evaluations and human resources (diversity, talent management). During 2017/2018, the Selection and Appointment Committee met ten times (in meetings and calls) with an attendance rate of 100% for each member. Several of these meetings were held in connection with the election process of the new Chair of the BoM and his team.

  The main items on the committee's agenda were the election process of the new Chair of the BoM and his team as well as succession within the SB within the SB's rotation schedule. Also discussed was the evaluation of the partner candidates and senior director and director candidates who will be acting as external auditors within Assurance. This included the allocation and selection itself, the process the candidates went through and the deliberations thereon by the BoM and the Country Admissions Committee.

  Other agenda items included the evaluation of the BoM, the approval of the evaluation of the Compliance Officer, the individual development programmes of partners and directors through so-called 'talent scans', and PwC's diversity and inclusion policy.

SB meetings

During 2017/2018, the SB had seven meetings. Four of its seven members attended all meetings (attendance rate 100%). Three of its members had an attendance rate of 88% as each was absent for one of the meetings. At each meeting, the SB is joined by the Compliance Officer, the Deputy Compliance Officer and the BoM, subsequent to a private session of the SB within the context of its 'outside-in' approach and its critical eye vis à vis the BoM.

In addition to the SB and committee meetings, the Chair and individual members of the SB (primarily the committee chairs) regularly address specific issues with the Chair and individual members of the BoM. It is in these more informal discussions that the SB also exercises its advisory, sounding board role. These discussions and the outcome thereof will often lead to additional agenda items for the various committees and for the SB itself.

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 (which provides the complaints, notification and whistle-blowing procedures), evaluation of the Compliance Officer, the BoM and the SB, and remuneration generally. Topical issues, relating to one or more of the Lines of Service or to client and market developments, also featured in the SB's discussions. Other agenda items during 2017/2018 included approval of the selection of Assurance senior directors and directors who will be acting as external auditors within the audit firm and an update regarding PwC's digital platform.

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

Other positions
- Chair of De Nederlandse Vereniging van Ziekenhuizen (the Dutch Association of Hospitals) (primary function)
- 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 (the Municipal Museum of The Hague)
- Member of the Curatorium Beschermers Nationaal Monument Kamp Vught (Protectors of the Camp Vught National Monument)
- Member of the Supervisory Board of Fonds Nationaal Kunstbezit (the National Artistic Heritage Foundation)
- Member of the Advisory Committee of Nexus Institute
- Member of the Board of the Confederation of Netherlands Industry and Employers (VNO-NCW)

- **Appointment of new Chair of the BoM as of 1 July 2018**
  As of 1 July 2018, based on a binding proposal from the SB, Ad van Gils was appointed by the General Meeting as Chair of the BoM (Territory Senior Partner). In its binding proposal, the SB took into account the proposed composition of the BoM, being: Marc Borggreven (portfolio Human Capital), Agnes Koops-Aukes (portfolio Assurance), Renate de Lange-Snijders (portfolio Clients & Markets), Maarten van de Pol (portfolio Advisory), Jolanda Lamse-Minderhoud (second term in BoM and as of 1 July 2018 Chief Finance Officer, Chief Operations Officer and portfolio Risk & Quality) and Mark Diepstraten (second term in BoM and continuing portfolio Tax & Legal). With both the BoM and the SB comprising three women and four men in 2017/2018, PwC more than complies fully with the Management and Supervision Act, which requires 30% female and male representation in both the supervisory and management boards.

- **Adoption of the appointment of Assurance Board members as of 1 July 2018**
  The SB adopted the appointment of Assurance Board members, being: Agnes Koops-Aukes (Chair of the Assurance Board), Michel Adriaansens (portfolios Markets and Human Capital), Wytse van der Molen (portfolios Risk & Quality and other Assurance services) and Joris van Meijel (portfolios Finance and Operations).

- **Stepping down as Chair of the BoM as of 30 June 2018**
  Having come to the end of his term and being no longer eligible for reappointment, Peter van Mierlo (Chair of the BoM) stepped down as of 30 June 2018. Peter decided to accept a new position outside PwC and left PwC as of 1 July 2018.

- **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. A bonus of 15% of the fixed remuneration was determined with regard to Peter van Mierlo (Chair of the BoM until 30 June 2018), as described in the Remuneration Report attached as appendix in this Annual Report (see pages 126-130). The SB is also empowered to levy a remuneration penalty on members of the BoM (up to a maximum of 20%) when quality aspects as a professional practitioner warrant this. No such penalty was levied.

- **Public/External oversight**
  PwC's audit practice is subject to public oversight and review by both the AFM and foreign regulators such as the US PCAOB and Japanese JFSA. A high standard of quality in services rendered is of great importance. Internal quality reviews were discussed as well as the AFM's 'Quality of PIE Audit Firms' report (issued at the end of June 2017) regarding its follow-up of the evaluation of quality improvement measures and the results of actions taken in that respect. In connection with the monitoring of the implementation by PwC of the 53 measures to improve audit quality, the Chair and a member of the SB met with the Monitoring Committee Accountancy (MCA) in anticipation of the MCA's publication of its second report (in May 2018) on the sector's progress on its change process. The Chair and Vice-Chair also had their annual meeting with the AFM.

- **Strategy**
  Presentations by the Lines of Service and Market Leaders on long-term strategy, market position, proposed investment plans and human capital were recurring items on the agenda of the SB. As part of the discussion in the public domain regarding the role of tax advice in general and, specifically, the role of tax advisors therein, the Chair of the Tax & Legal Board reported back to the SB on his meeting with the Secretary of State for Finance. The cross-border collaboration of the People & Organisation business unit within the PwC Europe collaboration was also discussed in terms of helping clients with their transformation programmes. Furthermore, the SB was kept informed on PwC's set-up of the digital platform to accelerate its own digital transformation. PwC NL's enterprise opportunity and risk management were discussed as part of the annual business planning process.

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

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

- **Regulatory framework with regard to audit firms**
  The Act on Additional Measures regarding Audit Firms (Wet aanvullende maatregelen accountantsorganisaties) has amended the Dutch Audit Firms Supervision Act (Wet toezicht accountantsorganisaties), the Dutch Audit Supervision Decree (Besluit toezicht accountantsorganisaties) and the Dutch Civil Code (Burgerlijk Wetboek) as of 1 July 2018. To comply with these amendments, the SB approved the changes necessary to PwC's applicable corporate documentation, such as its charter and the company's articles of association.

- **Sale of oneUp B.V.**
  After reassessing the business model, PricewaterhouseCoopers Advisory N.V. decided to sell its 20% shareholding in oneUp B.V. (formerly BigData Company). Based on the advice of the Audit Committee, the SB approved this sale.

- **Budget**
  The SB approved the budget for 2018/2019.

- **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 the finance director.

Independence
All SB members qualify as independent within the meaning of the SB's charter and the Dutch Governance Code. There was no conflict of interest requiring a SB member to abstain from attending a meeting or from adopting a decision.

Self-assessment
The SB's annual self-assessment session took place in May 2018 covering the SB's role as employer, supervisor and sounding board. Although it was intended that an external advisor be engaged for the SB's self-assessment process every second year, this was postponed so that SB members newly appointed during 2018/2019 can be included. The Chair of the SB led this year's self-assessment.

Each member of the SB completed a written self-assessment. Subsequently, all had personal meetings with the Chair of the SB and gave feedback to the Vice-Chair of the SB regarding the Chair. A summary of both the written self-assessment and the discussions in personal meetings was discussed in a private session of the SB. The SB Chair shared the SB's observations with the Chair of the BoM. The SB resolved to reserve more time in the future for discussion both of the long-term strategy, goals and ambitions and of the BoM's vision regarding developments within the global PwC network of member firms and the PwC Europe collaboration.

Training and development
The members of the SB attended several informational meetings with experts (from both inside and outside PwC) in the fields of corporate responsibility, General Data Protection Regulation (GDPR), diversity and enterprise risk and opportunities. In addition, educational sessions were organised for or attended by SB members, depending on individual experience and focus areas.

As the members of the SB come from outside PwC, they meet regularly with PwC partners and staff to maintain a good understanding of the day-to-day practice and, in particular this year, they attended a meeting with the Royal Netherlands Institute of Chartered Accountants (Koninklijke Nederlandse Beroepsorganisatie van Accountants, NBA) about the future of the audit profession and professional associations. The members of the SB met with partners and discussed technology developments and priorities and their importance to PwC, PwC's approach to the market and choices made, and PwC's plans to achieve its cultural diversity goals by retaining women and colleagues with a migration origin and develop them towards senior positions, with workload being one of the attention points.

Evaluation of the BoM
All members of the BoM took part in annual year-end and goalsetting interviews with appropriate members of the SB. This evaluation included an assessment of the time spent by BoM members in their roles. In addition, the remuneration of the members of the BoM was determined (for both the BoM up to 30 June 2018 and the BoM as from 1 July 2018).

Remuneration report
The remuneration report, included on pages 126-130, is part of this report of the SB.

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. 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, with special mention of Nout Wellink and Peter van Mierlo for their dedication and commitment during their SB vice-chairmanship and BoM chairmanship respectively.

Amsterdam, 27 September 2018

The Supervisory Board
Drs. J.M. de Jong (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

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 2018. The Annual Report is made public (within three months after year-end) on 28 September 2018. There have been no significant changes in terms of size, structure, ownership or supply chain within PwC Netherlands.

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 requested our external auditor to provide a reasonable level of assurance on the Report of the Board of Management (excluding 'Outlook' and page 67), 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 101-107). In this process, the external auditor relies on the audit work performed by our Internal Audit Department.

Integrated reporting
This report follows the framework developed by the International Integrated Reporting Council (IIRC). 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. To ascertain that, we have carried out a so-called materiality analysis (see page 18 and 125). In this report, we focus on those aspects that are of the greatest significance to our strategy and to our stakeholders. The materiality analysis is the starting point of our integrated report.

GRI
The GRI table in the appendix (on pages 131-135) sets out the matters that are relevant to our stakeholders and strategy based on this materiality analysis. The table follows the GRI Standards (Comprehensive) of the Global Reporting Initiative (GRI) guidelines, and it lists the pages where information concerning each indicator can be found.

Transparency Benchmark
We also reflect the Transparency Benchmark criteria for non-financial reporting as determined by the Ministry of Economic Affairs. In the most recent benchmark we were awarded 184 points of the maximum of 200 points.

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

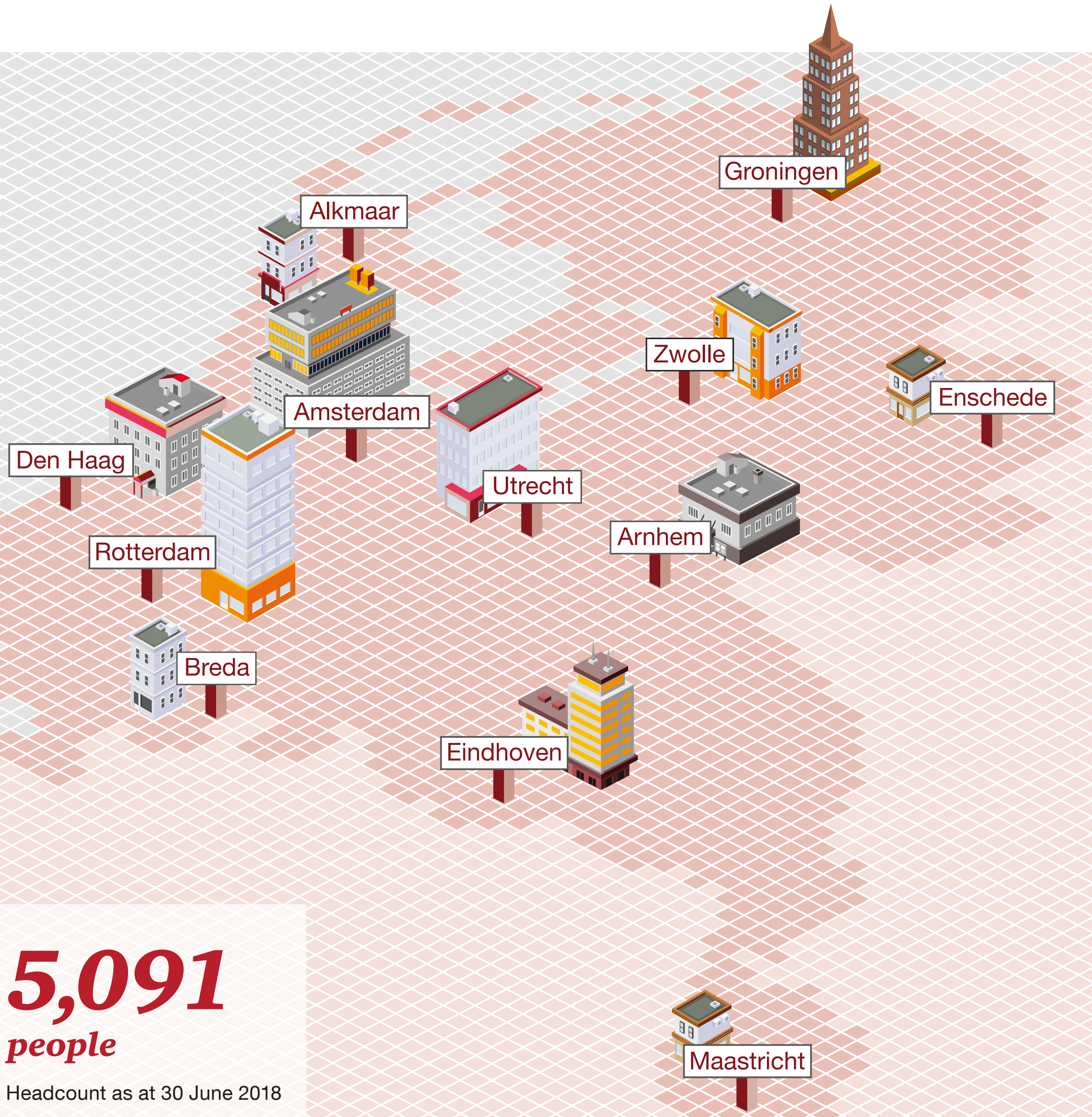
We are organised into the Lines of Service: Assurance, Tax and Advisory, and they are supported by Firm Services.

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.



5,091
people

Headcount as at 30 June 2018

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.

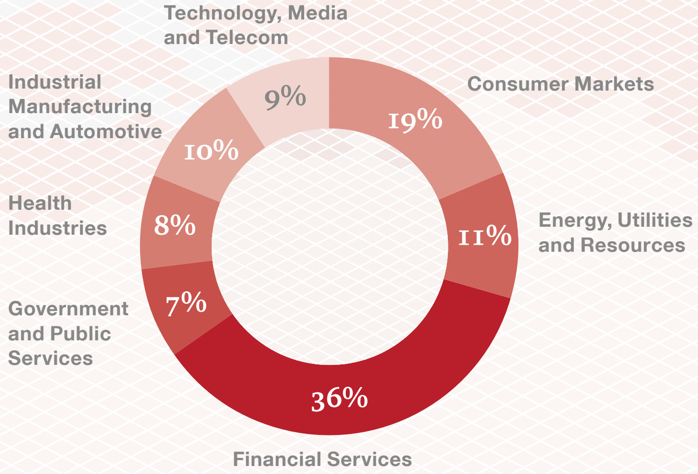
- *Financial Services*
- *Technology, Media and Telecom*
- *Consumer Markets*
- *Industrial Manufacturing and Automotive*
- *Government and Public Sector*
- *Health Industries*
- *Energy, Utilities and Resources*

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

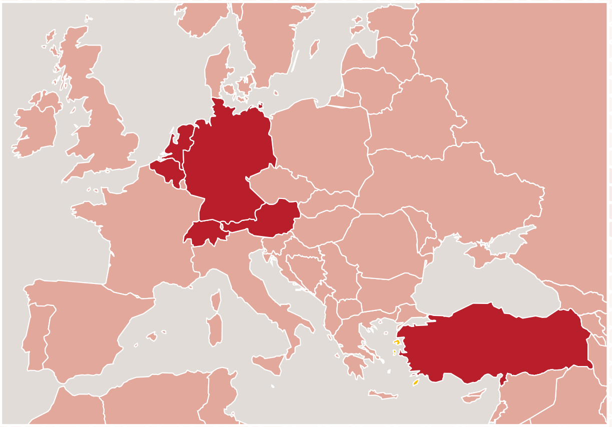
The strength of our organisation really lies in the combined expertise and competencies of all our professionals. We seek to make a difference by integrating a diverse range of perspectives, people and ideas to generate innovative solutions, aimed at building trust in society and solving important problems.

The issues our clients are dealing with are the driving force behind this approach. We operate from our clients' perspectives and with the clients' 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.

Our clients (by revenue)



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 member firms in Germany, Austria, Belgium, Turkey and Switzerland (as from 1 July 2018) within the 'PwC Europe' collaborative association (see pages 109-110 for our legal structure). We are also coordinating business and investments at the level of EMEA (Europe, Middle East and Africa) and of course at global level.

What stakeholders consider most relevant for us

To get an outside-in perspective, the dialogue we have with our stakeholders is very important. Our purpose of building trust in society and solving important problems requires us to truly understand what society expects of us. In order to determine whether they believe that we are delivering in line with our purpose, we maintain a proactive and continuous dialogue with our stakeholders, and we use their input to evaluate and recalibrate our strategy.

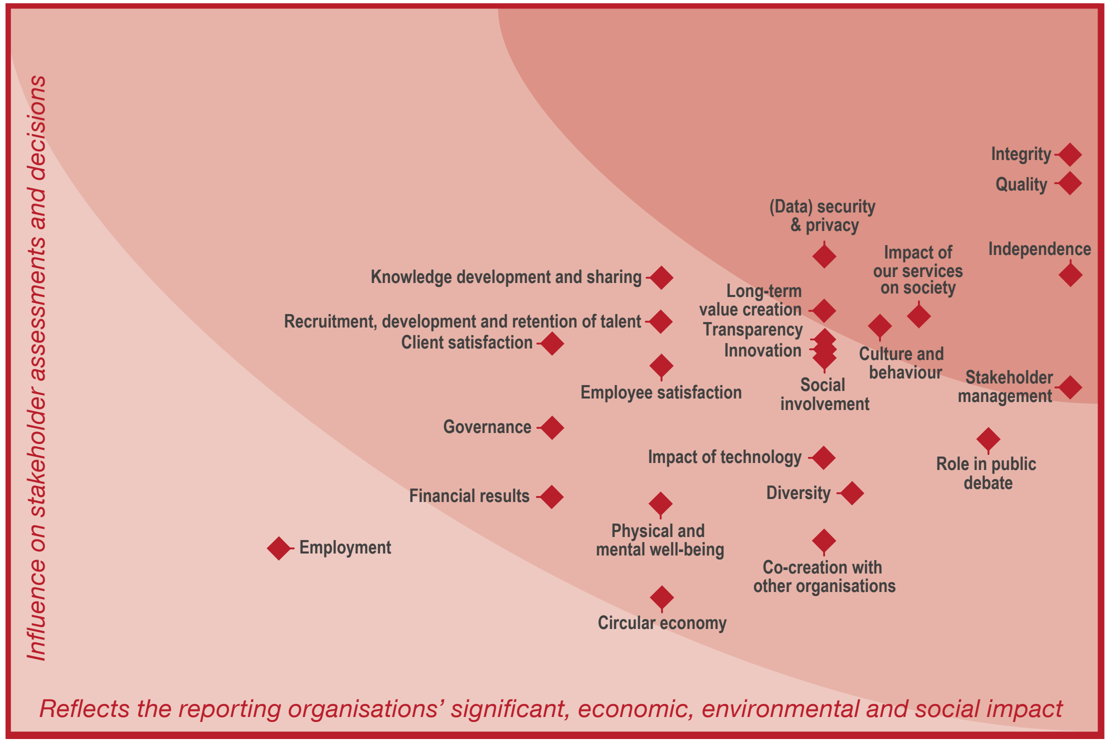
Our stakeholder group is broader than the portfolio of our clients and our people, and the societal environment in which we operate has become increasingly important to our strategy. That is why our ongoing dialogue includes supervisory authorities, interest groups, politicians and educational and other societal organisations.

We request our stakeholders on an annual basis to indicate the themes that are relevant to them and those that are relevant for the long-term value creation of PwC. According to our stakeholders, we should address these themes and reflect them in our strategy. This results in a so-called materiality matrix that indicates the material themes that our stakeholders believe are the most relevant for us. The way we put together the matrix is explained on page 125.

Stakeholders consider 'integrity' and 'quality' as the most relevant for our strategy

As in prior years, our stakeholders consider themes like 'integrity' and 'quality' as the most important themes to be addressed in our strategy. We brought forward three new themes in this year's stakeholder survey: (data) security & privacy, long-term value creation and employee satisfaction (see page 20). Our stakeholders confirmed the importance of these themes to our strategy.

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.

Key messages from our stakeholders

Our purpose is to build trust in society and solve important problems. Our ambition is to become an organisation led by our purpose and driven by stakeholder and society oriented values (as explained in more detail on pages 21-22). The extent to which our stakeholders believe we live up to this promise is an important element of our dialogue with them.
We have pulled together here the most important messages coming from our one-on-one conversations with stakeholders.

Continue the journey towards becoming a purpose-led and values-driven organisation	Our stakeholders acknowledge PwC's progress in becoming a purpose-led and values-driven organisation. Some find proof of this progress in regulatory reports, while others have experienced it first-hand through their own exposures to our way of working. We consider building trust, delivering high quality and working with integrity as the foundations on which PwC is built. Stakeholders stress that we must not waver in our efforts to take the next step in becoming purpose-led and values-driven and that we must show sincerity in this claim. We recognise that the process of cultural change is time-consuming, but we are encouraged to be persistent. At the same time, they indicate that claims to have changed must be supported by evidence. Stakeholders understand that change takes time but will judge results on what they see in practice. We have an obligation to perform and to provide evidence thereof.	See pages 3-4, 22 and 37 for information on how we are addressing these messages.
Increase societal impact by our service delivery and offerings	The stakeholders emphasise that we make the biggest impact on society with our service delivery and offerings. Our services and solutions should not only benefit clients but also society and they should be the starting point of the innovation of our business. An example that comes up in our conversations with stakeholders is the societal debate on tax and the way we contribute to that debate (see page 47). In addition to this, they underline the importance of client continuance and acceptance and strict procedures on selecting the clients we wish to serve - and how we evidence those decisions. Our stakeholders are also aware that we are taking steps towards sustainable operations. For example, they appreciate our ambition to become fully circular by 2030 and our approach to developing a diverse workforce. Themes such as environmental stewardship and equal opportunities are increasingly labelled as 'hygiene' and considered prerequisites for a sustainable business.	See pages 3-4, 24, 31-32 and 47 for information on how we are addressing these messages.
Be transparent about sector and organisation specific dilemmas and challenges	During this year, our stakeholders identified several sector and organisation specific dilemmas and challenges, such as the current debate on the structure of audit firms and the functioning of the audit market. Our stakeholders stress that we can do more to address these dilemmas and challenges and that we must speak up for what we believe is the right way forward. Stakeholders say that being honest and more proactive (not defensive) about the challenges we face, contributes to building trust, both internally and externally. Transparency in this is essential (see page 24).	See pages 3-4 and 24-25 for information on how we are addressing these messages.
Contribute to the public debate and share knowledge	PwC is recognised for its leading role in the debate on audit reform and moral tax debate, and our stakeholders are encouraging us to play an even greater role - by leveraging our expertise, investing in thought leadership, contributing to scientific research and education and leading the public debate.	See pages 3-4, 31-32 and 47 for information on how we are addressing these messages.

Themes stakeholders consider most relevant for us

	Addressed on pages:
Integrity	54, 70, 116
Quality	3-4, 24-25, 49-52, 61, 62-66, 69-70, 71, 117-119
(Data) security & privacy	49-50, 62-66, 70
Independence	50-51, 69-70, 117-119
Long-term value creation	3-4, 21-23, 30, 37, 43
Impact of our services on society	3-4, 22, 24-25, 37, 42-47
Culture and behaviour	3-4, 24-25, 37, 50, 54, 62-66, 69, 116
Stakeholder management	3-4, 18-19, 24-25, 125
Knowledge development and sharing	31-32, 47, 51
Recruitment, development and retention of talent	3-4, 38-39, 55, 71
Transparency	3-4, 19, 24-25
Innovation	3-4, 23, 30, 57-58, 60-61, 62-66
Client satisfaction	31, 33
Social involvement	3-4, 37, 42-45
Employee satisfaction	3-4, 6, 41
Governance	62, 67, 68-70, 111-115
Role in the public debate	3-4, 19, 24-25, 47, 50, 62-66
Impact of technology	3-4, 22, 25, 30, 34, 57-61, 62-66, 71
Diversity	3-4, 37-39, 62-66, 70
Financial results	3-4, 34-36, 62-66, 70, 71, 72-100, 122
Physical and mental well-being	24-25, 41, 50, 62-66
Co-creation with other organisations	43-45, 57-58
Circular economy	3-4, 24-25, 43-45, 62-66, 70
Employment	3-4, 39, 62-66, 120

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

PwC Professional

Services & impact

Our services and solutions...

Assurance | Tax | Advisory

...create value by

Society
- Greater trust in organisations
- Contribution to the 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, execute our strategy and, in doing so, create value for our stakeholders. If we are to achieve our purpose and realise our Vision 2020, we need to transform. The PwC journey is what we call this transformation process to a purpose-led and values-driven organisation.

Why we want to transform

Living up to our purpose and executing our strategy are prerequisites for our continued relevance to our stakeholders: society, our clients and our people. We aim to differentiate ourselves through what we stand for and the services we deliver, and particularly by how we deliver those services, how we prioritise, and how we communicate with each other and with our clients and society. We strive to help our stakeholders to create value for their stakeholders, thereby contributing to the common good of society. Our ambition is to transform ourselves into an organisation led by our purpose (our 'why') and driven by values: a so-called purpose-led and values-driven organisation. And this means we need to see ourselves from an outside-in perspective and to look at the world, our clients and their problems from different angles.

We use the metaphor 'journey' to identify and clarify this transformation. This is the umbrella under which we bring all new and existing change initiatives. Bringing them together like this provides focus and underscores that they contribute to the same transformational ambition.

Our purpose and strategy are linked to the environment we work in

Our purpose and our Vision 2020 have arisen from the expectations stakeholders have of us (see pages 18-19) in the midst of the big challenges the world is currently facing. Megatrends such as technological breakthroughs, demographic and social change, resource scarcity and climate change, shift in global economic power and rapid urbanisation have major impacts and are irreversible. The seventeen United Nations' Sustainable Development Goals reflect these challenges, addressing the most pressing global issues, and they explicitly call on the business world to contribute. We have analysed all seventeen SDGs and identified nine that are relevant for us. Because our aim is to be effective and make real impact, we have initially chosen to focus on four of them (see more information on page 42).

Furthermore, the way we communicate is changing, society's norms and values are shifting, and new business models are disrupting the old ones. Trust in institutions, politics and established business is eroding. In many areas, there are new questions that need answers. That is why we must build trust in society and contribute to solving important problems.

Vision 2020 defines our ambition for the firm we want to become in order to live up to our purpose

We defined Vision 2020 in a way that describes the four strategic choices we have made as a firm, the choices that will help us achieve our purpose, execute our strategy and, in doing so, create value for our stakeholders.

- A leader in building and sustaining trust-based institutions

We want to become relevant and help enhance trust for our stakeholders (clients, regulators and institutions). As the leading professional services network with a brand that stands for quality, trust and integrity, our role is to bring together clients, regulators and other stakeholders to rebuild the trust that has been eroded in institutions and systems, including our own.

- A multi-nodal organisation: be embedded in and operate across the world's dominant and emerging political economies

Given our clients' need for us to be locally relevant and globally effective, our strategic choice is to strengthen all levels of our organisation, locally, regionally and globally, optimising each so that the whole is greater than the sum of the parts.

- A professional services network delivering client service from strategy through execution

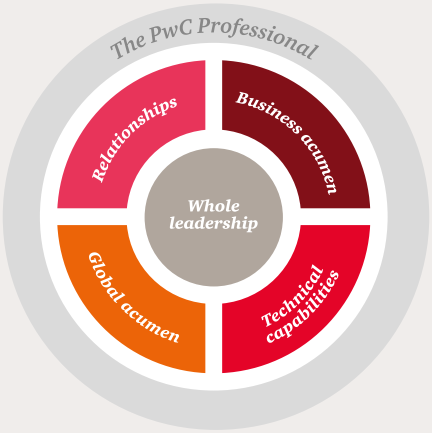
Our clients are facing increasingly complex and interconnected challenges. We can help them navigate all aspects of that complexity, with a brand that gives them confidence. Combining the capabilities needed to work with clients from upfront strategy analysis and functional implementation to create a truly differentiated offering resonates strongly with leading clients from a global to a local scale.

- A technology-enabled innovator: use technology to transform, disrupt and grow our business, building relevance through innovation and alliances

To continue to be relevant to our clients, we need to disrupt ourselves before others do; embrace technology to improve the way we work; foster innovation to create new products and services for our clients and ourselves; and build strong alliances with a variety of stakeholders to complement our deep industry knowledge and client relationships.

The 'PwC Professional' contributes to our transformation

Our journey towards becoming a purpose-led and values-driven organisation is supported by our values and by the PwC Professional. The PwC Professional is our competency and leadership development model to help our people develop the skills they need.



Whole leadership
I lead myself and others to make a difference and deliver results in a responsible, authentic, resiliant, inclusive and passionate manner.

Business acumen
I bring business knowledge, innovation, and insight to create distinctive value for clients, PwC and other stakeholders.

Technical capabilities
I apply a range of technical capabilities to deliver quality and value for clients, PwC and other stakeholders.

Global acumen
I operate and collaborate effectively with a mindset that trancends geographic and cultural boundaries.

Relationships
I build relationships of high value which are genuine and rooted in trust.

We work along the lines of five focus areas

We continue to work (and report) along the lines of the five focus areas we have identified in recent years to help achieve the goals included in Vision 2020.

These focus areas represent our strategic goals and they are:
- Understanding our clients in order 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

This report is structured along the lines of these five focus areas.

Dilemmas

We consider the views of our stakeholders and their stakeholders in all the choices we make. In doing so, we sometimes face dilemmas. We are learning that we must be transparent about these dilemmas, about the way we approach them and how we deal with them. There are no easy solutions for the dilemmas we face, and that is why it is so important to have an open and continuous dialogue with our stakeholders. In this paragraph, we elaborate on a number of the key dilemmas we face.

Sector-specific dilemmas

In recent years, both we and the sector as a whole have invested in closing the performance gap in audit quality. We are spending more time on the audit and on the documentation in the files, and we have raised levels of consultation and learning within our organisation. Our efforts are primarily aimed at transforming ourselves into a purpose-led and values-driven organisation that puts our societal role at the centre of what we do. It has become increasingly clear that the right culture, mindset and behaviour are essential drivers of quality – not only for us as auditors but also as (tax) consultants.

But we need to do more in order to restore public trust. We must be open and transparent about the dilemmas in our industry and within PwC. Like in many industries, our business model and the way we are organised involve risks that need to be mitigated. We acknowledge that the ways of working, both within our organisation and within the sector as a whole, can involve harmful incentives that may impact our audit quality and independent mindset. It is important that we identify these incentives and appropriately mitigate the risks that result from them. However, we must also acknowledge that mitigating measures themselves may involve new incentives and new risks. We need to have an honest dialogue in order to strike the right balance between these risks and the related mitigating measures.

Furthermore, to restore public trust in the profession, it needs to be clear to stakeholders what an unqualified auditor's report entails – but, importantly, also what it does not entail. The primary responsibility for continuity, fraud and compliance with laws and regulation rests with the entity's management and the supervisory board. It is the auditor's responsibility to identify and address risks related to continuity and material misstatement, whether unintentional or resulting from fraudulent reporting, misappropriation of assets or bribery and corruption. But, at the same time, undetected fraud or unexpected bankruptcy do not necessarily or automatically mean that the auditor's performance has been inadequate.

We are actively contributing to the debate with internal and external stakeholders to address the expectation gap that may exist in these areas. We realise that we also have a responsibility within the sector at large, and in this context we are an active participant in the NBA initiative on the Change Agenda Audit ('Veranderagenda Audit'). We are also engaged in a more fundamental analysis of the structural models within the sector, such as the business, partner and earnings models. Since the NBA published its green paper on structural models, the MCA and other stakeholders have urged us to get into this more deeply and identify ways in which we can further mitigate harmful incentives.

Converging public and client interests by becoming purpose-led

To live up to our purpose, we must consider the impact of our services and service delivery on our clients, on our clients' stakeholders and on society. This means we have to reflect the societal context in delivering our services. For our Assurance practice that works directly for the public interest, but it is also true for Tax & Legal and Advisory. When we advise on an international tax structure, it is not good enough to look only at compliance with law and regulations. The societal perspective on how such structure impacts the level of taxes paid and in what jurisdictions it is paid has become even more relevant. When we help our clients with their (digital) transformations, our purpose requires us to put the processes, systems and risks we advise on in a broader context through the eyes of our client's stakeholders. Only then can we create value for our clients and serve the public interest at the same time.

We do not compromise on quality. We comply with laws and regulations and we have a Tax Code of Conduct that sets limits on what we advise. Sometimes, however, the acceptance or execution of a project may require more specific consideration. Consequently, we have several (sometimes mandatory) consultation procedures in place. For example, we have a Tax Policy Panel, which reviews proposed tax advice within the context of the Tax Code of Conduct and assesses the impact it could have on society at large.

Balancing the workload of our people with quality and client needs

We offer interesting, challenging, but also demanding jobs that sometimes require working beyond regular hours. At the same time, we naturally acknowledge everyone's need for flexibility and a proper work-life balance. To achieve this balance, we are working on sustainable deployment, the importance of well-being and opportunities for flexible work.

Especially in the seasonal peak periods, workload and time pressures of deadlines can be high. During these periods, overtime is quite common and we sometimes ask people to put their private plans aside to finalise the work.

The workload has continued to increase in recent years. We are putting in more hours due to the quality improvement agenda while, at the same time, we are seeing greater demand for assurance in the market place. We have therefore increased the number of staff, while facing constraints in a tightening labour market. Our people ask for more flexibility as a means for balancing workload with their personal life, and technology has made it easier to work more flexibly and remotely. Furthermore, in Assurance we have, in consultation with a group of young colleagues, set up a pilot to make working hours more flexible (see also page 41). We have also invested in a number of programmes to support the well-being of our people (see page 41). The balance, however, between the workload and well-being of our people still needs our attention.

Involving all our people in becoming a technology-enabled firm

One of our ambitions is to become a technology-enabled firm and we see this as a part of our transformation process. With the help of technology, we aim to improve our service delivery and offerings and our own back and front office processes. Nonetheless, we believe that even in the digital era it is people that matter. The human factor still makes the difference in the work we do. We are therefore building a workforce that is digitally savvy. That does not mean that we expect our people to become information scientists or programmers. But we need a workforce that knows the opportunities that technology offers, is able to discuss them and share knowledge about them, and is able to formulate technology-enabled solutions.

As a firm, we do not yet have these skills sufficiently developed. We are recruiting people with (for us) non-traditional backgrounds in scientific, technological, engineering and mathematic studies and we will continue to do so. To realise our ambitions however, those who have been working with us for many years also have to become digitally savvy and embrace new ways of working that come with technology. We must be open to learn, be bold in our experimentation and be prepared to learn from failure. This requires a different mindset and behavioural change, which for some of us is more difficult than for others.

Becoming a sustainable business in a global and mobile environment

Our ambition is to become fully circular by 2030. This means no waste, no emissions and (re)use of products and materials. At the same time, our clients ask us to work as internationally as possible, which also requires travel.

To become fully circular is a bold ambition. It requires serious investments and robust dialogue with our people and our clients about what this ambition means in our daily work. Our people and clients expect PwC to make environmentally responsible choices - choices that are not always the most convenient or easy, but are simply the right thing to do (see also pages 42-45).

Our strategy and achievements

In executing our strategy, we work along the lines of the five focus areas we have identified to help achieve the goals included in Vision 2020. Linked to these focus areas are critical success factors that make clear where further work is needed to make progress. 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 where needed. This report follows the structure of this integrated dashboard.

Focus area	Critical success factors	Material aspects	SDG	Performance indicators	Actual 2016/2017	Target 2017/2018	Actual 2017/2018	Target 2018/2019
Understanding our clients to create long-term value	Multidisciplinary service offerings and delivery that address our clients' key issues	Client satisfaction		Client satisfaction overall	8.1	8.0	8.1	8.0
				Client recommendation	8.2	8.0	8.2	8.0
				Net promotor score	39	40	38	40
	Robust dialogue that matches our clients' strategic agendas	Client satisfaction						
	Profitable growth, to generate funds for investment	Financial results, Employment		Net revenue PwC NL	€ 767M	Growth	€ 833M	Growth
				Operating profit PwC NL	€ 151M	Stable (in %)	€ 162M	Stable (in %)
				Number of FTEs	4,594	Growth	4,713	Growth
				Percentage (billable) client hours of total hours	63%	Stable	63%	Stable

Focus area	Critical success factors	Material aspects	SDG	Performance indicators	Actual 2016/2017	Target 2017/2018	Actual 2017/2018	Target 2018/2019
Delivering the PwC Culture	Building an externally focused culture in which social involvement is the norm	Impact of our services on society, Role in the public debate	16 Peace, justice and strong institutions	We are in the process of developing KPIs to measure our progress on building an externally focused culture				
	Building an inclusive culture based on encouragement and collaboration	Diversity	10 Reduced inequalities	Intake (%) male/female	53.7%/46.3%	Equal %	52.4%/47.6%	Equal %
				Intake origin (%) Dutch origin/Western migration origin/Non-western migration origin	55%/15%/ 30%	N/A	59%/14%/ 27%	50%/19%/ 31%
				Turnover (%) gender male/female	15.6%/15.3%	Equal %	16.1%/14.3%	Equal %
				Turnover origin (%) Dutch origin/Western migration origin/Non-western migration origin	13.0%/16.3%/ 16.0%	Equal %	14.5%/18.2%/ 13.9%	Equal %
				Promotions (%) male/female	18.3%/20.9%	Equal %	20.1%/19.0%	Equal %
				Promotions origin (%) Dutch origin/Western migration origin/Non-western migration origin	20.2%/16.8%/ 19.3%	Equal %	19.7%/18.4%/ 20.9%	Equal %
				Women in new partner and director appointments (%)	30%	>25%/30%	31%	>30%
	Sensitivity for our people, their personal development and their well-being (valuing their contribution)	Physical and mental well-being, Employee satisfaction		People Engagement Index	82%	>80%	83%	>80%
				People Engagement Index (%) male/female	83%/81%	>80%	84%/81%	>80%
				People Engagement Index (%) Dutch origin/ Western migration origin/Non-western migration origin	85%/80%/ 85%	>80%	85%/83%/ 82%	>80%
	An impactful CR approach	Role in the public debate, Social involvement, Circular economy	12 Responsible consumption and production	Circularity in operations (%)	35.7%	Improve, 100% by 2030	38.9%	Improve, 100% by 2030
				Reduction CO_2 emissions per FTE	16.1% -	-30% by 2020, zero by 2030	21.0% -	-30% by 2020, zero by 2030
				People involved in CR (%)	14%	20%	16%	20%
	Knowledge sharing and thought leadership	Knowledge development and sharing		Hours invested in Chief Economist Office	10,561	Stable	9,341	Stable

Focus area	Critical success factors	Material aspects	SDG	Performance indicators	Actual 2016/2017	Target 2017/2018	Actual 2017/2018	Target 2018/2019
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	Quality, (data) security and privacy		Outcomes external reviews	4 of 8 AFM reviews non-compliant/ PCAOB: no reviews/ other: 1 of 28 reviews non-compliant	Improvement	No AFM and PCAOB reviews/ other: all 24 reviews compliant	Improvement
				Outcomes internal quality reviews Assurance	5 of 40 reviews non-compliant	< 5% of the reviewed engage-ments non-compliant	1 of 37 (2.7%) reviews non-compliant/ CMAAS and RAS: all 19 reviews compliant	< 5% of the reviewed engage-ments non-compliant
				Outcomes internal quality reviews Tax	11 of 274 reviews not meeting our standards	< 5% of the reviewed engage-ments not meeting our standards	11 of 263 (4.2%) reviews not meeting our standards	< 5% of the reviewed engage-ments not meeting our standards
				Outcomes internal quality reviews Advisory	80 reviews, all meeting our standards	< 5% of the reviewed engage-ments not meeting our standards	2 of 70 (2.9%) reviews not meeting our standards	< 5% of the reviewed engage-ments not meeting our standards
	A governance environment and organisation that encourages and facilitates our ambitions for maximum quality	Governance, Independence, Transparency, Integrity		Percentage favourable answers in People Survey on the subject of ethics (%)	77%	>80%	78%	>80%
	A talented workforce continually schooled in both the hard and soft aspects of our service offerings and delivery	Recruitment, development and retention of talent		Turnover rate top talent (%)	10.7%	<8%	13.1%	<8%
				Training hours per FTE	119	Stable	110	Stable

Focus area	Critical success factors	Material aspects	SDG	Performance indicators	Actual 2016/2017	Target 2017/2018	Actual 2017/2018	Target 2018/2019
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	Innovation, Impact of technology, Co-creation with other organisations	8 DECENT WORK AND ECONOMIC GROWTH	We are in the process of developing KPIs to measure our progress on innovation				

Focus area	Critical success factors	Material aspects	SDG	Performance indicators	Actual 2016/2017	Target 2017/2018	Actual 2017/2018	Target 2018/2019
Transforming our organisation	Continuous improvement to our workflows	Financial results, Impact of technology		Mobility and transfers	147 transfers within PwC/ 165 incoming and outgoing transfers within global network	More transfers within PwC NL and global network	160 transfers within PwC/ 207 incoming and outgoing transfers within global network	Increase transfers within PwC NL and global network by 10%
	An agile organisation able to meet changing stakeholder needs and a resilient organisation ready to deal with (unexpected) economic developments	Financial results		Hours outsourced to (PwC) delivery and competence centres	8.3%	Increasing outsourcing standardised work	9.9%	Increasing outsourcing standardised work

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 formulate and achieve their strategy, reflecting the rapidly changing (societal) context and the interests of their stakeholders. Profitable growth enables us to invest in the quality of our service offerings, to attract and retain the best people and to invest in innovation and technology. To realise this, we must differentiate ourselves in the market through trust-based relationships and innovative propositions.

Multidisciplinary service offerings and delivery

Critical success factor	Why critical?	Our approach
Multidisciplinary service offerings and delivery that address our clients' key issues.	In a fast changing world, our clients face complex issues with different aspects and angles, which can only be solved by an integrated approach that covers multiple specialisms, skills and competencies.	Our people are working in one of our Lines of Service (Assurance, Tax & Legal or Advisory) and further focused into an industry and/or a market segment such as private and family businesses, private equity or the public sector. Clients' issues, however, are often not limited to one aspect or competency, but have to be looked at from different angles and perspectives. That is why it is crucial that our three Lines of Service work together. Our ambition to assist our clients from strategy to execution is a driver of (national and international) collaboration throughout our firm.

We have continued our digital media campaign
This year we have continued our campaign (radio, newspapers and website) to demonstrate and raise awareness of our knowledge base and expertise in the area of digital. In line with the above mentioned BXT approach, we underline in this campaign that we do not consider 'digital' as a goal in itself, but as a tool to deal with business transformation challenges.

What we have achieved in 2017/2018:
- *We have continued to invest in innovative multidisciplinary service offerings, for example in the areas of cyber security, privacy and compliance.*
- *We have further developed our BXT approach which combines business, experience and technology.*
- *Client satisfaction remains high, but we need to ask for more feedback.*
- *All Lines of Service grow benefiting from higher demand for services in a favourable macro-economic environment. Major projects drove higher profits for the year.*

We have brought together all our cyber security related services into one business unit

We have established a new business unit Cyber Security, Privacy & Forensics. The need for these services has grown in recent years in all sectors and industries. Bringing our specialists together in one group allows them to collaborate and innovate more and better.

We are working on our BXT approach which combines business, experience and technology

For us, technology is about business solutions and about people, so we look at technology as an enabler, as a tool to realise ambitions or solve issues. In other words, it is not about technology but about the business. Nowadays almost every issue we face has a technological aspect, which is also a driver in further strengthening our multidisciplinary approach. Reflecting the issues clients bring to us, we gather experts from various disciplines. These might include 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. Please refer to page 57 for further information.

We are focusing on private and family businesses

We have been strengthening our focus on private and family businesses. Family businesses are typically focused on long-term value creation and they are stakeholder-oriented and rooted in their environment, with subjects such as succession planning being high on the owner's agenda. This justifies a specialised approach. We have built a dedicated team that covers all our Lines of Service and we have set up a special training programme. In developing services and solutions for private businesses we work closely with the other member firms within our PwC Europe collaborative association.

We also publish research reports and articles on private and family businesses. Together with Tilburg University we founded the Tilburg Institute for Family Businesses in 2016/2017 that conducts research into the dynamics of family businesses and offers a training programme. We sponsor this institute and we are a member of its supervisory board, but the research is carried out strictly independently.

A new digital way of working for private businesses
MyFinance is a platform for handling all tax, legal and compliance matters for private businesses. It is a new digital way of working for our private business clients together with PwC.

MyFinance aims to support clients such as small and medium enterprises, scale-ups, partnerships, (owners of) family offices. 'These clients are cost conscious, want to be in control on their compliance and seek advice on what is relevant to them', explain Rob van de Merwe and Marvin Wentink, the driving forces behind MyFinance. Rob got the idea for the platform when he saw thick binders with personal administration on shelves in his own home. 'It made me think of all the information our clients have to collect and submit to PwC in order to prepare their tax returns and their annual accounts'.

Through MyFinance, clients can also easily connect with an integrated cloud accounting solution. Rob van de Merwe illustrates this with an example:

'If a client receives an invoice, he or she can make a picture of the receipt and upload it. This will be automatically processed into the administration as an expense along with the refundable VAT. The annual accounts (and publication at the Chamber of Commerce) and all tax returns are generated automatically, and MyFinance communicates securely and is GDPR-proof. 'In this way a lot of compliance-related work is done automatically, which is easier, reduces mistakes and makes it more efficient. It gives our clients much more control over their tax, legal and compliance matters.'

Another feature of MyFinance is the use of smart algorithms, enabling analyses of the data the client has uploaded to the system, also in combination with other sources. Marvin Wentink: 'When the government comes up on budget day with its new tax measures, MyFinance communicates the relevant outcome of these analyses. So we can inform and advise each client personally'.

Robust dialogue with our clients

Critical success factor	Why critical?	Our approach
Robust dialogue that matches our clients' strategic agenda.	Only in a trusted relationship can we have the robust dialogue with clients that enables us to obtain a true understanding of their strategic agenda.	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 how we act and behave. Our PwC Professional leadership model (see page 23) describes the skills and behaviour we expect from our people as they build these trusted relationships. The feedback of our clients tells us whether we achieve this ambition. Our Chief Economist Office also contributes to our dialogue with clients. The research this office carries out helps us to build our knowledge base regarding the important issues on our clients' agendas while, at the same time, providing new insights. The Chief Economist Office is therefore also actively involved in client relationship programmes and proposal processes.

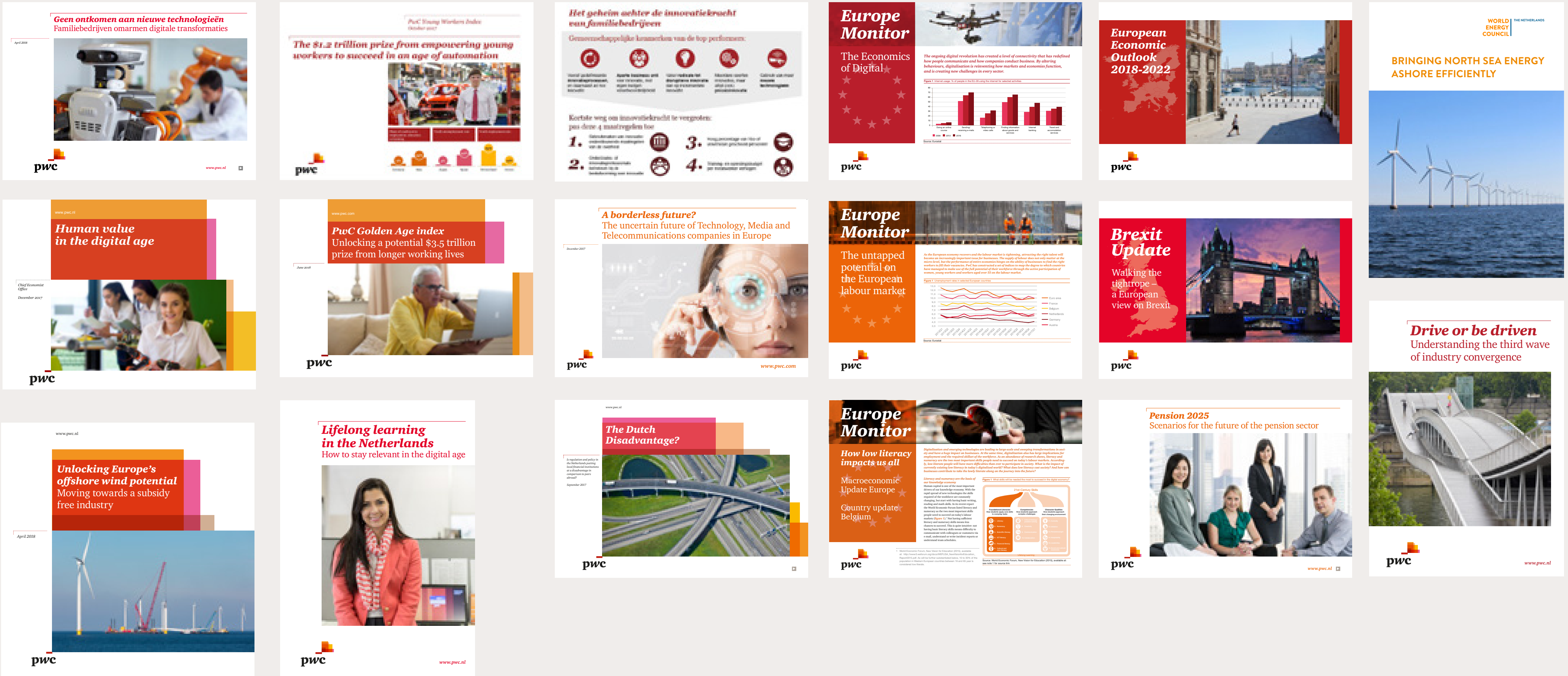
Research of our Chief Economist Office is focused on the impact of digitalisation
As our Chief Economist Office is aiming to develop knowledge for internal and external use on a wide range of topics that are high on our clients' agenda, much of the research conducted last year had a digital angle.

The Chief Economist is supported by a team of business researchers and analysts, and his office also recruits temporary support from experts from within our Lines of Service. Last year, our people spent 9,341 hours (2016/2017: 10,561 hours) on research and support for the Chief Economist Office.

Client feedback results are generally good, but we need to ask for more feedback
Client feedback is very important to us. We aim to organise an evaluation moment with each client every year, not only to discuss the quality of our work (the 'what'), but also the way in which our people interact and behave (the 'how'). 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 are very pleased with our clients' appreciation of the work we do. At the same time, we realise that we should have asked for much more feedback. The number of job requests we sent was clearly low compared to the number of client projects we do, we did not meet our target for the number of job surveys submitted to clients this year.

These are the reports released this year that had input from our Chief Economist Office:



Client feedback results	Number of job surveys		Client satisfaction score		Recommendation*	
	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017
Assurance	354	381	7.9	7.9	8.0	7.9
Tax	137	203	8.3	8.3	8.4	8.4
Advisory	123	145	8.3	8.3	8.5	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.

The higher the number of job surveys the greater the value of the feedback.

We need to raise our professionals' awareness of the importance of client feedback in terms of relationship building and learning on the job. Our partners and directors should lead by example.

To better facilitate our client feedback process, we have redesigned our client feedback system as from the start of the coming financial year (2018/2019). The changes make the system more straightforward and user-friendly. Furthermore, the system now explicitly requests client views on how we reflect the public interest in the delivery of our services. We have also aligned templates and questionnaires to our values (see page 37).

Developments in our external environment

Megatrends are driving changes in client needs - As set out on page 22, the megatrends and the global issues that are addressed in the sustainable development goals have a major impact on the issues our clients are facing and therefore also on our service delivery. While our processes were previously aimed mainly at the functional processes dealt with 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. We expect that this shift in service delivery and offerings, where we assist clients from strategy through execution, to continue in the coming years.

We face continuous public attention – Society is constantly monitoring our performance and setting ever higher standards for the quality – the 'what' and 'how' - of our service delivery. Only then we will be trusted and live up to our purpose of building trust in society and solving important problems. This purpose is critical to our credibility in terms of reflecting public interest in what we do and in terms of driving the ongoing development of existing and new solutions, and thereby also where we focus our investments (for further information, see page 57).

Economic growth – We are benefiting from the current macro-economic upswing. Advisory is project-driven and generally follows the (positive and negative) economic climate of the day. At the moment, Tax & Legal and Assurance both see higher demand for their services as our clients grow and transform their businesses (see page 35).

Impact of technology – The rapid pace of technological developments has a huge impact on our business, our professions and our clients. It is necessary for us to invest in technologies such as robotics, artificial intelligence and the use of data to improve quality, innovate our solutions and maintain and improve our market position. Becoming a technology-enabled innovator is a major aspect of our strategy (see also page 23).

The battle for talent – Because of the improved economic conditions the labour market is highly competitive. Becoming a technology-enabled innovator requires investments in capabilities that we do not yet sufficiently have it in place. We put a lot of effort in the recruitment and retention of talent, including people with for us non-traditional backgrounds and we also train our own people to become 'digitally-savvy' (see also page 25).

Volatile environment – We face a volatile market and environment. In a globalising world events and circumstances like uncertainties in the regulatory environment, the outcome of elections, Brexit, the threat of terrorism, refugee flows and geopolitical challenges can have a major impact on business confidence.

Generate funds for investment

Critical success factor	Why critical?	Our approach
Goals for 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.	We invest in the quality of our service offerings, especially in integrated and technology-enabled solutions from all our Lines of Service, because we see the greatest added value for our clients when growing and transforming their business.

Looking back on a solid financial year

We look back on a solid financial year. Revenue increased by 8.6% to € 832.7 million (2016/2017: €767.0 million). All Lines of Service grow benefiting from higher demand for services in a favourable macro-economic environment. Major projects drove higher profits for the year.

Costs have increased, mainly because of staff growth

Costs have increased as the head count has increased. In February we welcomed our 5,000th employee. The number of staff increased in all Lines of Service. The pace of growth in people is in line with the growth of our business. It also reflects our quality agenda, particularly in Assurance.

We continue to invest in technology

We have continued the level of investments in technology. Some of these technology investments are aimed at the effectiveness and efficiency of processes within our own organisation. The other (and largest) part is aimed at innovating our service offerings and delivery. All our Lines of Service continue to develop new ways of working for example by making use of data, artificial intelligence and robotics (see also pages 57-58).

Trends differ across sectors

Looking at our industries we see strong revenue growth in the Financial Services and Energy, Utilities and Resources sectors, mainly due to a number of larger projects. In general, other significant industry-based revenue fluctuations compared to last year result from the project (non-recurring) nature of large elements of our services.

Cash flows and financing

Cash and cash equivalents amounted to € 17 million at year-end (30 June 2017: € 16 million) and our solvability ratio was 16.1% (30 June 2017: 17.7%).

When assessing financing needs, we also take account of contributions from partners, which at year-end aggregated € 179 million (30 June 2017: € 172 million), representing some € 661,000 per partner (30 June 2017: € 616,000).

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 the financial statements (page 92).

Revenue changes in %	% 2017/2018	% 2016/2017
Financial Services	+23%	+15%
Technology, Media and Telecom	-13%	-11%
Consumer Markets	0%	-2%
Industrial Manufacturing and Automotive	+8%	-2%
Government and Public Sector	-3%	-1%
Health Industries	-5%	+27%
Energy, Utilities and Resources	+29%	-8%

Results Assurance

Higher demand has fuelled Assurance results

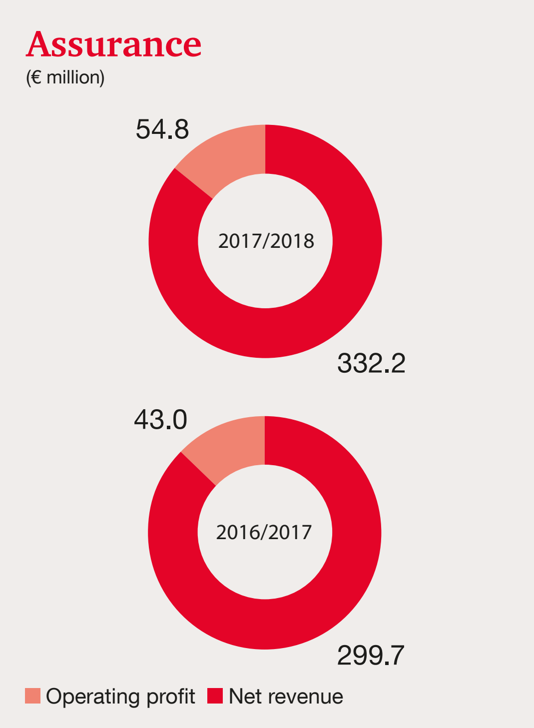
After a few years of decreasing profitability in Assurance, our result has improved due to a high demand for assurance services. We continued our investments in audit quality and our workforce.

We expanded Assurance's headcount in order to limit the workload of our people and to facilitate a further improvement in quality. We also hired more temporary colleagues than foreseen, because of some large projects and a pilot to reorganise our workflows to mitigate the work peaks in the 'busy season' (also see pages 41 and 50).

We have continued our investments in the further digitalisation of our processes and workflows.

We see a greater need for non-financial assurance and accounting specialists

As digitalisation moves forward, we are seeing a greater need for assurance and advice around systems and non-financial information. This has again generated strong growth for our Risk Assurance practice this year.



Also CMAAS, dealing with complex accounting transformation projects, continued to perform well this year, particularly from the implementation of IFRS standards 9, 15 and 16 for listed companies. We consider CMAAS and Risk Assurance as key growth areas, so these are areas and services in which we also continue to invest.

Results Tax & Legal

Tax & Legal sustained a solid performance

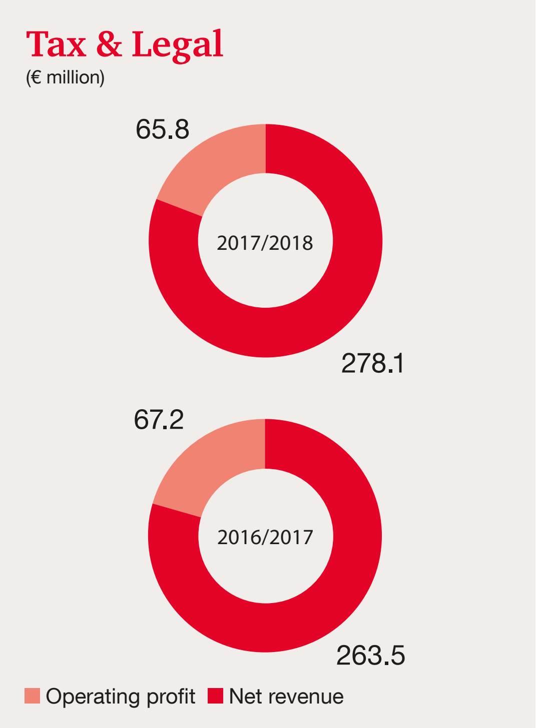
Tax & Legal had a solid and stable year. Tax revenues have increased, but profitability fell slightly due to investments in recruiting people with technological skills. The shift from traditional tax services to technology-enabled tax consulting and compliance has continued.

People & Organisation is also focusing on technology-enabled solutions that are being implemented together with our technology partner Workday. People & Organisation has recruited people with a technological background and we are training our people to become more technological-savvy (see also pages 25 and 55).

The use of technology is 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.

The revenue mix of Tax & Legal is changing

Taxation is increasingly becoming a key part of our clients' business strategies, and Tax & Legal is therefore focusing on integrated propositions covering the whole cycle from the set-up of a tax strategy to the implementation of control and compliance frameworks. This has changed the revenue mix in recent years. Another trend is the shift from generic advice to more specialised advice in areas of tax competencies (for example, indirect tax and transfer pricing) or in industry-specific areas (for example, the financial services and retail sectors).



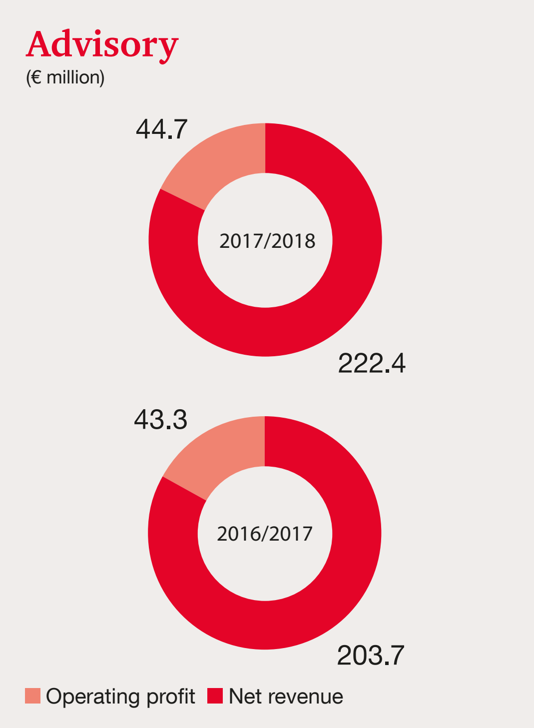
Results Advisory

Advisory continues its growth path

Advisory's revenue and profitability have again increased following good results in its business unit Deals. Revenue in Consulting grew, but its profitability slightly decreased. Growth has been achieved particularly in the Financial Services sector. Furthermore, Consulting and Deals are increasingly collaborating cross-border with other member firms in the PwC network in servicing our international clients.

Our Deals practice continued to maintain its high growth trajectory. The M&A market continues to be buoyant, due to low interest rates, a favourable economic outlook and transformation processes such as megatrends disrupting industries and business models.

Consulting, including Strategy&, is investing in technological expertise to further support our strategy of assisting clients in digital transformations from strategy through execution. Deals is successfully investing in broadening its proposition, which means increased involvement in the pre and post deal phase.



2. Delivering the PwC Culture

We aim to differentiate ourselves in the market not only by the quality of our service delivery and offerings, but also by the way we deliver our services, in other words how we behave and interact with clients and colleagues. In addition, we believe that the best solutions for our clients' challenges require different perspectives. That is why we are working on a diverse workforce and an inclusive culture.

Externally focused culture

Critical success factor	Why critical?	Our approach
Building an externally focused culture in which social involvement is the norm.	Our people need to appreciate our role and impact in society and be aware of our stakeholders' expectations, with behaviour and a service delivery in line with our purpose and values.	We are transforming our organisation into one that can live up to its purpose of building trust in society and solving important problems. A prerequisite for that is that we incorporate the views of the world outside PwC into our service delivery and into the way we operate. The megatrends that are shaping the world around us and the expectations stakeholders have of us are the starting point of our value creation process (see pages 21-22). Our corporate responsibility and diversity approach are also reinforcing our outside-in perspective (see pages 38 and 42). Two years ago, as a PwC global network, we updated our values to bring them more closely in line with our purpose. These values help us to achieve the outward-looking culture we aspire to. They are easily recognisable and understandable and they describe – quite straightforwardly – the behaviour our stakeholders expect of us.

We have further anchored the values into our systems and processes, for example in our goalsetting and performance systems for partners and directors, and into our client feedback system. In prior years, we had already made our learning and development programme 'values proof', creating an environment in which people are familiar with the values and an environment that encourages and rewards the desired behaviour.

What we have achieved in 2017/2018:
- *We continued to learn to put our values into practice in our daily work and behaviour.*
- *We have made our leadership more diverse: 43% of the Board of Management being female as of 1 July 2018.*
- *At 83%, our People Engagement Index is the highest of the 21 largest territories surveyed within our global PwC network.*
- *802 (2016/2017: 675) of our people were involved in CR projects.*

We continue to make the values tangible and concrete in our daily work

This year we focused on the meaning of our values as we put them into practice in our daily work and in our dealings with clients and colleagues. To make them tangible, we practised this behaviour in workshops and other meetings to give our people a better understanding of what they actually mean, and to give them tools to help them apply these values in practice, for instance by discussing them in conversations with each other and with our clients.

Our values

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

Building an inclusive culture

Critical success factor	Why critical?	Our approach
Building an inclusive culture, based on encouragement and collaboration.	Being an inclusive organisation is a prerequisite for living up to our purpose and values. It broadens our perspective and improves our ability to develop innovative solutions for important problems. Creating an inclusive culture that offers room for creativity and divergent perspectives is also critical for recruiting and retaining (technological) top talent.	Our approach to diversity is about creating an inclusive working environment in which differences are valued. It encompasses gender, cultural differences and sexual orientation. PwC is also committed to attracting talented people with disabilities. We have networks in place for these target groups. The challenge is not in recruiting women or people from migration origins, but in actually achieving their progression within the organisation. So over the years we have developed initiatives to stimulate the advancement of these colleagues to senior management positions. For example, the boards of Assurance, Tax & Legal and Advisory are actively monitoring the progression of female talent and talent from a non-western migration origin. We also have developed various (coaching) programmes and training sessions to support diversity and inclusion, for example our 'Multicultural Professionalism' training for all partners and staff and the Female Leadership training. Our diversity approach is also relevant in the context of Sustainable Development Goal 10, which addresses the reduction of inequalities (see also page 43).

Requirement 30% female representation exceeded in Board of Management

At 30 June 2018, the Board of Management consisted of one woman and five men (i.e. 17% female). However, with effect from fiscal year 2018/2019 the Board of Management now consists of three women and four men (i.e. 43% female). Since 1 September 2015, when it came into existence, the Supervisory Board has consisted of three women and four men. This means that as from the start of fiscal year 2018/2019 we comply fully with the Management and Supervision Act, which requires 30% female and male representation in both the Supervisory and Management Boards.

31% of new partners and directors are women

Since 1 July 2015, our goal has been for women to represent at least 25% of new partner and 30% of new director appointments and this year we have again achieved this, with six of our 20 new partners and 13 of the 41 new directors being women.

Turnover of staff of non-western migration origin is similar to that of the Dutch origin staff

The turnover of staff of non-western migration origin has for years been higher than the turnover of the staff of Dutch origin. This last year, turnover of people with a migration origin has decreased (see page 39). This is an important development considering that, in becoming more culturally diverse, the challenge lies not in recruiting but in retaining people with a migration origin. Nonetheless, at senior positions in our firm, women and colleagues with a migration background are underrepresented. We still have difficulty with accelerating the careers of this talent.

We still have difficulty in attracting people with physical disabilities

We have continued our programme of increased employment of talented people with disabilities. As in prior year, we were only able to place a small number of them and our ambition is to do much better. We think the reason for this lies not only in our difficulty to find and recruit suitable candidates but also in a lack of awareness and familiarity within our organisation.

Our annual analysis confirms pay equality

A key indicator in an inclusive culture is the extent of equal pay for equal work. To gain insight into pay equality across the entire organisation, we extended our analysis this year by including the income of all staff, including partners, support staff and Strategy& (which was acquired by PwC in 2014). We have also used our global methodology to analyse the data in greater depth. Because cultural diversity is high on our agenda, this year we have also conducted and included a cultural equal pay analysis alongside the gender equal pay analysis.

Our conclusion from this analysis is that the average pay difference between colleagues is 1.2%, which is consistent with prior years. For colleagues with a western migration origin the pay difference is 0.7% versus people with a Dutch origin and 2.9% for colleagues with a non-western migration origin. Since PwC measured the cultural pay gaps for the first time this year, a comparison with prior years cannot be made.

The calculation of the pay gaps takes the differences in job levels and FTEs into account. The pay differences we have found can largely be explained by the number of years of experience in the role and by higher salaries for specialist roles.

Part-time work	2017/2018	2016/2017
Percentage of men in part-time work	12.6%	11.4%
Percentage of women in part-time work	36.0%	37.7%

This year, more men are working part-time than last year. We consider this to be a positive development. In prior years, men were often reluctant to request part-time work, while for women it was considered 'normal'.

Diversity

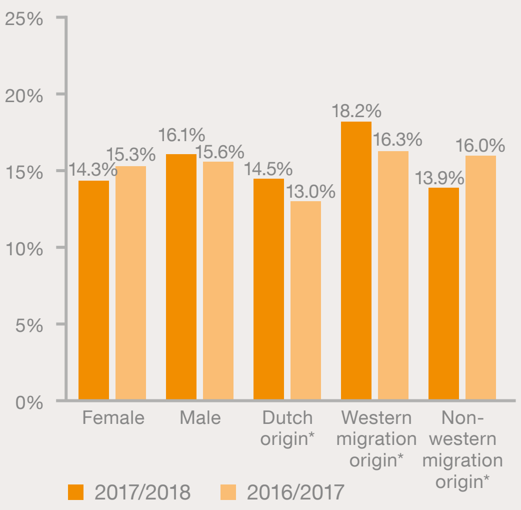
Cultural diversity (% of staff)*	2017/2018	2016/2017
Dutch origin	69.6%	71.5%
Western migration origin	11.9%	11.7%
Non-western migration origin	18.5%	16.8%

Gender diversity (% of staff)	2017/2018	2016/2017
Female	43.6%	42.4%
Male	56.4%	57.6%

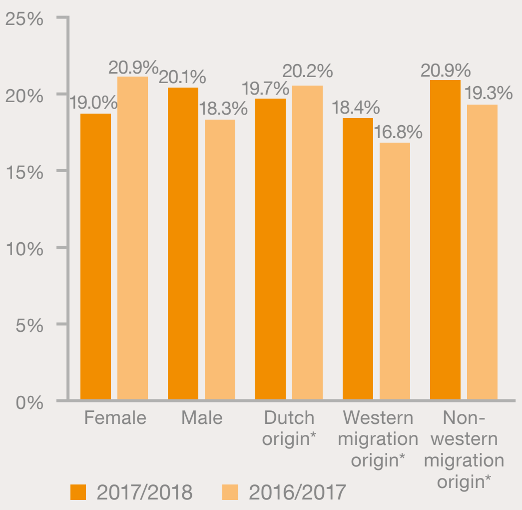
New joiners origin	2017/2018	2016/2017
Dutch origin	59%	55%
Western migration origin	14%	15%
Non-western migration origin	27%	30%

* Registration of ethnicity is voluntary and about 89% of our people and 94% of our new joiners have done so.

Turnover

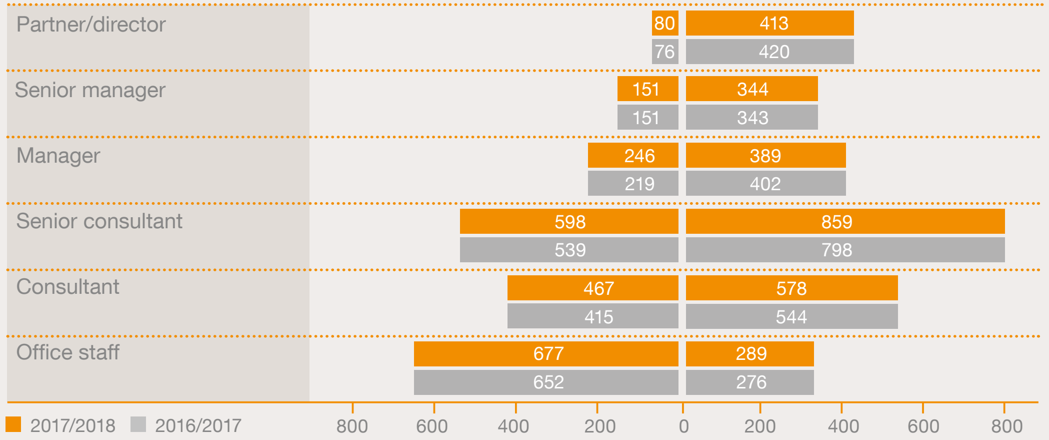


Promotions**



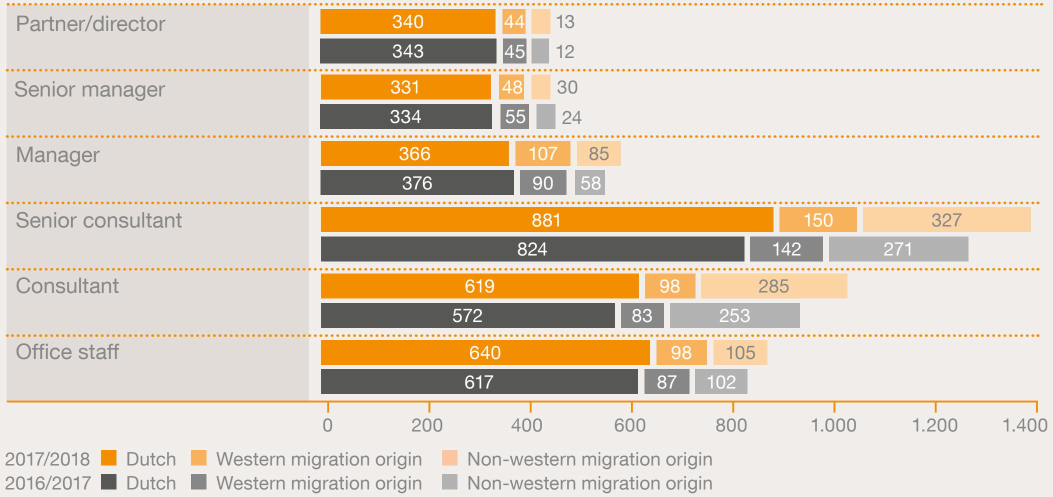
In 2017/2018 we set the ambition to realise a ratio of 50%/50% female/male in partner and director positions in 2030. In 2017/2018 the female/male ratio in partner/director positions is 16%/84% (2016/2017: 15%/85%).

Gender diversity per job level



In 2017/2018 the Dutch origin/western migration origin/non-western migration origin ratio in partner/director positions is 86%/11%/3% (2016/2017: 86%/11%/3%).

Cultural diversity per job level



External stakeholders' view on PwC: Talitha Muusse on pressure of work

Talitha Muusse (born 1991) is a millennial expert, independent entrepreneur, speaker and conference moderator. She gained her expertise in generation theory, in particular in trends and developments among Millennials (the generation born between 1982 and 2002) during her studies at Rotterdam's Erasmus University. Her master's thesis addressed sustainable leadership in the Millennial generation. She started her career at MVO Nederland (the Centre of Excellence for Dutch companies serious about corporate social responsibility), where she is currently a member of the Board of Supervision.

'I get inside many companies, and I see the workload problem playing out across the professional services world. It's a topic of conversation everywhere. The workload problem is a consequence of changing expectations. Previously, people started at an employer with the attitude that "I'm happy that I can get started here, and I'll go along with whatever the prevailing culture is". Millennials have much less of this attitude. Right from the start, they want to know how much space they will have for non-work related pursuits. They are more likely to say: "Forty hours of work is enough for me. I have a young family or I am looking after my parents, or I also have a start up to deal with." Millennials are an outspoken generation, and they have grown up in an era in which awareness of a work-life balance lifestyle, wellness and healthy eating have been increasingly prevalent. Because of this, they are perhaps more quickly and more keenly aware of workload than their predecessor generations were – and, consequently, have a greater need for flexibility.'

Personalising the workload issue

'It's excellent that the subject is on PwC's agenda. What strikes me is the high level of attention given to flexing the working hours. The high level of attention to vitality and the availability of health check-ups and career advisers are also good moves. Bringing in a coach or a company doctor really personalises the workload issue. Losing people to burnout is often also related to personal issues. But, when there are collectively many instances of workload and stress, then you also need to look to collective solutions, for instance by addressing the company's internal culture. Loss of a team member to burn-out can be an indication for the rest of the team. As and when a company realises that it has a whole lot of perfectionists in its midst, then it can tweak policies accordingly. Tone from the top is critical here.'

Switching off the WiFi

'I also think that companies should be giving more thought as to how their workload is organised. Are all those emails, meetings and confirmation processes really necessary all of the time? So often I see that things could be handled much more efficiently. I came across a couple of tech companies that switched off the WiFi for a couple of hours a day or week, so that everyone can concentrate on their work in peace. Remarkable that tech companies would be the ones to do this, and it does seem a bit paternalistic. But, while the Millennial generation is very good at multitasking, the abilities to concentrate and focus are less well-developed.'

Change in culture

'Some companies are really at a loss as to what to do. They see their sickness rates going through the roof, particularly among the under-30s, they know they have to deal with it urgently, and the issue is high on the agenda everywhere. I see all over that action plans are focused on the individual, but in my view it's change in culture that's really needed.'

'Where there is a wide spectrum of complaints, individual mentoring is no longer enough.'

Valuing our people

Critical success factor	Why critical?	Our approach
Sensitivity for our people, their personal development and their well-being (valuing their contribution).	For recruiting and retaining talent and keeping our employee satisfaction at its high level, it is vital that we offer our people challenging work and competitive working conditions. In addition, and maybe even more importantly, for recruiting and retaining people, we need a values-led environment and culture in which people feel valued and engaged and in which people can make balanced choices.	We aim to offer challenging work, a wide variety of development opportunities and competitive terms of employment. We are investing in an attractive and inspiring working environment. Sustainable staff deployment continues to be high on our agenda. In past years, we have invested in a number of programmes, training opportunities and facilities to support the well-being of our people, for example, yoga lessons in our Amsterdam and Rotterdam offices. We also offer all our people a check-up invitation once every four years, which includes a consultation with a lifestyle advisor regarding sustainable deployment. The most important way of measuring our success as an attractive employer is the People Survey. This survey allows our staff to tell us, anonymously, what they value in their work and where there is room for improvement.

We introduced a broader concept of vitality

We have introduced a concept of 'Be well, work well' in our organisation that focuses not only on the physical side of well-being but also on its emotional, mental and spiritual dimensions. This broadened perspective of vitality fits in with our transformation. It is not only about what we perform, but also about how we perform it. Well-being also seamlessly links in to the concept of 'whole leadership' in our leadership model, the PwC Professional (see page 23). Whole leadership relates to leading yourself and others in a responsible, authentic, resilient, inclusive and passionate manner.

The concept 'Be well, work well' was introduced in our annual 'Week of the balance', a week with special activities designed to raise awareness regarding the importance of vitality and what we offer to support it.

Our people submitted suggestions to improve flexibility

Our people experience considerable work pressure in several periods of the year. Also our People Survey indicates clearly that they want more flexibility, a subject that has attracted some media attention this year. We take this very seriously by listening to our people in order to identify solutions. This year, Assurance discussed this issue with a so-called Next-Generation Group to generate suggestions for improvement.

We have developed a three-step action plan with this group: 'Make it possible' (amend systems to facilitate flex-work), 'Make it known' (model behaviour for those in leadership positions), and 'Make it work' (encourage discussion about it within the team). We started a pilot recently in which working hours can be flexed within a number of pre-determined criteria.

As work pressures may negatively affect the well-being of our people and the quality of our work, we also take measures like recruiting new colleagues, outsourcing non-judgemental standardised work, and better spreading of work throughout the year to reduce the peaks in workload (see also page 50).

Our People Engagement Index results are among the highest in our network

82% of our staff completed the survey this year (2016/2017: 84%). The overall positive results (66.2%) are slightly higher than in 2016/2017.

An important element of the survey is the People Engagement Index, an indicator of the commitment of our people to PwC. This indicator increased slightly by 1 percent point and, at 83%, our score is among the highest in our global network. We also achieved relatively high scores, certainly compared to the network, on subjects such as ethics, flexibility and personal growth and development.

The People Survey also indicated some clear areas for improvement and we are working on these. Our people believe that we can do better, particularly in retaining talent, inclusiveness of people with a non-western migration origin, innovation, and day-to-day coaching and feedback.

People Engagement Index	2017/2018	2016/2017
I would recommend PwC as a great place to work for	82%	81%
I am proud to work at PwC	88%	87%
I expect (plan) to be working at PwC twelve months from now	80%	80%
I am satisfied with PwC as a great place to work	81%	80%
	83%	**82%**

Sick leave	2017/2018	2016/2017
Sick leave	3.6%	3.0%

Sick leave increased

Our sick leave has risen this year. Part of the rise is probably linked to the flu epidemic from last winter. In teams where the sick leave percentage has risen considerably we look into possible causes and took measures when necessary.

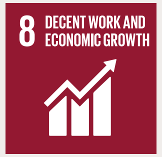
An impactful CR approach

Critical success factor	Why critical?	Our approach
An impactful CR approach.	For us, corporate responsibility is a catalyst for becoming a purpose-led and values-driven organisation. It is about the societal impact of our services and operations and about demonstrating responsible behaviour.	As described, our corporate responsibility relates to the impact our service delivery and operations have on society. This is in line with the guiding principles of the United Nations on business and human rights and the UN's Sustainable Development Goals, which we have embraced and incorporated into our strategy. By demonstrating our attention to the environmental impact we have to the communities our clients and people work and live in, we become more credible in living up our purpose. For instance, we fulfil our corporate responsibility obligations by sharing our knowledge, skills and competencies with society – on a pro bono basis and during working hours. We do advisory engagements, conduct research and provide masterclasses particularly for social enterprises. We believe in the power of social enterprises as they combine their ambition for maximising societal impact with a healthy business model and it is our ambition to help them grow and professionalise. At the request of a number of clients, PwC completes, on an annual basis, the CSR scorecard run by the independent agency, EcoVadis. As prior year, we were in 2017/2018 awarded a golden score for our Corporate Social Responsibility initiatives.

We have integrated the Sustainable Development Goals (SDGs) further into our strategy

This year we formulated targets and indicators to measure our contribution to achieving the United Nations' Sustainable Development Goals and we have integrated the SDGs further into our strategy.

Earlier, in 2016/2017, we determined that nine of the seventeen SDGs are relevant to the work we do. However, we believe that we will be far more effective and make far more impact when we focus on a smaller number of SDGs. After careful consideration, we selected four SDGs in which we can really make a difference, as they are closest to our business and capabilities. Last year, for SDG 12, we had already measured our progress on becoming 100% circular by 2030 (see page 44). This year we have started to measure the ratios of female/male and Dutch/western/non-western migration origin within our partner/director group (see page 39). The indicators linked to SDG 8 and 16 will be measured and integrated into our management information as of next year (see image on page 43).



Selected UN SDG Target
Target 8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation

PwC ambition
Ensure decent work and economic growth by continuous adaptability of our organisation

KPI
Average PwC NL User score on Digital Fitness app

Selected UN SDG Target
Target 10.3 Ensure equal opportunity and reduce inequalities of outcome

PwC ambition
Achieve an inclusive culture in which we embrace diversity. Inclusive means that everyone feels involved and valued – not in spite of but thanks to their differences

KPI
Ratio female/male and Dutch/western/non-western migration origin in partner and director positions

Selected UN SDG Target
Target 12.6 Encourage companies, especially large and transnational companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle

PwC ambition
To be 100% circular by 2030 (no waste, no carbon emissions, optimal re-use)

KPI
Circularity in operations (%)

Selected UN SDG Target
Target 16.6 Develop effective, accountable and transparent institutions at all levels

PwC ambition
Contribute to the (re)shaping of tax laws and regulations on social relevant topics

KPI
- Amount of hours made available for fulfilling our tax thought leadership role on rebuilding trust in taxation (hours spent on e.g. conducting research and knowledge sharing)
- Number of social relevant topics we have provided relevant input on

The majority of our CR projects are in support of the social enterprise sector

Our people can participate - pro bono and during working hours - in research, advisory projects, masterclasses and workshops to contribute to the social enterprise sector. About 16% (2016/2017: 14%) of our people participated in our CR projects, the majority of them being projects for social enterprises. Together they spent 28,888 hours (2016/2017: 29,660 hours), equating to an investment of about € 2,8m. We completed 45 projects (2016/2017: 38 projects).

PwC NL's Social Impact Lab has become 'European'

One of our notable projects to support the development of the social enterprise sector is our Social Impact Lab, a challenge for start-ups with a social mission. The winners of the challenge receive two years of intensive coaching by PwC, the possibility to make use of PwC's office facilities and financial support.

This year we extended the challenge to member firms of our 'PwC Europe' collaborative association with member firms in other European countries. Not only participants from the Netherlands, but also from Germany and Austria applied and PwC colleagues from these countries were involved in reviewing business plans (selected from 141 applications).

In September 2017, the jury selected three winners, two from the Netherlands (Rebottled and SweepSmart) and one from Germany (Vinculum). The results of the subsequent challenge will be available in September 2018.

We offered internships to refugee status holders

In 2016/2017, in cooperation with international student organisation AIESEC, we set up a project to create work experience places for refugees with a residence permit ('statushouders'). We continued the project this year. The government has labelled this project as best practice in the context of 'Social Return on Investment', the social requirements in public procurement in the area of deploying people with disadvantage at the labour market.

SweepSmart was one of the three winners of the Social Impact Lab in 2017. Not only did they win a financial contribution for their start-up, but they also won two years of coaching by PwC. SweepSmart increases the efficiency of waste sorting centres in the Indian megacity of Bangalore while, at the same time, fulfilling a social function by offering jobs to informal 'waste pickers'. By adapting European know-how to the Indian context, SweepSmart is now making existing waste sorting centres in Bangalore more efficient. The company also makes use of the existing informal recycling process with 'waste pickers' selling what they have collected to local dealers. Of the 180 waste sorting centres in Bangalore, SweepSmart has upgraded, expanded, and transformed three into efficient facilities. SweepSmart founder Niels van den Hoek explains: 'Of course, you can take all the waste to a large incineration plant, but then there is no recycling and the waste pickers no longer have an income. In order to get them involved in our initiative, we've entered into partnerships with organisations that represent them and give them jobs at the new sorting centres. That means that SweepSmart is fulfilling a clear social function.'

Niels van den Hoek and co-founder Sylvia de Haan look back on their first year of coaching by PwC. Sylvia de Haan: 'PwC calls it coaching, but it was in fact support by a whole team of PwC professionals. They guide and advise us on a wide range of issues and questions. It's nice to have a whole team you can rely on for advice about the big decisions we have to make. We were really able to professionalise our services because of this team.' Niels van den Hoek: 'It is always good to talk to people who see our company in another perspective. And the support did not end there, we even get support from PwC in India who advise us from an Indian context.'

We also took other initiatives for former refugees. Together with clients, we organised a workshop for them on topics concerning the Dutch labour market to give them the opportunity to introduce themselves to potential employers.

We celebrated the fifth anniversary of WM2U

Five years ago we set up our WM2U foundation, which aims to show appreciation for our people who perform voluntary work for social organisations by donating to the organisation. To celebrate the five-year anniversary, the foundation awarded various civil society organisations with a special Lustrum Award of € 4,000. These included, among others, the Stichting Centrale Dierenambulance (Animal Rescue Team) in Amsterdam and the Ronald McDonalds Huis of the Vrije Universiteit's medical centre.

Our operations have become more circular

Our ambition is to become 100% circular by 2030, in line with Sustainable Development Goal 12 (Responsible Consumption and Production). Complete circularity means no emissions, no waste and optimal (re-)use of products and materials.

Our circularity has increased from 35.7% in prior year to 38.9% in 2017/2018. We have reduced our CO_2 emissions to 3.9 tons per FTE (2016/2017: 4.2 tons per FTE), a reduction of 21% compared to our baseline year 2014/2015. Our total CO_2 emissions were reduced to 18,511 tons (2016/2017: 19,165).

We are satisfied with the progress we made but we realise that we have still much to do to achieve our ambitions. Especially the reduction of our emissions in air mobility needs further attention.

People Survey results on the internal impact of our CR policies	2017/2018	2016/2017
The people I work for acknowledge and appreciate employees that are involved in corporate responsibility projects	54%	52%

Circularity

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 mobility based on total flight and train kilometres
- Energy circularity: Percentage of total energy use (in kJ) that comes from green electricity and thermal energy storage
- Waste circularity: Total kilos of recycled waste as percentage of total waste

Compared to last year the circularity of our operations has increased from 36% to 39%. We need to focus strongly on circular solutions in the air & train and car mobility areas.

To realise our ambition of 100% circularity, we set also intermediate targets

2020: carbon emissions reduction with 30% and zero waste
2022: 100% renewables (energy)
2025: 15% per FTE carbon emissions reduction on air mobility

	Carbon emission (in metric tons)	CO_2 emission per FTE (in tons)	Circularity (in %)
Car mobility	8,715	1.8	9.6%
Air & train mobility	7,845	1.7	12.0%
Energy	1,597	0.3	72.8%
Waste	354	0.1	61.2%
Total	**18,511**	**3.9**	**38.9%**

Due to further refinement of our KPIs in 2017/2018, the numbers differ from previous annual reports (see page 45). Please refer to pages 123-124 for an extensive overview of all the measures we have taken this last year.

We linked our CO_2 emissions to our environmental budget

Last year we monetised our CO_2 emissions as a next step in taking responsibility for our environment. In calculating the cost of our carbon footprint, we have applied a rate of 100 euro per ton resulting in a budget of € 1.85 million for fiscal year 2018/2019. This rate is based on a study by the Netherlands Bureau for Economic Policy Analysis (het Centraal Planbureau), that estimates the minimal social cost of emitted carbon in 2030 of 100 euro per ton of CO_2. Social costs are not based on current market prices of emission trading, but on estimated social costs in the long-term of continuing to use natural resources at the rate we do today.

We use this money for measures to reduce our negative environmental impact, investments in sustainable innovations and in offset-programmes.

We became a partner of Madaster

This year we teamed up with Madaster, an organisation whose mission it is to eliminate waste by providing materials with an identity. Madaster collects information about (used) materials in buildings and their origin in the Netherlands in order to stimulate and facilitate re-usage.
We are assessing the building materials of our Amsterdam office, in order to create a so-called 'material passport' of the building. In doing so, we give our future building's waste an identity and it can be re-used more easily.

Impact areas	Environmental indicators	2017/2018	2016/2017
Car mobility	Business kilometres driven (per FTE)	14,353	14,632
	CO_2 emissions cars (in metric tons)	8,715	9,326
	Car Mobility Circular (in %)	9.6	4.5
Air & train mobility	Number of kilometres flown (per FTE)	5,768	5,713
	Number of business kilometres travelled by train (per FTE)	787	564
	CO_2 emissions air travel (in metric tons)	7,841	7,535
	CO_2 emissions train (in metric tons)	4	25
	Air and Train Mobility Circular (in %)	12.0	9.0
Energy	Renewable electricity consumption (in %)	89.0	86.8
	CO_2 emissions electricity (in metric tons) *	561	752
	CO_2 emissions gas (in metric tons) *	642	687
	CO_2 emissions thermal energy (in metric tons) *	394	436
	Energy Circular (in %)	72.8	72.0
Waste	Waste in kgs (per FTE)	191	202
	CO_2 emissions waste (in metric tons)	354	403
	Waste Circular (in %)	61.2	57.4
Total	**CO_2 emissions (in metric tons) ****	**18,511**	**19,165**
	Circular (in %) **	**38.9**	**35.7**

* Extrapolated from actual measurements

** Due to further refinement of our KPIs in 2017/2018, the numbers differ from previous annual reports. Carbon emissions went up from 14,819 to 19,165 tons and the circular KPI from 32.0% to 35.7% in 2016/2017. The changes are mainly caused by:
- inclusion of non-lease cars for carbon emissions car mobility
- use of DEFRA categories with Radiative Forcing for carbon emissions air mobility
- use of kilometres instead of carbon footprint for circularity air & train mobility

We buy more under social and circular criteria

We have integrated circular and social criteria into our procurement process. As of May 2017, our Corporate Responsibility department has to be involved in every tender above € 25,000. We also developed a circular procurement specific indicator, which we will start reporting as from fiscal year 2018/2019. We integrate this procurement indicator into our circular KPI. We also became a partner of the Buy Social Network. This network advises organisations who want to purchase products or services from social enterprises.

This year we became a partner of Plastic Whale, a social enterprise that aims to remove plastic waste from waterways and re-use it for new products. One of the boats they use to clean the canals in Amsterdam has been sponsored by PwC and is made partly of plastic waste from PwC offices.

PwC has donated an electric airplane to the Netherlands Aerospace Centre (NLR). The donation took place on the same day Cora van Nieuwenhuizen, Dutch Minister of Infrastructure and Water Management, officially opened the NLR's new research facility for electric flight. The electric Pipistrel Alpha Electro will be deployed as research aircraft. The aim behind this donation, is to stimulate the transition to electric flight.
In coordination with the facility launch, NLR and PwC hosted a mini-symposium titled 'Electric flight in 2050: Dream or opportunities for the Netherlands?' Jeff Engler, CEO of LA-based start-up, Wright Electric, contributed by sharing his thoughts on the Netherlands Aerospace Centre and the future of electric aviation in the country.

External stakeholders' view on PwC: Geanne van Arkel on PwC's ambition to become fully circular

Geanne van Arkel is Head of Sustainability at Interface, a listed company that produces carpet tiles. The company is one of the pioneers and market leaders in the circular production space. It had already started its rigorous sustainability policies back in the 90s, before the term circular had been conceived. Interface's ambition is to become restorative and eliminate each and every negative environmental effect before 2020 – and is well on the way to actually realising this ambition.

'You have to go with your ambition, even if you don't know exactly how you're going to realise it. We have made our choices on the basis of current developments, but with an eye on that key point on the horizon. The way you get there is constantly changing, but not the ambition. You have to fine-tune how you get there time and time again.'

Taking the holistic view

'I see that PwC has formulated a number of specific areas for focus in its approach to circularity: energy, air travel, cars, waste and procurement. This is great – it provides consistency and inspiration. It also means that you develop an integrated view, as you have to avoid coming up with measures that reduce your negative impact in one area while increasing it in another. Circularity requires a holistic view.'

Creativity

'PwC operates in an international environment and that means that people must travel every now and then. That can mean dilemmas in terms of the CO_2 emissions. But, actually, I don't see this as a dilemma, but an opportunity to do things differently. Sustainability mobilises an enormous amount of creativity. Technology provides us with tremendous support, so communicate remotely where possible. And, if you must travel, then look for alternatives to flying. Oddly enough, a train is often more expensive than an air ticket, but if you travel less then you also save on expenses. Just check what you save when you do this – you'll be surprised.'

Each and every project is a sustainability project

'I am pleased to see you have all sorts of projects ongoing in the area of corporate responsibility. But in my view, every one of your projects is a sustainability project. You can reflect sustainability in all your various services – and, in doing so, contribute to sustainability at other companies and organisations. In fact, you have it relatively easy. As a service provider, you don't manufacture, so your environmental impact is, by definition, relatively small. But, if you promote circularity among your clients, then of course you've got to have your own house in order.'

'I see no dilemma – simply an opportunity to do things differently.'

Sharing knowledge and thought leadership

Critical success factor	Why critical?	Our approach
Sharing knowledge and thought leadership	By sharing knowledge internally and externally, we invest in thought leadership and facilitate dialogue with our clients and stakeholders on topics that matter for our clients' strategic agenda and society at large. Working together – sharing knowledge and ideas – is one of the values we need to live up to if we are to differentiate ourselves and add value to our clients and society.	We regularly express our views and opinions (on technical, social and topical issues) through both traditional and new (social) media and other public platforms. We also publish research and position papers and we have programmes focused on knowledge sharing, debate and networking with supervisory directors, CFOs and tax directors. Together with seven other firms, we are a founding participant in the Foundation of Audit Research, 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 to hear the views of others. Our Chief Economist Office also functions as a catalyst for sharing knowledge (see page 31).

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. We invested 32,447 hours this year in preparing and giving training. We also provide some of our people with the opportunity to do a PhD. Several of our colleagues lecture at universities. Twelve of them hold a professorship.

We have several partnerships with societal organisations

In addition to the partnerships with Madaster and the Buy Social network mentioned earlier, we also work together with MVO Nederland, the Centre of Excellence for Dutch companies that supports corporate social responsibility by developing and sharing knowledge regarding the circular economy, sustainable development and sustainable taxation. With the Association of Investors for Sustainable Development (VBDO) we publish annually the Tax Transparency Benchmark. Together with the Vrije Universiteit, our forensic practice issues an annual survey on economic crime. Furthermore, we have partnerships with Ashoka and Social Enterprise NL in the context of our work for social enterprises.

SDG Booster and SDG Challenge
We integrated the SDGs that are most relevant for us in our strategy (see page 42) and we also want to help developing knowledge and expertise.
In November 2017 we launched an event and a report to 'boost' the SDGs. Our aim was (and is) to enhance and facilitate knowledge sharing between companies, governmental organisations and NGOs on best practices, research and relevant developments regarding the SDGs. The report focuses on the way different sectors in the Netherlands are dealing with the SDGs.
We also published this year the results of our SDG challenge that focuses on the way companies and organisations are reporting about their contribution to achieve the SDGs.

The ROI of investing in the prevention of illiteracy
The societal costs in the Netherlands of functionally illiterate people go up to one billion euro annually. That is the result of PwC research, commissioned by the Stichting Lezen & Schrijven, which was published in April 2018. Functional illiteracy is directly linked to the welfare of people. It contributes to the exclusion of people because it hinders participation on the labour market and negatively affects physical and mental health. Stichting Lezen & Schrijven wants to underline with this report that the return on investing in literacy and the prevention of functional illiteracy is high.
The calculation of PwC shows functionally illiterate people suffer loss of income of potentially half a billion euro. The biggest expenses are the costs of healthcare, benefits and lost tax revenues.

How to improve a 'natural partnership'?
Social enterprises and municipalities should be natural partners. Both strive to create social impact, for example in the areas of the waste reduction and reintegration of the long-term unemployed. However, in practice, there is always room for improvement in the relationships between the two parties. Social enterprises often struggle to find the right contacts within the local bureaucracy. Furthermore, public procurement needs to be more flexible in order to generate more opportunities for social enterprises. These are two of the conclusions of PwC's report 'Prille kansen: de samenwerking tussen social enterprises en gemeenten in Nederland'. ('Fresh opportunities: Cooperation between social enterprises and local authorities in the Netherlands'). Just forty percent of Dutch municipalities have a policy in place for fostering and facilitating social entrepreneurship. Despite the fact that municipal policy in this regard is still at an early stage, PwC sees the cooperation as promising.

The moral tax debate is high on our agenda

We are putting extra focus on fulfilling our tax thought leadership role. We aim to contribute to the debate on the (re)shaping of tax laws and regulations regarding societally relevant topics. This also gives substance to Sustainable Development Goal 16 concerning the development of effective, accountable and transparent institutions (see also page 43). ■

External stakeholders' view on PwC: Angélique Laskewitz on sustainable tax advice

Angélique Laskewitz is director of the Vereniging van Beleggers voor Duurzame Ontwikkeling, VBDO (the Dutch Association of Investors for Sustainable Development). VBDO defends the interests of institutional and private investors who wish to contribute to sustainable development. VBDO is committed to a sustainable capital market that, in addition to financial criteria, also takes social and environmental criteria and governance into account. The organization conducts research, organizes meetings and asks questions about sustainability at shareholders' meetings. VBDO, together with PwC, publishes the Tax Transparency Benchmark, an investigation into the way listed companies report on their tax policy.

'Corporate responsibility is not something that should be run from a separate department; it must be part of a company's core business. Companies need to bring their tax strategy in line with their overall strategy and therefore also with their corporate responsibility policy, and ensure a proper implementation thereof. That is what we mean by sustainable tax. More and more companies are making good progress in this, but it is not yet self-evident. PwC is a major and well-respected player that has a central position in the Dutch business world and can play a key role in moving this forward, also within its worldwide network.'

Walk the talk

'PwC has a Tax Code of Conduct and carries out a policy that tax advice provided must be in line with the client's strategy. I can well believe that, in such a large organisation, it can be complicated to get everyone involved internally, in order to actually convey that policy to clients. This requires a high level of commitment from the leadership, that is to say, from the Executive Board and the Supervisory Board. They must walk the talk, be consistent in how they behave and they must live the message. Also, the way in which individual tax advisors develop their advice needs to play a role in the HR cycle, i.e. in assessments and promotions. We see that PwC is very proactive in developing sustainable tax advice. PwC is also always willing to share knowledge and to move the debate forward.'

Positive developments

Positive developments emerge from VBDO's Tax Transparency Benchmark. More and more companies are reporting publicly on their tax policy. It creates trust if a company can demonstrate that its tax policy is focused on more than just paying as little as possible. And nobody likes to be at the bottom of VBDO's ranking. '

'Sustainable tax advice requires a high level of commitment from the leadership.'

3. Building on the quality of our service offerings and delivery

For us, quality is not only 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.

What we have achieved in 2017/2018:
- *The results of our internal and external reviews of Assurance files reflect progress.*
- *Assurance has reviewed its plans for quality and key aspects of the existing plans have been extended and intensified.*
- *We continued to update our quality, risk and compliance framework; one of the biggest projects last year was GDPR.*

Quality and risk management

Critical success factor	Why critical?	Our approach
Continuous improvement in and testing of our approach to quality and our risk management systems.	We lose both credibility and the trust of clients and society when we do not comply with laws, regulation and internal standards. Therefore, it is of major importance that all these requirements are anchored in our processes and procedures.	**Quality and risk** We have a comprehensive quality, risk management and compliance framework in place (see page 117-119). Technological, societal and regulatory developments require regular fine-tuning of quality and risk management. Where possible, we work together within our global network and the member firms that participate in the collaborative association of 'PwC Europe'. Within our global network, we have an organisation called Network Information Security (NIS) that advises PwC member firms on their cyber security. NIS closely monitors new risks in the area of cyber security and advises on new safety measures. Our systems are continuously monitored so we can immediately respond to incidents. We regularly communicate about (external and internal) regulation. We consider e-learnings to be an efficient and effective way to get people acquainted with (new) rules and regulations. We do not only want to inform our people, we also want to increase their awareness and change their behaviour. **Testing** Testing the technical quality of our work is part of our quality control and risk management process. 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. Assurance is regularly reviewed by the Dutch Authority for the Financial Markets (AFM) and by other external supervisory bodies.

Our organisation is GDPR ready

The European General Data Protection Regulation ('AVG' in Dutch) came into effect as from 25 May 2018. GDPR has considerable impact on the way we deal with and process data and it affects the way of working in all departments of our firm. We have put significant effort into identifying all our services and applications to enable to register all the personal information we process. We have updated our policies for processing, registering and retaining personal data in order to be compliant with GDPR as from 25 May 2018.

We have also put a lot of effort into making our people aware of the requirements of GDPR through extensive communications, workshops, meetings and a mandatory e-learning for partners and staff.

In the context of GDPR we have also appointed a data privacy officer, responsible for informing and advising the board and our people on the requirements of GDPR and for monitoring compliance with the new regulation. The data privacy officer will take initiatives to raise awareness and training and is the primary point of contact with the Dutch Data Protection Officer.

PwC chose for a global implementation of GDPR, as member firms collaborate in serving cross-border clients and share IT infrastructure and data. So, all European GDPR regulation applies to our global network.

We had one data breach to report

The Dutch requirement that data breaches must be reported to the Dutch Data Protection Authority has become an integral part of GDPR. This year we had one breach that required notification to the authority. We took all the necessary steps to repair the data leak to prevent further breaches.

We have reassessed Assurance's plans for quality

During the past year, we have made progress with our change programme designed to achieve structural quality improvement and real culture and behavioural change. At the same time, we acknowledge that we are not there yet. The Monitoring Committee Accountancy (MCA), set up by the auditing sector, published its second report in May 2018 on the sector's progress on the change process on which it has embarked. The committee believes that the implementation and operation of the measures to improve quality, culture and behaviour in the audit practice are moving too slowly and that the measures need to be implemented with greater depth.

We reviewed our quality improvement plan at the beginning of this year, following the results of our internal and external reviews, our root cause analyses, discussions with our Public Interest Committee, the AFM (the Netherlands Authority for the Financial Markets) and the MCA, together with the debates in Parliament regarding the draft Law on Supplementary Measures for Audit Firms. The outcome of this review was a plan setting out a number of avenues designed primarily at extending and intensifying key aspects and priorities of our existing plans. An extensive description of these is included in our audit firm's Transparency Report. A number of key results from the past year are set out below.

We are implementing a more centrally-driven and comprehensive control on quality

One of the most important measures from the quality plan mentioned above is improvement in our control mechanisms. The lack of centrally-driven and comprehensive control on quality (referred to by the AFM in its report as 'being in control') was the only 'red card' we received in the AFM's 'Quality of PIE Audit Firms' report (issued in June 2017). We have many points of measurement and follow-up, but we do not have a comprehensive evaluation of quality improvement that links the measures and action taken with the extent to which the desired effect is achieved.

During 2017/2018, we have started to implement an integrated report (integrated dashboard) which measures quality and quality improvement within our audit firm. All quality KPIs, coming previously from various different reports, are now linked and presented in one report. This provides us with a basis for regular control and assessment on quality and quality improvement. As from this coming year, we and our Business Unit Leaders will be making active use of the dashboard.

We have improved planning in the Assurance practice

We rolled out a new planning tool this year that provides us with a better basis for decision-making regarding deployment of our people on engagements. It also allows us to identify whether we have sufficient capacity to cope with client changes to deadlines and new client engagements (and also when to say no).

Another aspect of improved planning is bringing client audit work forward. By spreading the workload more evenly over the year, we can reduce the workload during the busy year-end closing period, contributing both to the quality of our work and also to the well-being of our people (see also pages 25 and 41).

We have outsourced 9.9% of our audit work to delivery and competence centres

With a view to creating some flexibility in our workforce and to increasing the quality level of our work, we have moved further with outsourcing work to delivery centres in the Netherlands, Poland, India and South Africa. This past year, we outsourced 9.9% of our audit work in this way. Delivery centres are organisations within our global PwC network that perform standardised (non-judgemental) work efficiently and to a high standard of quality.

We are convinced that this standardisation and outsourcing of the non-judgemental work is contributing to the quality of our audit practice. Working in a consistent manner reduces the likelihood of error and outsourcing means freeing up more time for the more complex issues affecting the financial statements. Tax & Legal and Advisory are also outsourcing routine work to delivery centres, albeit on a much smaller scale.

For the same reason, we have also made a start at setting up a separate department for audit support (see page 61).

Involvement of partners and directors in audit engagements has remained stable

Another quality indicator for Assurance 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 stable at 7.2% (2016/2017: 7.2%).

Central unit for all Lines of Service for guidance through Q&R processes

We are in the process of setting up a central unit for all our Lines of Service (AddValue) to support our teams with the procedures around client and engagement acceptance. Tax & Legal and Advisory are already working with central units that provide step-by-step guidance through the processes and systems and there they are viewed as very useful. We believe that a centrally based unit that covers all Lines of Service improves cooperation between Assurance, Tax & Legal and Advisory. This is also important for preventing violations of independence regulations that, amongst other things, prohibit the delivery of advisory services to PIE audit clients.

The ultimate goal is not only to save engagement teams time (and make their lives easier) but primarily to reduce the risk of non-compliance and increase the quality and consistency of the application of the risk management procedures.

The test results within Assurance show further progress

An important test of the quality of our service delivery is the internal Engagement Compliance

Review (ECR) process. These reviews are carried out by independent partners, directors and managers, some from elsewhere within our worldwide network. The goal of the ECRs is to test the quality of individual completed engagements and to identify areas for improvement. During 2017/2018, 37 of our audit engagements were subject to an ECR (prior year: 40), of which one file was deemed to be non-compliant (prior year: five). This was the audit of a subsidy report at a non-statutory audit in the non-PIE segment. We performed further review and remedial work where necessary on this case and concluded that the opinion issued was correct. Five of the engagements (prior year: seven) were deemed to be compliant but with review matters.

Reviews were also carried out in our CMAAS practice (that focuses on complex accounting issues) and in our Risk Assurance practice (that provides assurance and advice on systems and non-financial information): ten and nine engagements, respectively. All nineteen engagements complied with the applicable requirements, although six files were deemed to be compliant with review matters.

Last year, supervisory bodies such as the Inspectie van het Onderwijs (the educational monitory body), the Auditdienst Rijk – ADR (the state audit office) and the Nederlandse Zorgautoriteit – NZa (the healthcare supervisory authority) carried out 24 file reviews within the context of their regular supervisory responsibilities. In the previous year, one engagement was deemed by the ADR to be compliant with review matters and one by the Inspectie van het Onderwijs was deemed to be non-compliant. This year, all 24 files were deemed to be fully compliant.

Reviewed by	Number of engagements reviewed		Number of engagements with reported findings	
	FY18	**FY17**	**FY18**	**FY17**
AFM	-	8	-	4
PCAOB	-	-	-	-
ADR (Central Government Audit Service)	11	14	0	0
Inspectorate of Education	6	9	0	1
NZa (Dutch Healthcare Authority)	4	3	0	0
NOREA (Dutch professional association for IT auditors)	-	-	-	-
Other bodies	3	2	0	0
Total	**24**	**36**	**0**	**5**

The AFM has not issued any reports this year regarding its regular inspection into the quality of statutory audit files. The US supervisory body, the PCAOB, started a review within the context of its regular three-yearly review process, and we expect the results of this in mid-2019.

The quality measures we have taken are starting to bear fruit

On the basis of an initial evaluation of the ECR results, the measures that we have taken to improve the quality of our service provision are starting to bear fruit. The focus in recent years on the audit of revenue recognition, increasing awareness of fraud and corruption risks, reliance on the work of other auditors, the effect of IT on the audit process, and the documentation of work done can now be seen in the results and findings of the ECR process. Amongst other things, it is clear from the reviewed files that the use of memoranda and the link to the work done have improved, both in the audit of revenue recognition and in the testing of journal entries in connection with fraud-related risks. It is also clear that there is a more thorough review of the work of other auditors. All the findings and good practices highlighted by the process have been input to PwC Assurance's root cause analysis. On this basis, the Chief Auditor has identified a number of measures for improvement that will be taken up in their entirety in the Quality Improvement Plan.

The outcome of our internal quality reviews of Tax & Legal and Advisory is satisfactory

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

Of the 263 Tax & Legal engagements selected, 11 (4%) were found not to be in compliance with our global policies in areas such as adequate filing of documentation, contracting and independence. None of these impinged on the overall quality of the individual engagements. The findings will be shared with the practice through newsletters and business unit meetings.

Of the 70 Advisory engagements, two did not meet our standards. These cases were both related to not-appropriately following our risk & quality procedures. The overall conclusion of our Advisory ECR review is that no matters arose from a risk and quality perspective that have exposed our firm to unacceptable risks.

The AFM appealed against the court decision regarding the fine imposed by the AFM to PwC

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 failure to meet its duty of care under Article 14 of the Wta (the Audit Firms Supervision Act). PwC filed an appeal against this decision to levy a fine in order to obtain clarity as to the frame of reference to be used to test application of duty of care.

The Rotterdam court delivered its decision at the end of December 2017. The court is of the opinion that the deficiencies noted in the audit work of the external auditors of an audit firm are, in and of themselves, not sufficient to draw a conclusion as to whether this audit firm did not meet its duty of care. The court believes that such a conclusion may be drawn only based on investigation into how the audit firm meets its duty of care, and this can vary on a specific case-by-case basis. The case the AFM brought regarding the deficiencies it noted in the audit work of PwC's external auditors is not sufficient to support, beyond reasonable doubt, the AFM's conclusion that PwC did not meet its duty of care. The court therefore overturned the decision to levy a fine.

In our view, the opinion of the Rotterdam court has provided greater clarity regarding the frame of reference to be used to test the application of duty of care by audit firms. We hope that this decision will contribute to the dialogue with the AFM about the way in which we, as an organisation, can facilitate and encourage the quality of the audits performed by our external auditors. The AFM has appealed the decision.

If the decision to levy a fine is definitively overturned on higher appeal, a monetary amount equal to the fine will be contributed to the Foundation for Auditing Research (FAR), the foundation that carries out academic research into the drivers of audit quality to which various audit firms actively contribute by, amongst other things, making data available.

Status of a number of legal proceedings

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

Fairfield funds

These proceedings involve two civil cases lodged in Amsterdam. On 3 September 2014, the court dismissed in the first case 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 ('de Accountantskamer') in 2012 and against which no appeal was filed. The plaintiffs have appealed the ruling of the court and we await the court's decision. In the second civil case, the court dismissed the claim in its entirety on 26 September 2018.

Econcern

In 2014, the Disciplinary Counsel of Accountants issued two of our external auditors with temporary suspensions in connection with four virtually identical complaints. In 2015, PricewaterhouseCoopers Accountants N.V. 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, as is the civil proceeding brought by the investor.

Phanos

On 2 February 2018, the liquidator of Phanos filed a disciplinary complaint against the PricewaterhouseCoopers Accountants N.V. external auditor responsible on the grounds of alleged errors in the annual financial statements. This external auditor is currently one of the policymakers of PricewaterhouseCoopers Accountants N.V. The verbal submissions in this case have not yet been made.

Stichting Zonnehuizen

On 9 March 2018, the Disciplinary Counsel of Accountants ruled on a disciplinary complaint filed by the liquidator by issuing a reprimand to the external auditor. PricewaterhouseCoopers Accountants N.V. reached a settlement with the liquidator that ended all legal procedures between the liquidator and PwC.

LCI Technology

This is a civil case brought by the VEB (a major Dutch investor advocacy association). PricewaterhouseCoopers Accountants N.V. is in the advanced stages of agreeing a settlement with the VEB in this case.

In addition, we are involved in the following legal and disciplinary proceedings:

Assurance

- A former shareholder of the Brouwer group brought a civil case against PricewaterhouseCoopers Accountants N.V., claiming errors in the determination of the value of the shares in 2001, as a result of which the former shareholder claims to have suffered damage.
- Negative publicity arose in February 2017 regarding an alleged bribery fraud at Econosto, an SHV/Eriks group company. A number of investigations ensued. In 2018 the Attorney General's office announced that it was investigating irregularities in this matter. The AFM is carrying out an investigation into how PricewaterhouseCoopers Accountants N.V. handled this matter. This AFM investigation has resulted in two disciplinary complaints being filed in April 2018 against PricewaterhouseCoopers Accountants N.V.'s external auditors and a draft report of provisional findings being issued in July 2018 relating to the PwC audit firm. In addition to this, PwC was presented in April 2017 with a disciplinary complaint from SOBI (an independent foundation that investigates corporate financial reporting) directed at nine external auditors and board members of PwC.

  On 18 July 2018, the Disciplinary Counsel of Accountants ruled the complaint filed by SOBI against seven of the PricewaterhouseCoopers Accountants N.V.'s external auditors and board members to be unfounded on all counts. SOBI has not filed an appeal against this ruling. The verbal submissions in the case against the two external auditors against whom both SOBI and the AFM have filed a complaint, have not yet been made. PricewaterhouseCoopers Accountants N.V. will respond to the draft AFM report, and the AFM will then determine its definitive findings. It is unclear as to whether this will occur in 2018.

- On 27 October 2017, the Disciplinary Counsel of Accountants issued a ruling in connection with a complaint filed against an external auditor regarding an alleged error in a provision included in Boekel's financial statements. The Disciplinary Counsel of Accountants has issued a formal caution to the external auditor. This decision has not been appealed.

- On 1 December 2017, a former shareholder and supervisory director of the Software Improvement Group filed a disciplinary complaint against one of PricewaterhouseCoopers Accountants N.V.'s auditors and a partner of PricewaterhouseCoopers Advisory N.V. in connection with positions they had taken regarding the accounting for a number of items in the financial statements on which a non-PwC firm had issued an auditor's report. The allegation is that the work the auditor and his colleague partner carried out was inadequate in scope and depth. On 31 August 2018, the Disciplinary Counsel of Accountants issued the auditor with a formal caution and his colleague partner in PricewaterhouseCoopers Advisory N.V. with a reprimand. The parties involved have until 12 October 2018 to file an appeal against the ruling.

- On 23 May 2018, Mijwo Beheer filed a disciplinary complaint against an external auditor in connection with an alleged breach of the rules of conduct and professional practice. The allegation is that he was prepared to carry out the audit of annual financial reporting for the purposes of an earn-out computation, while the audit would not have been professionally possible and would have been in violation of independence requirements. The external auditor contests the complaint.

- On 29 June 2018, the PMLF foundation filed a disciplinary complaint against an external auditor who declared invalid an unqualified audit report on a set of financial statements that had served to determine the legitimacy of costs incurred and the thereby related subsidy without there being any new facts or special circumstances arising. The external auditor contests the complaint.

Advisory
- 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 ordered the plaintiff to pay the costs of the proceedings. The plaintiff appealed the ruling of the court. On 20 February 2018, the appeal court confirmed the court's 30 August 2016 ruling.

- 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. On 16 July 2018, the Disciplinary Counsel of Accountants declared many of the complaints unfounded and some founded and issued a caution to the forensic auditor.

- On 21 December 2017, a disciplinary complaint was filed by the audit firm, JAN Accountants, against one of PricewaterhouseCoopers Advisory N.V.'s forensic auditors who had assessed damages as an expert witness. The allegation is that the auditor did not apply the principle of fair hearing and, in doing so, contravened the fundamental principles of professionalism, integrity, objectivity, competence and duty of care. The forensic auditor contests the complaint.

Tax & Legal
- On 21 December 2015, the Dutch tax authority levied a fine on a PricewaterhouseCoopers Belastingadviseurs N.V. tax advisor in connection with alleged improper advice regarding a fiscal structure. This is being contested before the court.

- On 6 February 2018, PricewaterhouseCoopers Belastingadviseurs N.V. became involved in civil proceedings regarding compilation services it had provided for a set of financial statements and a tax return. The proceedings are ongoing.

- On 13 December 2017, PricewaterhouseCoopers Belastingadviseurs N.V. received a summons in connection with allegedly improper advice regarding a transfer tax matter. The tax authority has issued an additional assessment regarding the transfer, which took place more than ten years ago.

Other

Disciplinary complaints have also been filed against certain PricewaterhouseCoopers Accountants N.V.'s external auditors that do not relate to services provided by PricewaterhouseCoopers Accountants N.V.
- On 29 June 2018, the Disciplinary Counsel of Accountants declared as unfounded on all counts a disciplinary complaint filed by an audit firm against 26 auditors, including several former and current board members of the NBA (the Royal Netherlands Institute of Chartered Accountants). The audit firm claimed that the auditors, as representatives of the NBA, were involved in creating a negative view of the audit firm's quality procedures, which was disputed by the plaintiffs. One of the NBA board members against whom a complaint had been filed is a partner of PricewaterhouseCoopers Accountants N.V. who transitioned to PricewaterhouseCoopers Advisory N.V. No appeal has been filed against this judgement.
- On 1 November 2017, the Wakkere Accountant foundation filed a disciplinary complaint against three board members of the NBA. The foundation believes, amongst other things, that firms and auditors serving the SME market are penalised more harshly by the courts than are the large firms and their associated auditors in situations where the internal systems of quality control are deemed to be inadequate. The foundation holds the three current and former board members of the NBA responsible. One of the NBA board members against whom a complaint had been filed is a partner of PricewaterhouseCoopers Accountants N.V. who transitioned to PricewaterhouseCoopers Advisory N.V.

A facilitating and encouraging organisation

Critical success factor	Why critical?	Our approach
A governance and organisation that encourages and facilitates our ambitions for an optimal level of quality.	A prerequisite for living up to our ambitions for outstanding quality is the (desired) behaviour of our people. We are building on an organisation that encourages and rewards behaviour that is in line with our values and where people feel comfortable to speak up and feel safe to make mistakes and learn from them.	As stated above, an important aspect of our definition of quality is the extent to which we succeed to meet our stakeholders' expectations. One of the reasons we started our transformational Journey (page 22) to become purpose-led and values-driven is becoming more sensitive to these expectations and respond accordingly. For instance, the value 'Work together' encourages seeking and integrating other people's perspectives, and 'Make a difference' implies being well-informed about and interested in the environment we operate in (see page 37). We also want to be a learning organisation where people feel safe to make mistakes and learn from them. Another important part of transformation is becoming a technology enabled firm. We continue investing in technology because technology (for example data tools) enables us to get more and better insights and so improves the quality of our work. Automation of certain aspects of our practice provides us more time for the (judgemental) work which is also more attractive for our people to work on.

Mandatory e-learnings on the Code of Conduct

Behavioural aspects are also addressed in our Code of Conduct. All partners and staff are required to complete two e-learnings: one on the code itself and one on the (prevention of) insider trading. About 95% and 90% respectively have done so. Non-completion with no good reason is followed up by the Business Unit Leaders and any ongoing non-compliance is reflected in the partner/staff evaluation process.

There have been 57 consultations with Confidential Counsellors

Linked to the Code of Conduct is a network of Confidential Counsellors that staff can approach confidentially to discuss matters in the personal area or where they have suspicions of professional misconduct. These do not automatically lead to formal complaints being filed to the Complaints Committee or the Business Conduct Committee. In most cases, complaints are dealt with and settled in the work place, often with the counsellors functioning as mediators (see page 116 for extended information on the code and the whistle-blower procedures).

In 2017/2018 there were 57 consultations with counsellors (2016/2017: 33) and three complaints filed to the Complaints Committee (2016/2017: 0), and no notifications to the Business Conduct Committee (2016/2017: 0). We communicated this year internally about the code to raise awareness and to underline again the importance of the Code of Conduct. We think that explains the increased number of consultations.

People Survey results on Ethics	2017/2018	2016/2017
At PwC I can speak openly, even if my ideas are in disagreement with others	75%	74%
At PwC, I feel comfortable discussing or reporting ethical issues and concerns without fear of negative consequences	77%	76%
The people I work for support and demonstrate high standards of ethical conduct	82%	82%
	78%	**77%**

A talented and well-schooled workforce

Critical success factor	Why critical?	Our approach
A talented workforce continually developed in both the hard and the soft aspects of our service offerings and delivery.	People are our most important capital. Only with the right people we can deliver high quality and innovative service offerings that meet the needs of our clients and their stakeholders.	Our human capital policies focus 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’ which defines the behaviour and the skills that our people need to demonstrate in order to live up to our purpose and values (see page 37). Continuous development is also one of the primary elements of our people evaluation programme. Giving and receiving feedback more frequently and regularly is an important part of this.

Turnover among our highly-rated people has increased this year

The overall turnover remained stable this year, however, we see this percentage rise with people who were evaluated as outstanding or very good. We think this relates to the increasing competitive labour markets. We have programmes in place to retain talent, for example by encouraging them to seek new challenges and acquire new skills.

We made first steps in Strategic Workforce Planning

We started last year to work with Strategic Workforce Planning. This is defining the right mix of talent for now and the future, based on the exploration of different scenarios. Strategic Workforce Planning includes questions like what will happen to our workforce when we outsource standardised work? And what will happen when this work is automated in the future? What skills do we need? How will changes in the labour market affect our workforce? The expectations about our future will impact our current processes because workforce planning also identifies the gap between the current workforce and what will be needed in the future, so we have to anticipate now.

Recruitment of people with STEM profiles continues

We have started a new campaign to strengthen our digital employer brand and therefore our attractiveness to people with degrees in science, technology, engineering and mathematics (STEM). We have intensified our recruitment efforts because this group is often not familiar with PwC and we are not a first and obvious choice as employer. Our diversity approach that is about creating an inclusive working environment where differences are valued, is also supportive to our goals to recruit and retain people with a STEM profile. We want to expand this group significantly in the coming years.

Our learning and development programmes are going towards continuous learning

Becoming the ‘technology enabled firm’ requires our people to be ‘digitally fit’. We have adjusted our learning and development programmes to that and took new initiatives to facilitate this (see also page 25).

We have launched a new innovative tool – Vantage – that contributes to the goal of strengthening our digital skills. Vantage enables our people to learn more quickly at the point of need. It gives people access to a personal learning environment and knowledge solutions that fit their personal interests and needs and also enable people to share interesting learnings.

Training hours per FTE decreased

We see a decrease in the training hours per FTE. This decrease is partly explained by the relatively higher number of experienced people in Assurance who have completed their Dutch professional accountancy training and do not need extra training hours.

Training hours	2017/2018	2016/2017
Average per FTE	110	119
Total training hours	521,024	547,579

Turnover percentage (total)	2017/2018	2016/2017
	15.4%	15.5%

Turnover by evaluation rating and experience level		2017/2018	2016/2017
Evaluation	Outstanding/Very good	13.1%	10.7%
	Good	18.1%	18.1%
	Room for improvement/Unsatisfactory	25.7%	30.2%
Experience	0-3 years	11.9%	13.0%
	3-6 years	18.2%	16.0%
	> 6 years	19.7%	19.4%

Results People Survey on Growth & Development (coaching and feedback)	2017/2018	2016/2017
I am encouraged to try new things and learn from failure	76%	75%
I have the opportunity to work on challenging assignments that contribute to my development	79%	78%
The learning and development I have received at PwC has prepared me for the work I do	80%	79%
The day-to-day feedback and coaching I receive allows me to make immediate improvement in my performance	58%	58%
My career interests and goals are considered when staffing decisions are made	63%	61%

We focus on instant feedback to support a learning organisation

We consider giving and receiving feedback as a key element of continuous development, but our people indicated in the latest People Survey that we should make improvements in this area. That is why we made giving and receiving feedback a major subject in an internal campaign.

Training on feedback is an important element of our programmes. In 2017/2018, it has been decided that the programmes aimed at the development of feedback skills will be mandatory from 2018/2019. We also implemented (in the context of PwC Europe) a new tool for peer and upward feedback for partners and directors that allows giving feedback focused on our values. ■

4. Investing in strategic competencies

A fast changing world demands continuous adaptation and innovation to meet the needs of clients and society. That means investing in new, mainly technology-based, service delivery and offering and in the people who have to upskill in technology and digitalisation. Becoming technology-enabled is an integral part of our journey.

What we have achieved in 2017/2018:
- *We continued, also in partnership with technology companies, to invest in the digitalisation of existing propositions and the development of new services.*
- *We are working to improve the digital competencies of our people (see also page 25).*
- *We encourage an innovative culture, for instance by installing a platform of digital frontrunners.*

Innovating to improve our service offering

Critical success factor	Why critical?	Our approach
Innovating to improve our service offerings and delivery and to meet the needs of our clients and society as a whole.	Innovation of our service offerings is essential if we want to add more value, become/remain more relevant to our clients, and help them solve important problems.	To become a technology-enabled firm, we are investing in the digitalisation of our existing service offerings and the development of new ones. Because of the significant investments involved, we do this as much as possible at the level of the global PwC network and the PwC Europe collaborative association we have with a number of other European PwC member firms. To help clients in their digital transformation, we have (on a global basis) partnering arrangements in place with technology companies. This allows us to support clients from the early formulation of their strategy through to the actual (technology-based) implementation. Investing in digitalisation also means that we need to invest in the digital competencies of our people and have them involved in our own digital transformation. We recruit people with degrees in science, technology, engineering and mathematics. Our training and development programme also focuses on upskilling the digital competencies of our workforce (see page 25). We are encouraging an innovative culture within our firm, for instance by supporting the development of ideas that our people submit. This contributes also to the goals we have set in the context of Sustainable Development Goal (SDG) 8 that aims at achieving globally a higher level of productivity through diversification, technological upgrade and innovation (see pages 43).

We are further developing our Experience Centre

In our Amsterdam office, we have established an Experience Centre, an inspiring place where clients (and our own people) can actually experience the consequences of innovation and where the focus is on meeting, sharing, learning and innovating. Digital transformation begins and ends with the end-user experience. Prototyping, mock-ups, and simulations help to gain insight into the next steps in a transformation process.

This Experience Centre fits into our approach of developing innovative solutions for complex business issues because it combines business and industry expertise with the knowledge of programmers, user experience designers, industrial designers and other creative professionals. We call this our BXT approach (see also page 30), where Business, eXperience and Technology are brought together. Our BXT teams generally work in co-creation activities with the client and in line with the 'agile' or 'lean' principles inherent in start-ups.

We are setting up a Digital Traineeship in Assurance

We are starting a new trainee programme in Assurance, the Digital Traineeship. The Digital Traineeship is a two-year training programme for our Risk Assurance business unit that focuses on assurance around systems, cyber security and other non-financial information. Their external education is not aimed at an accountancy qualification. The Digital Traineeship will be set up along the same lines as our Assurance Academy, our trainee programme for starters in our audit practice.

We continue to search for technological innovation partners

We know that we cannot develop and maintain all the required technology on our own, so we are actively seeking collaboration with technology companies and we team up with technology partners, such as Google, Workday, SAP, Oracle and Salesforce. We combine our business expertise with their technological experience to develop service offerings that support businesses with their digital transformation.

Furthermore, we aim to innovate in co-creation with start-ups. This year we teamed up with FuelUp that has developed smart software to help large companies find promising technologies from

Artificial Intelligence for 'reading' contracts

Large and listed companies report their financial statements according to International Financial Reporting Standards (IFRS). As of 2019, these companies must comply with a number of new IFRS standards. For example, IFRS 16 requires that all lease and rental obligations are included on the balance sheet. To achieve this, companies need to collect detailed information from hundreds of lease and rental contracts and to make it transparent.

Instead of having people go through all the contracts manually, we have developed PwC Artificial Intelligence ezExtract technology. This machine learning technology automatically collects the data needed from the contracts. The validation of the data by our staff ensures that the algorithm becomes increasingly better at finding the correct information. The advantages of this technology solution are in saving the time involved in collecting the data and in the higher quality of the information collected. The software analyses data much more quickly than a person does and it does not overlook any of the text.

The advantage is complying more easily and efficiently with the new IFRS requirements. Another important advantage is obtaining insight into the companies' own organisations and the possibilities that the database offers for valuable data analyses. For instance, lessors and suppliers can be compared and better planning and forecasts can be made when it is clear which contracts are about to expire and when.

Software is taking over the routine tasks of the controller

An insurance company has many different business units, each with its own bookkeeping and financial analysis. Even though much of the work has already been automated, recurring manual operations are still required to produce the financial reports for each period. These operations are time-consuming and do not add any value.

In practice, three quarters of the insurance company's reports were drawn up by means of standard checks and analyses. Working with the client, PwC identified effective ways of carrying out the tasks required to produce the reports using robotic process automation (RPA). The RPA programme works on existing software and can analyse large amounts of data in just a few seconds.

Our specialists have programmed the analysis methods for use by controllers into the RPA software, with the software taking over some of the tasks from the controller. To quickly demonstrate that RPA works, we have started with a proof of concept in one of the business units. Implementation of RPA will follow later within the existing infrastructure of that business unit and perhaps within other business units of the insurance company.

By applying robotic process automation, the insurance company has saved a great deal of time when collecting and processing data, creating reports and performing standard analyses – and on an error-free basis. The starting point for the controller is a report that includes basic analyses to which specific business know-how, actions or recommendations can be added. This means that controllers can produce more added value and have more time to be an effective business partner.

around the world. We make connections between FuelUp and clients, so they can innovate and develop faster. We work together with oneUp B.V., a company that aims to speed up digital innovation in mature companies by setting up free zones that bring together start-up thinking and advanced technologies.

We also search for alliances with partners who have knowledge that links with specific areas of our service delivery. For instance, we are developing with Arc-net a blockchain-based solution for the food industry that provides transparency on food safety, quality and integrity.

We have established a digital platform to accelerate our own digital transformation

We have set up a digital platform with experts in the area of technology who are working with new technologies and are already developing technology-enabled, innovative solutions of their own. We need this group of 'front runners' to help us accelerate our digital transformation by getting more people involved. This multidisciplinary platform, with representatives from all Lines of Service, shares best practice and organises initiatives like workshops in the Experience Centre to get more colleagues acquainted with the possibilities of new technologies and with a new way of working. In bringing together knowledge from different places and perspectives, we expect to strengthen the digitalisation of our service offerings. Added to that, the members of the digital platform act as digital ambassadors for their teams and business units to promote and enhance an innovative culture and new ways of working.

We encourage an innovative culture by developing and testing promising ideas

We encourage an innovative culture, for example by organising sessions and meetings to share knowledge, best practices and success stories and to increase appetite for innovation. We make time available for the development and testing of promising ideas. In our innovation projects, we work according to the 'agile' or 'lean' principles: no big projects, but short 'sprints' to develop proofs of concept.

Within PwC Europe, we have organised a joint Innovation Challenge for the third time. This year a total of 98 teams shared their innovations. 23 innovations came from teams in the Netherlands. The ultimate winners were teams from Austria and Germany.

One of the innovations that PwC NL submitted for the challenge (and that will be further developed or scaled-up) is a tool that helps banks to submit monthly and quarterly reports to the regulator. This tool validates the regulatory information submitted for reasonableness and consistency across different worksheets and different reports. It identifies all inconsistent data and potential risks and issues, and it allows banks to assess the quality of the information before submission to the regulator. Another innovation focuses on better prediction of the future and final success of large projects. This solution collects relevant data from client data sources, runs automated and intelligent analyses, and then submits fact-based predictions. ■

External stakeholders' view on PwC: Patrick de Zeeuw about 'digitising' people

Patrick de Zeeuw is co-founder and director of Startupbootcamp, a company that is helping startups in fifteen different countries as they cope with accelerating growth. Large, established companies have also been approaching Startupbootcamp for help with innovation, so he and his partners set up Innoleaps for this purpose. Their Talent Institute aims to train young digital talent.

'Digital transformation is all about changing the mindset. Skills and tools are also important, but these are simply the wherewithal to get things done more efficiently and effectively.'

'In the past, corporates worked out their own innovations, put them out in the market, and were generally very successful at it. That has completely changed in the digital era. Innovation begins and ends with the end-user and if you don't put the end-user at the centre of things, you risk bringing out innovations that no one wants. This, therefore, means a different way of working, a way in which you innovate iteratively, using data at each iteration point to align the product more and more closely to the needs of the end user. This is a whole new way of thinking and working, and that's why I hammer away at mindset being the starting point of digital transformation.'

Complex innovation

'PwC is part of a very special industry that is heavily regulated, perhaps even over-regulated. The strict constraints that PwC must operate within make innovation complex. But this doesn't mean that PwC can't experiment in all sorts of ways within these constraints. To be honest, when I see what you do, I get the impression that the idea behind digital transformation has pretty well landed. And you have to do this – your clients are already a long way down this road.'

'PwC is not the only company struggling with the challenge of bringing its entire organisation along in its digital transformation. I see them everywhere. The C-suite mindset is critical. If the leadership does not proactively exude the thinking behind digital transformation and promote it within the organisation, then you can forget it. So, it's the job of PwC's Board of Management and partners to exude this and take their people with them.'

Train and experiment

'It is good practice to share knowledge and experience within the organisation and put together a group of front runners to help spread the digital mindset. But, ultimately, you will need to train your people and you should invest in this in a big way. My experience is that, if you train your people and allow them to experiment, then they will become enthusiastic and willing to embrace. Let them experience what digital transformation means for them in their day-to-day work. And, you know what? There is almost no one who does not enjoy this way of working.'

The smallest possible version

'Also very important is to take the back office with you in areas like experiment design, design thinking and customer centricity. Large companies with sufficient funds for investment are used to thinking big. That's why they roll out new worldwide systems in one fell swoop. This costs a lot of money, time and frustration, because things always go wrong and cost more than estimated. Go rather for a Minimum Viable Product, the smallest possible version of a product or service, and then test it first to see if it deals with the end user's problems. Implement new packages first on a small scale to build up experience, and then scale up only after the initial lessons have been learnt. Digital transformation is about people. If people do not see the added value of new tools, products or services, then they won't use them. That applies internally as well as externally.'

'Digital transformation is all about changing the mindset.'

5. Transforming our organisation

The ability to adapt continuously to fast changing circumstances requires an organisation that is agile, flexible and resilient to expected and unexpected developments.

Improvement of our workflows

Critical success factor	Why critical?	Our approach
Continuous improvement of our workflows.	We strive to make our systems, procedures and way of working more effective and efficient. This keeps costs down and allows us to focus on strategic aspects such as quality, innovation and corporate responsibility.	We are organising our way of working to ensure that we have the ability to respond quickly to new client issues. We are focussing on developing a similar way of working within PwC Europe and our global network, because this improves our cross-border service delivery. Moreover, it allows us to deploy our people and their specific expertise better on (international) engagements. We also have, for instance, ‘hubs’ and ‘centres of excellence’ that carry out specialised work for other member firms and we deploy expertise in areas in which other member firms are short on expertise. We are also outsourcing standardised work to delivery centres within our network, to allow our people to spend more time on the more complex aspects of their engagements. Within our organisation, we are investing in systems that support this way of working.

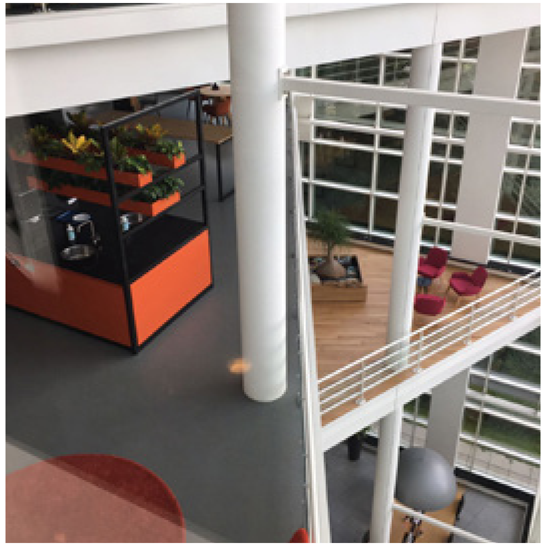
What we have achieved in 2017/2018:
- *We continued to invest in new ways of working, such as the outsourcing of standardised work to delivery centres within our network.*
- *Our people mobility has increased.*

Investments in a new global HR and CRM system

Together with our technology partner Workday, we are globally implementing a new HR system. With Workday we will be standardising our global HC processes supporting cross-border client teams. Workday enables easy access to data (on mobile devices) so our people no longer need to rely on the Human Capital department for information. For example, it gives our team leaders insight into the development of their people by tracking their progress against their goals and objectives. Workday is to be implemented in the course of 2019 in all PwC member firms. We are also implementing Salesforce as one global customer relationship management system supporting international client teams and improving accessibility to information.

We have modernised most of our offices

We are transforming our offices along the principles of Activity Based Working. This 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 is 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.



Building an agile organisation

Critical success factor	Why critical?	Our approach
Building an agile organisation able to meet changing stakeholder needs and a resilient organisation ready to deal with (unexpected) economic developments.	Becoming an agile organisation means becoming more responsive and adaptive to the fast changing environment and client needs.	We are continuously looking for ways to focus our time in such a way that we add the most value to clients and society. At the same time we keep working towards becoming an organisation that is multi-nodal which means that our people can work locally, regionally and globally and share knowledge across the network.

We are setting up a department for audit support

As mentioned earlier on page 50, we outsource standardised work to specialised delivery and competence centres within the PwC Network. Reasons for outsourcing are further improvement of the quality of our work and to reduce the workload of audit teams.

For the same reason as outsourcing work, we are setting up an audit support centre that brings together support activities previously held in our National Office, such as the Service Delivery Centre. Furthermore, in this new department we are building dedicated and specialised capabilities and expertise in a competence centre and centres of excellence. The new department contributes both to quality and efficiency as it enables standardisation of routine audit steps and procedures, and it facilitates centralisation of knowledge.

We have developed a special training programme for (future) employees: the Bachelor Traineeship, which aims to recruit approximately 70 people with a bachelor's degree.

We are increasingly working together within PwC Europe

We are increasingly coordinating our processes within our PwC Europe collaborative association. The driving force behind the pooling of resources within Europe, between the member firms in Germany, Austria, Belgium, Turkey and, as of 1 July 2018, Switzerland ('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 within our firm require huge investments. We are focusing on collaboration in the business areas where we see the highest synergies, such as cyber, tax transfer pricing, legal services, people and organisation, consultancy, deals, risk assurance and accounting services.

For the same reasons, we are also aligning investments and activities at global level. The alliances we have with big technology firms (see page 57) are an example of this increasing global collaboration.

Our people mobility has grown

Following the increasing collaboration with other member firms, we see our people mobility growing. We also see that people, supported by technology, are working more cross-border, without actually moving between countries.

We want to improve mobility further. We see long-term and short-term secondments as 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. Developing a mindset that transcends geographic and cultural boundaries is an important element of our PwC Professional leadership model. Furthermore, mobility is a good 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).

Mobility within PwC Netherlands (in people)*	2017/2018	2016/2017
Assurance	67	61
Tax	44	46
Advisory	24	11
Firm Services	25	29

Mobility within PwC Europe (in people)**	2017/2018	2016/2017
Assurance	27	22
Tax	13	30
Advisory	14	9
Firm Services	2	1

Mobility internationally (in people)***	2017/2018	2016/2017
Assurance	140	90
Tax	39	54
Advisory	25	20
Firm Services	3	1

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

Risk factors

In determining and implementing our strategy, we take into account the risks that potentially affect us the most. If we do not adequately address these risks, we may lose relevance to clients and, ultimately, to society as a whole. For this reason, we continuously monitor developments and trends as they evolve in society in general, in the business environment in which we operate, and in our organisation.

As a PwC member firm, we must comply with the PwC Network Standards and Risk Management Policies. They contain a wide variety of requirements to ensure that the strategies of the individual member firms are aligned with the network strategy, that the services we provide to our clients are ‘quality services’, and that strategic, operational, financial reporting, financial, regulatory and compliance risks are adequately managed. Our professionals are responsible for delivering high quality services to their clients. To enable them to carry out their responsibility, various internal (technical) consultation, risk management, IT, legal and other functions support them.

In addition to the annual risk assessments carried out in the Lines of Service and in the various functional areas (such as Ethics & Business Conduct, Information Protection, Independence, etc.), the Board of Management and the Line of Service Boards regularly discuss the key risks in the so-called Enterprise Opportunity and Risk Management (ENORM) sessions. These sessions address the main (strategic) opportunities and risks with a view to assessing whether they are adequately managed and whether additional action is needed. The purpose is to help ensure that the opportunities identified during the business planning process can be realised and that the risks, considering our risk appetite, are mitigated to an acceptable level. The Risk Council of the Board of Management conducts the ENORM process. The Risk Council includes the members responsible for risk and quality from the Board of Management and the Boards of our Lines of Service.

Our Internal Audit Department, (independent) review teams from PwC NL and the PwC Network and our Compliance Officer periodically review the design and the operating effectiveness of our internal risk management and control system. Their reports are discussed with the Board of Management and shared with the Supervisory Board.

Detailed information about our risk management and control framework is set out on pages 117-119.

We assessed our risk management and control framework against the Dutch Corporate Code of Governance 2016 and the principles of COSO ERM 2017. The result of this assessment is that we can improve by integrating our Enterprise Opportunity and Risk Management process better into our business planning cycle.

Overview of risks

The accompanying table summarises our key risks, links them to our strategic focus areas and critical success factors, indicates the potential impact of the risks should they materialise, and lists the key measures we have taken to mitigate them. We also indicate whether there were any changes in the net risk compared to the prior year. Net risk is the residual risk after reflecting the impact of the (mitigating) measures taken.

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 - Delays in 'time-to-market' for innovative services and solutions - Risk of new entrants (mainly in Tax and Assurance)	- Insufficient funds for investment in people and technology, leading potentially to lower quality	- Financial planning and control cycles and monthly progress reporting - Integrated reporting dashboard with strategic financial and non-financial KPIs - Coordination and prioritisation of the innovation of new products and services - Ongoing pursuit of inorganic growth opportunities (alliances, acquisition of niche-players, etc.) - Collaboration within PwC Europe and the international network - 'I am digital' campaign - Digital training and hiring of STEM people	↓
	Multidisciplinary service offerings and delivery that address our clients' key issues	- A silo mentality between our Lines of Service - Delays in 'time-to-market' for innovative services and solutions	- Insufficient ability to identify the actual issues of our clients and to be distinctive in the market - Inadequate solutions for important client problems - Long-term risk to our 'license-to-operate'	- Encouragement of collaboration across the Lines of Service by putting the client and societal agendas at the heart of what we do ('outside-in') - Requirement for collaboration in people's goal setting and evaluation processes - Empowerment of multicompetence collaboration in industries - Investment in the innovative services workshop around living the values (such as working together)	=
	Robust dialogue that matches our clients' strategic agenda	- Insufficient understanding of our clients' needs	- Loss of credibility and leading market position - Loss of clients - Worsening client relationships	- Request and follow-up on feedback from clients - Strong and consistent account management - 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.

= 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
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 of client solution offerings - Restricted access to recruitment market potential	- Proactive approach to diversity focused on an appreciation of differences - Focus on behaviour and culture in training programmes - Anchoring the PwC values into our daily work and behaviour	=
	Building an externally focused culture in which social involvement is the norm	- Lack of outside-in view - Not living up to the PwC purpose and values (not embedding them into our DNA)	- Insufficient response to (changing) stakeholder expectations	- Active stakeholder dialogue - Active participation in the public debate - Continued focus on embedding the PwC purpose and values into our DNA through the PwC journey	=
	An impactful CR approach	- A CR programme that is not in line with our know-how and expertise - Lack of success in becoming circular	- (Too) little social impact - Reduced social involvement on the part of our staff - No reduction of emissions	- Focus on social enterprises, supporting them with know-how and expertise - Linking a selection of the UN's Sustainable Development Goals to our strategy - Ambition for full circularity by 2030	↓
	Knowledge sharing and thought leadership	- Not being seen as a market and thought leader	- Loss of PwC brand value and credibility	- 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 from our people - Reduced level of well-being of our people - 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)	↑

* 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

Focus areas	Critical success factors	Key (gross) risks	Potential impact of the risks	Key measures to mitigate the risks	Changes in net-risks
Building on the quality of our service offerings and delivery	Continuous improvement in, and testing of, our approach to quality and our risk management system	- New regulation and/or legislation impacting our license to operate - Non-compliance with legal and regulatory requirements and our own internal (quality) standards, including information security and data protection - Failure to address on a timely basis the impact of technology on the quality of, and risks in, our service offerings - New external regulation - Information security and data protection	- Restrictions on integrated offerings that address our clients' needs (i.e. loss of relevance to our clients) - Financial damage from liability claims - Outdated service offerings (i.e. ineffective and inefficient) - IT security issues, data leakage and cyber attacks	- Engagement compliance and quality review programmes in Assurance, Advisory and Tax - Regular review, testing and updating of the design and (effective and efficient) operation of our internal control and risk management system - Availability of technical support and consultation infrastructure for our professionals to help them to deliver quality, address risks and comply with laws and (professional) regulations - Active participation - at the level of PwC NL as well as at network level - in sector initiatives and in active stakeholder dialogue - GDPR readiness, revised Data Protection and Data Retention policies - Mitigating factors project GDPR and implementation of the PwC NL Cyber Resilience Plan - Investments in cyber security and cyber resilience	↑
	A governance environment and organisation that encourages and facilitates our ambitions for quality	- Undesirable or unethical behaviour by our people	- Financial and reputational risk - Sub-standard service delivery and offerings - Loss of public trust	- Deployment of the PwC Network Risk Management Policies describing the expected 'way of working' and the behaviour and responsibilities of partners and staff with respect to delivering quality - Continued focus on embedding the PwC purpose and values into our DNA through the PwC Journey - Anchoring our purpose and the PwC values into our daily work and behaviour - Independent supervision by the Supervisory Board - Quality paramount in our partner and staff evaluation and remuneration process - Technical training for all relevant staff - Global Tax Code of Conduct - PwC ICT Code of Conduct and mandatory e-learning	=
	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 - Losing the 'battle 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 the 'PwC Professional' and other programmes - Competitive terms of employment - Recruitment of people with specific backgrounds in addition to our traditional workforce, e.g. with STEM profiles (science, technology, engineering, mathematics) and behavioural experts	=

* 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

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	- Inability to attract new technological skills on a timely basis - Insufficient agility and resilience to respond properly to the disruptive technological developments and/or to the behaviour of new market entrants - Delays in 'time-to-market' for innovative services and solutions	- Loss of relevance in the digital transformations of our clients - Weakened (societal) relevance and competitive position - Outdated service offerings (i.e. ineffective and/or inefficient)	- Integrating new technology into our operations - Joint investment at international levels - Integrating new technology, including digital, into our service offerings and delivery - Upskilling the digital competencies of our workforce and recruiting people with STEM profiles - Partnering with technology firms	↑
Transforming our organisation	Continuous improvement to our workflows	- Non-compliance with GDPR - Cyber security and threats - Insufficient agility to adopt new technologies - Violation of client confidentiality and privacy rules - Ability to successfully implement Google, Salesforce and Workday	- Reputational damage - Financial damage resulting from liability claims - Change overload	- Investments in systems, technology and processes - Attention for change management - Focusing on one way of working within our global network - Implementation of Activity Based Working - Anchoring the PwC values into our daily work and behaviour	↑
	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	- Encouraging people mobility - Outsourcing of (non-judgemental) routine work to specialised delivery and competence 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

Responsibility Statement by the Board of Management

The Board of Management is responsible for the design and operating effectiveness of PwC NL's internal risk management and control system. This system has been designed to manage the risks that may prevent PwC NL from achieving its objectives. However, this system cannot provide absolute assurance that material misstatements, fraud and violations of laws and regulations have been avoided.

The Board of Management reviewed and analysed:
- the strategic, operational, financial reporting, financial, regulatory and compliance risks, as discussed in the Risk factors section on pages 62 and 66 of this Annual Report; and
- the design and operating effectiveness of the internal risk management and control system as discussed on pages 117- 119 of this Annual Report.

The results of this review and analysis were shared with the Audit Committee and Supervisory Board and furthermore discussed with PwC NL's external auditor.

With reference to best practices provision 1.4.3 of the Dutch Corporate Governance Code, the Board of Management states that, to the best of its knowledge:
- this integrated Annual Report fiscal year 2017/2018 provides sufficient insight into major failings in the effectiveness of the Internal Risk Management and Control Systems. There are no major failings to report;
- the aforementioned system provides reasonable assurance that the financial reporting, as included in the Financial statements, does not contain any material inaccuracies;
- based on the current state of affairs, it is justified that the financial reporting, as included in the Financial statements, is prepared on a going-concern basis; and
- this Annual Report fiscal year 2017/2018 sets out those material risks and uncertainties that are relevant to the expectations of the company's continuity for the period of twelve months after the preparation of this report. ■

Governance and remuneration

Governance

We have a new Board of Management as of 1 July 2018

As of 1 July 2018 we have a new Board of Management, extended from six to seven members. The new Chair (Territory Senior Partner), Ad van Gils, was appointed by the General Meeting on the basis of a binding proposal of the Supervisory Board. The Chair is the only statutory director (under the articles of association) and he appoints the other members as authorised executive directors. Ad van Gils succeeds Peter van Mierlo who was Chair for five years and who could not be re-appointed. Frank Engelen and Michael de Ridder also stepped down.

New Board of Managament members are Marc Borggreven (Human Capital), Agnes Koops-Aukes (Assurance and as from 1 July 2018, Chair of the Assurance Board), Renate de Lange-Snijders (Clients and Markets and also Corporate Responsibility) and Maarten van de Pol (Advisory and Chair of the Advisory Board). Jolanda Lamse-Minderhoud starts her second term on the Board of Management and will be Chief Financial Officer, Chief Operating Officer and responsible for Risk & Quality. Marc Diepstraten, who joined the Board of Management on 1 July 2016, remains responsible for the Tax & Legal Line of Service and Chair of the Tax & Legal Board.

An overview of the current and former members of the Board of Management and the changes in the Line of Service Boards is provided on page 111-115.

New members of the Supervisory Board

We are in the process of bringing a new member for the Supervisory Board to succeed Nout Wellink, who has retired as of 30 June 2018, as well as a new member to succeed Jan Maarten de Jong who will retire by the end of this fiscal year 2018/2019.

We have embraced the principles of the Corporate Governance Code

Last year we conducted an assessment of our governance and reporting framework to determine to what extent we comply with the Dutch Corporate Governance Code (the Code). The Code applies to listed companies, but we believe that compliance with the Code contributes to confidence in good and responsible management of companies and their integration into society. Therefore, although we are not a listed entity, we apply the Code on a voluntary basis, where applicable. One of the dominant principles of the Code is the focus on long-term value creation, which is in line with our own ambition to become purpose-led and values-driven, see page 22.

The assessment made clear that we comply with most of the principles of the Code. The most important deviation relates to the decision-making of shareholders in the general meeting.

Remuneration

Claw-back

We have a claw-back scheme in place for audit partners who are external auditors, with a claw-back period of six years. Under this scheme paying out of one sixth of each individual partner's annual management fee is deferred and held during the deferral period in an account with an independent foundation. When an external auditor issues an incorrect opinion for which the auditor is culpable and which has resulted in societal damage, part or all of the deferred remuneration is invested in measures to improve quality and the external auditor consequently loses entitlement to the deferred remuneration. The proposal to withhold remuneration and to invest this in quality improvement measures is subject to approval by the Supervisory Board. There was no claw-back last year.

	2017/2018	2016/2017	Δ%
Management fee, salary and emoluments			
Available for distribution to partners (€ millions)	158.1	148.9	6.2
Average partner management fee* (€'000)	583.2	533.3	9.4
Staff bonuses** (€ millions)	26.4	24.0	10.0
Average salary cost per FTE (€'000)	76.6	74.6	2.7
Average bonus per FTE (€'000)	6.0	5.5	9.1

* 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.

	2017/2018	2016/2017
Relationship of the highest remuneration within PwC NL to the median of the total remuneration within PwC NL (including partners) *		
Factor	32.1	27.9
Ratio**	+67.5	0
Relationship of the highest remuneration within PwC NL to the average of the total remuneration within PwC NL (including partners) *		
Factor	20.7	17.7
Ratio***	+9.3	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.

** The percentage change in the highest remuneration paid (+15%) divided by the percentage change in the median (-0.2%) excluding the highest remuneration.

*** The percentage change in the highest remuneraton paid (+15%) divided by the percentage change in the average (-1.6%) excluding the highest remuneration.

Fifteen sanctions were imposed

Any instance of non-compliance with external and internal (independence) requirements or of unacceptable behaviour can ultimately result in a sanction being imposed. Depending on the nature and severity of the case, sanctions vary from a written warning or reprimand to suspension and dismissal for employees 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 54 and 116) 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 year, based on input from the Independence Sanctions Committee, 15 sanctions (2016/2017: 15) were imposed for independence infringements, of which ten were written warnings and five were reprimands. All the written warnings and three of the reprimands related to non-registration or late registration of purchases and/or sales of permitted financial interests. Two reprimands related to the holding of a restricted financial interest. ■

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.

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 equity and responsibility-based (‘mapping’) and 50% variable as performance-based (‘rating’). At target performance means full partner entitlement to the variable 50% element. 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 (in worst case scenario, the partner can lose all Client related income points).

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 12.5-50%.

Remuneration of the BoM is fixed

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 early 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. As from 1 July 2018 the remuneration of both the members of the BoM and the members of the Assurance Board is determined annually by the SB in accordance with established policy.

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 (during a mandatory ‘midyear’) 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.

How we manage the execution of our strategy

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.

We have a so-called 'integrated dashboard', which is based on our strategic objectives and its fourteen critical success factors (see pages 26-29) and measures the progress we make on these success factors and thus the extent to which we achieve the strategic goals. The integrated dashboard includes key performance indicators for 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 seven 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 Risk & Quality Coordination Group, which comprises representatives from Assurance, Tax & Legal 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 not only the audit practice, but also the Tax & Legal and Advisory practices. The Compliance Officer reports directly to the Supervisory Board and to the BoM and LoS Boards. The Independence Officer reports to the BoM.

We have an Information Protection Committee in place that meets monthly regarding informational aspects of our business. It includes representatives from our Legal team, the Compliance and Independence Offices, Risk & Quality, the Chief Information Officer and ITS, the department responsible for our technology infrastructure. PwC Netherlands is a participant in a global programme in the area of cyber security (see page 49).

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), IT, and business transformation. Each of these areas has a senior manager, 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. We installed a steering committee to evaluate and anticipate our progress in becoming circular.

Outlook

Our ambition is to become a purpose-led and values-driven organisation. We see this as the only option to restore trust in our sector. In order to achieve this, we maintain our focus on the transformation in the strategic direction we set out in our Vision 2020, while at the same time strengthening the execution of this strategy. We continue the PwC journey as an enabler for our transformation. We strive for profitable growth to generate the investment funding necessary to attract and retain the best people and procure the means to achieve this ambition. Our focus areas for the coming year are set out below.

Accelerating the digitalisation of our solutions and our people

To achieve the ambition we have set out in Vision 2020 to become a technology-enabled firm, we need to accelerate our digital transformation, and we continue to invest in this. One of our focus areas is the digital skills of our workforce which, looking firmwide, are not yet sufficiently developed. We will be working on the digital savviness of our people by linking our digital transformation more specifically to our journey. The success of digitalisation is as much about culture and behaviour change as it is about tools and techniques.

Building a workforce of the future

In line with accelerating the digital capabilities of our people, we are recruiting people with STEM profiles (science, technology, engineering and mathematics) and we will continue to do this. Furthermore, the rapid advances in technology and ongoing demographic developments require that we take a holistic view both of our existing workforce and of the mix of talent we need for the future. For instance, ongoing automatisation and standardisation of work will affect the composition of our workforce. We will be exploring a number of different scenarios to help identify the gap between our current workforce and our future needs and to enable us to identify and take the measures necessary.

Perseverance in quality improvement

We are cautiously optimistic about the results of our quality improvement measures. The results of our internal reviews of audit files improved this year, after disappointing results in prior years. However, one year of satisfactory results is nowhere near enough to restore public trust in the quality of the audits. Nonetheless, we consider the improvement of our internal review results as encouraging in terms of moving in the right direction and as an indication of progress on audit quality. And most importantly, improving quality is a continuous process and will never be a 'job done' which is why quality remains a top priority and we expect our investments in it to continue, for example by investing further in technology and outsourcing work to delivery centres.

Further international collaboration

Our clients expect us to serve their businesses seamlessly across territorial borders. Consequently, 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 also to scale higher investments in technology and in industry and competency expertise. In 2018/2019, we will continue our level of collaboration by teaming up in global initiatives and we will intensify the collaboration with the member firms of PwC Europe.

Expectations for financing and headcount

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

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

Financial outlook for 2018/2019

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 (such as the outcome of political elections and the Brexit), potential international trade conflicts, unprecedentedly low interest rates, the threat of terrorism and geopolitical challenges are all impacting business confidence.

Notwithstanding the volatile environment we are facing, we foresee continued demand for our services during the current year, with some modest growth of revenues and stable financial results.

Amsterdam, 27 September 2018

The Board of Management:

Drs. A.H.M. van Gils RA (statutory director)
Mr. drs. M.M. Borggreven*
Mr. M.J.M. Diepstraten *
A. Koops-Aukes RA*
Drs. J.D. Lamse-Minderhoud RA *
Drs. M.P. de Lange-Snijders*
Drs. M.C.W. van de Pol RA*

* Authorised executive director

Financial statements

Holding PricewaterhouseCoopers Nederland B.V.

1. Consolidated financial statements

1.1 Consolidated balance sheet as at 30 June 2018 (before appropriation of result) (in €'000)

		30 June 2018		30 June 2017	
Fixed assets					
Intangible fixed assets	[1]				
Intellectual property		-		468	
Goodwill		10,899		14,188	
Software		1,090		630	
			11,989		**15,286**
Tangible fixed assets	[2]				
Leasehold improvements		11,879		11,096	
Fixtures and fittings		7,914		6,170	
Other fixed assets		11,430		6,860	
Fixed assets under construction		1,219		2,478	
			32,442		**26,604**
Financial fixed assets	[3]				
Other participating interests		5,957		7,374	
Deferred tax assets		3,676		5,122	
Other receivables		6,457		1,733	
			16,090		**14,229**
Current assets					
Work in progress	[4]		**44,511**		**45,169**
Receivables					
Receivables from clients	[5]	184,378		174,190	
Taxes and social security charges	[6]	982		-	
Other receivables	[7]	15,047		10,695	
Prepayments and accrued income	[8]	22,728		18,228	
			223,135		**203,113**
Cash and cash equivalents	[9]		**17,190**		**16,298**
Total			**345,357**		**320,699**

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

		30 June 2018		30 June 2017	
Equity and liabilities					
Group equity	[10]		**10,260**		**10,439**
Provisions	[11]		**26,275**		**28,867**
Long-term liabilities					
Subordinated loans	[12]	45,340		46,340	
Accrued expenses and deferred income (long-term)	[13]	10,498		11,632	
			55,838		**57,972**
Current liabilities					
Liabilities to suppliers	[14]	21,130		26,813	
Liabilities to shareholders	[15]	83,500		64,851	
Taxes and social security charges	[16]	44,774		39,362	
Other liabilities	[17]	79,276		71,511	
Accrued expenses and deferred income (current)	[18]	24,304		20,884	
			252,984		**223,421**
Total			**345,357**		**320,699**

[..] 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 2018 (in €'000)

		2017/2018		2016/2017	
Net revenue	[19]		**832,685**		**767,001**
Cost of work contracted-out and other external costs	[20]	98,052		76,638	
Salaries		278,906		264,572	
Social security charges	[21]	62,052		58,350	
Amortisation and depreciation of fixed assets	[1,2]	12,086		11,260	
Other operating costs	[22]	219,951		205,007	
Total operating costs			**671,047**		**615,827**
Operating profit			**161,638**		**151,174**
Interest and other financial income		146		127	
Interest and other financial expenses	[23]	-5,036		-946	
Profit on ordinary activities before tax			**156,748**		**150,355**
Taxes	[24]	-458		-1,489	
Results of participating interests	[25]	1,676		249	
Management fee Coöperatie PricewaterhouseCoopers Nederland U.A.	[26]	-158,145		-148,936	
Profit after tax			**-179**		**179**

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

1.3 Consolidated statement of cash flows for the year ended 30 June 2018 (in €'000)

		2017/2018		2016/2017	
Cash flow from operating activities					
Operating profit			161,638		151,174
Adjustments for:					
Amortisation and depreciation and other impairments	[1-3]	16,779		11,260	
Movements in provisions	[11]	-2,592		2,311	
Movements in accrued expenses and deferred income (long-term)	[13]	-1,134		-2,231	
			13,053		**11,340**
Changes in working capital					
Receivables	[5-8]	-19,279		-13,784	
Work in progress	[4]	658		-5,742	
Current liabilities	[14-18]	28,836		29,688	
			10,215		**10,162**
Cash flow from business operations			**184,906**		**172.676**
Dividend received	[3]	244		70	
Interest*	[23]	-4,290		-719	
Taxes	[24]	-1.201		-1,064	
			-5,247		**-1,713**
Management fee Coöperatie PricewaterhouseCoopers Nederland U.A.	[25]		-158,145		-148,936
Cash flow from operating activities			**21,514**		**22,027**
Cash flow from investing activities					
Additions to intangible fixed assets	[1]	-790		-	
Additions to tangible fixed assets	[2]	-14,830		-15,726	
Disposals of tangible fixed assets	[2]	534		1,154	
Additions to financial fixed assets	[3]	-8,239		-468	
Disposals of financial fixed assets	[3]	3,576		5	
Acquisitions of subsidiaries		-		-9,133	
Cash flow from investing activities			**-19,749**		**-24,168**

		2017/2018		2016/2017	
Cash flow from financing activities					
Subordinated loans	[12]	-1,000		1,200	
Cash flow from financing activities			**-1,000**		**1,200**
Net cash flow			**765**		**-941**
Cash and cash equivalents - opening			16,298		17,668
Net cash flow			765		-941
Foreign currency exchange differences			127		-429
Net cash and cash equivalents - closing	[9]		**17,190**		**16,298**

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

* Interest paid and received 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 & Legal services 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.

Group relationships

PwC Europe SE Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Germany holds 100% of the ordinary shares of Holding PricewaterhouseCoopers Nederland B.V.
Coöperatie PricewaterhouseCoopers Nederland U.A. ('Coöperatie') holds the sole priority share of Holding PricewaterhouseCoopers Nederland B.V.

Coöperatie also holds an interest in Konsortium PwC Europe, registered in Frankfurt am Main, Germany. Konsortium PwC Europe is a consortium of the Dutch, German, Austrian, Belgian and Turkish PwC member firms and it holds a 100% interest in PwC Europe SE Wirtschaftsprüfungsgesellschaft. Coöperatie's equity share in Konsortium PwC Europe was 30.2% as of 30 June 2018 (30 June 2017: 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 Konsortium PwC Europe.

The private limited liability companies owned by the professional practitioners (the 'partner BVs') have each entered into an association agreement with Coöperatie and the Company, 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.

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 Dutch Accounting Standards ('Richtlijnen voor de jaarverslaggeving') as published 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's financial statements are included in the consolidated financial statements, the Company's 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 the Company 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 the following:
- 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.

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

Acquisitions of group companies

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

The purchase price is the monetary, or equivalent, 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 those legal entities that can be controlled, jointly controlled or significantly influenced by the Company and those legal entities that can control the Company. The statutory director, the authorised executive directors, the members of the Supervisory Board of the Company, the close relatives of these board members and the shareholders of the Company (Coöperatie and PwC Europe SE Wirtschaftsprüfungsgesellschaft) are also defined as related parties.

The nature and extent of transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions, 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 insight, software is presented this year in intangible fixed assets rather than in tangible fixed assets and deferred tax assets is presented this year in financial fixed assets rather than in other receivables. The comparative amount for software (€ 0.6 m) has been reclassified from other tangible fixed assets to intangible fixed assets. The comparative amount for deferred tax assets (€ 5.1 m) has been reclassified from other receivables to financial fixed assets.

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. 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.

Software

Software is carried at acquisition cost less accumulated depreciation and impairment provisions. Software is depreciated 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 taking into account any residual values. Assets under construction are not depreciated.

Impairment of fixed assets

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

Financial fixed assets

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

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

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 presented under financial fixed assets include loans issued that are to be held to maturity. These receivables are initially measured at fair value and subsequently carried at amortised cost. Impairment losses are deducted from amortised cost and expensed in the profit and loss account.

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.

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 2017: 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 2017: 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 probable 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 probable 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.

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 nearly all 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.

Amortisation and depreciation of intangible and tangible fixed assets
Intangible fixed assets, including goodwill, are amortised over their estimated useful 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.

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 lives of the assets and their expected residual values.

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 the Company 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 financial arrangements with the partners.

Coöperatie charges this management fee to the Group, which is included as an expense in the Group's 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 performed primarily through three Lines of Service (Assurance, Tax & Legal 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 2018 (in € '000)

[1] Intangible fixed assets

The movements are as follows:

	Intellectual property	Goodwill	Software	2017/2018 Total	2016/2017 Total
Balance as at 1 July					
At cost	4,306	18,241	3,376	25,923	20,210
Accumulated amortisation	-3,838	-4,053	-2,746	-10,637	-9,299
Carrying amount	**468**	**14,188**	**630**	**15,286**	**10,911**
Movements					
Additions	-	-	790	790	9,689
Disposals	-4,306	-2,026	-	-6,332	-3,976
Amortisation	-468	-2,830	-330	-3,628	-5,314
Accumulated amortisation on disposals	4,306	1,567	-	5,873	3,976
	-468	**-3,289**	**460**	**-3,297**	**4,375**
Balance as at 30 June					
At cost	-	16,215	4,166	20,381	25,923
Accumulated amortisation	-	-5,316	-3,076	-8,392	-10,637
Carrying amount	**-**	**10,899**	**1,090**	**11,989**	**15,286**
Amortisation percentages	33	10-33	10-33		

Intellectual property represents the value of the intellectual property of the Taxmarc software licences acquired through the Group's acquisition of Taxolutions B.V.

Goodwill of € 9,018 was recognised on the acquisition of PricewaterhouseCoopers Consulting Services Holding 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 € 1,076 that was recognised on the acquisition of Taxolutions B.V. on 16 March 2015 (with effect as of 1 January 2015) is being amortised on a straight-line basis over three years.

On 29 June 2018, the 20% share in oneUp B.V. (previously BigData.Company B.V.) was sold for an amount of € 2.1 m and the goodwill recognised (carrying amount of € 459) was eliminated. The net asset value of the participation amounted to € 494. The total net gain of € 1.1 m has been included in the result for the period.

[2] Tangible fixed assets

The movements are as follows:

	Leasehold improvements	Fixtures and fittings	Other fixed assets	Fixed assets under construction	2017/2018 Total	2016/2017 Total
Balance as at 1 July						
At cost	65,134	20,444	25,018	2,478	113,074	99,522
Accumulated depreciation	-54,038	-14,274	-18,158	-	-86,470	-79,438
Carrying amount	**11,096**	**6,170**	**6,860**	**2,478**	**26,604**	**20,084**
Movements						
Additions	4,501	2,771	8,817	-1,259	14,830	15,120
Disposals	-2,910	-2,970	-6,514	-	-12,394	-1,568
Accumulated depreciation on disposals	2,626	2,903	6,331	-	11,860	414
Depreciation	-3,434	-960	-4,064	-	-8,458	-7,446
	783	**1,744**	**4,570**	**-1,259**	**5,838**	**6,520**
Balance as at 30 June						
At cost	66,725	20,245	27,321	1,219	115,510	113,074
Accumulated depreciation	-54,846	-12,331	-15,891	-	-83,068	-86,470
Carrying amount	**11,879**	**7,914**	**11,430**	**1,219**	**32,442**	**26,604**
Depreciation percentages	10	10	20-50			

Other fixed assets relate primarily to computers, servers and smartphones with a carrying amount at 30 June 2018 of € 9.5 m (30 June 2017: € 5.0 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 participating interests	Deferred tax assets	Other receivables	2017/2018 Total	2016/2017 Total
Balance as at 1 July	**7,374**	**5,122**	**1,733**	**14,229**	**12,210**
Additions	-	-	8,239	8,239	1,377
Share of profit of participations	559	-	-	559	717
Disposals	-554	-1,446	-	-2,000	-5
Dividend received	-244	-	-	-244	-70
Impairment	-1,178	-	-3,515	-4,693	-
Balance as at 30 June	**5,957**	**3,676**	**6,457**	**16,090**	**14,229**

Other participating interests

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

The Group holds the following participations:

Name and location	Share in the issued capital %
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

On 29 June 2018, the participation in oneUp B.V. (previously BigData.Company B.V.) was sold (see note 1).

Based on the latest financial results of, and future outlook for, PwC Network Holdings Pte Ltd. and its estimate of recoverable amount, the Company has impaired the valuation of this participation by € 1.2 m.

Deferred tax assets

Deferred tax assets relates to temporary tax differences of € 14.4 m, arising mainly on differences in depreciation periods for tangible fixed assets and on the timing of recognition of office vacancy costs. An amount of € 1.0 m (30 June 2017: € 1.0 m) of the deferred taxes balance is expected to be recoverable within one year.

Other receivables

Other receivables as at 30 June 2018 consist of three receivables.

The first receivable 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 other creditors of Lifeguard Finance B.V. Interest is payable semi-annually at the end of February and August, and is set at the end of August each year at six-month Euribor plus 0.75%. For the period from 28 February 2018 to 31 August 2018, interest has been set at 0.75%. The principal, together with any unpaid interest, is repayable in full on 30 November 2020.

The second receivable concerns a loan note of $ 5.6 m (€ 4.7 m) arising on the incorporation of PwC Business Solutions B.V. An amount of $ 3.9 m was paid on 12 September 2017 and the remaining $ 1.7 m on 18 June 2018. For the period from these dates to 31 August 2018, interest has been set at three-month LIBOR plus 0.75% and for the remaining term at twelve-month LIBOR plus 0.75%. This loan note together with the accrued interest is due and repayable on 30 June 2023.

The third receivable concerns a loan of € 3.5 m granted to a related party, which gives an annual compensation based on the results of the related party and will be due for repayment no later than 2048.

An impairment of € 3.5 m was recognised in relation to these receivables as a consequence of lower expected repayments.

[4] Work in progress

Work in progress at 30 June 2018 is stated net of amounts billed aggregating € 49.7 m (30 June 2017: € 40 m).

[5] Receivables from clients

Receivables are due within one year and are not interest bearing. A provision for doubtful debts of € 8.5 m was carried at 30 June 2018 (30 June 2017: € 6.8 m).

[6] Taxes and social security charges

	30 June 2018	30 June 2017
Corporation tax	982	-
Total	**982**	-

[7] Other receivables

Other receivables are as follows:

	30 June 2018	30 June 2017
Receivables from related parties	9,529	6,335
Receivables from personnel	539	404
Other	4,979	3,956
Total	**15,047**	**10,695**

Receivables from related parties comprise receivables from a number of PwC entities that are not part of the Group. Other includes amounts due from PwC Strategy& Parent (UK) Ltd. amounting to € 0.7 m (30 June 2017 € 0.7 m) and the proceeds of the sale of the participation in oneUp B.V. amounting to € 2.1 m.

[8] Prepayments and accrued income

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

	30 June 2018	30 June 2017
Prepaid insurance premiums	7,746	6,430
Prepaid rental costs	6,858	6,912
Prepaid car lease cost	1,956	1,891
Prepaid business development contribution	1,313	-
Other	4,855	2,995
Total	**22,728**	**18,228**

[9] Cash and cash equivalents

Of the cash and cash equivalents, € 3.0 m (30 June 2017: € 2.5 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 (2016/2017: the same).

[11] Provisions

The movements are as follows:

				2017/2018	2016/2017
	Personnel	Pensions	Other	Total	Total
Balance as at 1 July	**4,219**	**83**	**24,565**	**28,867**	**26,556**
Additions	788	6	4,721	5,515	11,327
Utilisation	-1,031	-47	-4,075	-5,153	-6,081
Other	130	-	-	130	-
Releases	-68	-	-3,016	-3,084	-2,935
Balance as at 30 June	**4,038**	**42**	**22,195**	**26,275**	**28,867**

Approximately € 20 m (30 June 2017: approximately € 25 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 office vacancy provision of € 11.9 m (30 June 2017: € 16.2 m) in respect of leased premises. This provision is based on the lease costs for future periods during which it is expected that the premises will not be occupied. Other provisions include a provision for obligations to restore leased premises at the end of the lease period of € 1.4 m (30 June 2017: € 1.4 m); this provision is recognised evenly over the lease period.

Other provisions also include professional liability provisions of € 9.1 m (30 June 2017: € 6.7 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 relating to ongoing claims. The Group is insured against any such claims. While the outcome of these disputes cannot be predicted with certainty, legal advice and other information received indicate that they will have no significant effect on the financial position of the Group.

[12] Subordinated loans

PwC Europe SE Wirtschaftsprüfungsgesellschaft has provided financing of € 45,340 (2016/2017: € 46,340) 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.

	2017/2018	2016/2017
Balance as at 1 July	**46,340**	**45,140**
Net movement from new and terminated association agreements with partners	-1,000	1,200
Balance as at 30 June	**45,340**	**46,340**

[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 2018/2019 is included in short-term accrued expenses and deferred income in current liabilities.

The deferred rental incentives are being released as follows:

	30 June 2018	30 June 2017
From 1-5 years	9,462	8,524
> 5 years	1,036	3,108
Carrying amount	**10,498**	**11,632**

[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 2017/2018 was 0.388% (2016/2017: 0.675%).

[16] Taxes and social security charges

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

	30 June 2018	30 June 2017
Value-added tax	31,584	25,522
Wages, taxes and social security charges	13,190	13,840
Total	**44,774**	**39,362**

[17] Other liabilities

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

	30 June 2018	30 June 2017
Bonuses payable	25,645	23,108
Work in progress for which on account billings exceed the project revenue earned	21,490	22,444
Accrued leave entitlements and holiday allowances	19,881	18,366
Amounts due to related parties	12,091	7,454
Other	169	139
Total	**79,276**	**71,511**

[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 2018	30 June 2017
Invoices to be received	21,375	16,152
Current portion of incentives received under lease agreements for office premises	2,450	2,231
Other	479	2,501
Total	**24,304**	**20,884**

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 2017/2018, the payments amounted to € 0.7 m (2016/2017: € 0.8 m). The payments are due for the lifetimes of the individual beneficiaries.
- Guarantees provided in relation to lease and other obligations total € 3.0 m as at 30 June 2018 (30 June 2017: € 2.5 m), with 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 2017: $ 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 2018, the Group had made commitments for capital expenditure aggregating € 5.0 m (30 June 2017: € 3.1 m) relating to office leasehold improvements and fixtures and fittings and € 5.8 m (30 June 2017: € 5.7 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 € 2.1 m (30 June 2017: € 2.3 m). These obligations are recognised evenly over the lease period, and the provision carried at 30 June 2018 amounted to € 1.4 m (30 June 2017: € 1.4 m).
- The Group has long-term rental contracts, other operating lease obligations and facility services insourcing obligations totalling € 189 m (30 June 2017: € 197 m).

These obligations mature as follows:

in € millions	30 June 2018	30 June 2017
< 1 year	42	42
From 1-5 years	119	120
> 5 years	32	35
Total obligations	**193**	**197**

1.6 Notes to the consolidated profit and loss account for the year ended 30 June 2018 (in € '000)

[19] Net revenue

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

	2017/2018	2016/2017
Assurance	332,207	299,725
Tax	278,050	263,532
Advisory	222,428	203,744
Total	**832,685**	**767,001**

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:

	2017/2018	2016/2017
Social security charges	38,928	36,443
Pension premiums	23,124	21,907
Total	**62,052**	**58,350**

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:

	2017/2018	2016/2017
Travel	62,149	59,824
Other personnel costs	49,101	41,692
Occupancy costs	29,246	35,963
Technology	20,530	17,535
Sales and business development	11,948	9,615
External consultants' fees	3,151	2,002
Other costs	43,826	38,376
Total	**219,951**	**205,007**

The increase in other personnel costs arises as a result of increased temporary hires. Occupancy costs decreased due to a once off provision for office vacancy in prior year. 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 are as follows:

	2017/2018	2016/2017
Impairment loans	3,515	-
Exchange differences	600	-100
Interests payable to PwC Europe SE	484	493
Interests payable to Coöperatie	155	429
Other interest expense	282	124
Total	**5,036**	**946**

[24] Taxes

Taxes are as follows:

	2017/2018	2016/2017
Profit on ordinary activities before tax	458	1,489
Book/tax differences		
- Non-deductible items	2,779	4,472
- Temporary differences	-5,786	3,672
Taxable profit	**-2,549**	**9,633**
Tax thereon	-637	2,398
Adjustments relating to prior year deferred tax	1,446	-1,293
Correction of previous years	-351	384
Corporation tax due	**458**	**1,489**

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 timing of office vacancy provisioning and to 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] Results of participating interests

Results of participating interests are as follows:

	2017/2018	2016/2017
Operating result of oneUp B.V.	559	249
Result on sale of participation oneUp B.V.	1,117	-
Total	**1,676**	**249**

[26] 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 91.

1.7 Other notes (in € '000)

Management agreement and other costs

Coöperatie charges a management fee to the Company for making available the professional practitioners who are associated with the members of Coöperatie.

The General Meeting of the Company has the option of appropriating 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 of appropriating 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, is as follows:

	2017/2018	2016/2017
Management fee to Coöperatie	158,145	148,936
Results Coöperatie	-101	-391
Profit available for allocation	**158,044**	**148,545**
Management fee payable by Coöperatie PricewaterhouseCoopers Nederland U.A. to its members	-151,476	-141,771
Return on capital contributions paid to members of Coöperatie	-6,568	-6,774
	-	-
Average number of partners (FTE)	271	279
Average management fee per partner*	583.2	533.3

* Includes return on members' capital contributions.

In addition to their management fee, the members of Coöperatie also receive car and expense allowances, aggregating € 8.3 m (2016/2017: € 8.5 m), and interest on their current accounts, aggregating € 0.3 m (2016/2017: € 0.5 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:

	2017/2018	2016/2017
Audit of the financial statements	250	202
Other audit engagements	21	18
Other non-audit engagements	48	37
Total	**319**	**257**

Operating leases

The Group charged € 44.6 m (2016/2017: € 44 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 2018, there were no contracts outstanding (30 June 2017: no contracts outstanding).

At 30 June 2018, receivables in US dollars and other currencies amounted to € 4.6 m (30 June 2017: € 5.5 m) and € 1.6 m (30 June 2017: € 1.5 m), respectively. Liabilities in US dollars and other currencies amounted to € 6.0 m (30 June 2017: € 3.1 m) and € 2.1 m (30 June 2017: € 3.0 m), respectively.

Interest rate risk and cash flow risk

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

- Subordinated loan of € 45,340 (2016/2017: € 46,340) payable to PwC Europe SE Wirtschaftsprüfungsgesellschaft, with interest accruing at a maximum of 12% per annum depending on profitability.
- Loan of € 1,733 (2016/2017: € 1,733) 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 2018 to 31 August 2018: 0,75%).
- Loan of € 5.6 m receivable from PwC Business Solutions B.V. with interest, receivable annually, set at twelve-month LIBOR plus 0.75% at the end of August each year.

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 2017: € 25 m).

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)

2017/2018	Assurance	Tax & Legal	Advisory	Other [1]	Eliminations	Total
Net revenue from external clients	332,207	278,050	222,428	-	-	832,685
Net internal revenue	2,395	7,012	6,983	176,723	-193,113	-
Total net revenue	**334,602**	**285,062**	**229,411**	**176,723**	**-193,113**	**832,685**
Costs of work contracted-out and other external costs	25,128	38,302	41,040	179	-6,597	98,052
Staff costs	125,002	89,221	74,565	52,170	-	340,958
Amortisation and depreciation of fixed assets	-	585	2,713	8,788	-	12,086
Other operating costs	129,632	91,204	66,387	119,244	-186,516	219,951
Total operating costs	**279,762**	**219,312**	**184,705**	**180,381**	**-193.113**	**671,047**
Operating profit	**54,840**	**65,750**	**44,706**	**-3,658**	**-**	**161,638**
Net financial income and expenses	-1,217	-1,221	-742	-1,710	-	-4,890
Taxes	-181	-165	-112	-	-	-458
Results of participating interests	-	-	1,676	-	-	1,676
Management fee Coöperatie	-	-	-	-158,145	-	-158,145
Profit after tax	**53,442**	**64,364**	**45,528**	**-163,513**	**-**	**-179**
Carrying amount of total assets as at 30 June 2018	**127,400**	**109,183**	**86,820**	**6,827**	**15,127**	**345,357**

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

People employed in FTE [2]	Assurance	Tax & Legal	Advisory	Firm Services	Total
Average number in 2017/2018					
- Partners	107	98	66	-	271
- Other professionals	1,702	1,105	808	-	3,615
- Support staff	52	15	15	745	827
Total	**1,861**	**1,218**	**889**	**745**	**4,713**

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

2016/2017	Assurance	Tax & Legal	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	85,307	72,125	49,318	-	322,922
Amortisation and depreciation of fixed assets	-	581	2,701	7,978	-	11,260
Other operating costs	118,832	87,599	64,607	115,018	-181,049	205,007
Total operating costs	**258,309**	**204,853**	**167,945**	**172,573**	**-187,853**	**615,827**
Operating profit	**42,990**	**67,216**	**43,283**	**-2,315**	**-**	**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**	**42,391**	**-149,008**	**-**	**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 & Legal	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.

2. Company financial statements

2.1 Company balance sheet as at 30 June 2018 (before appropriation of result) (in €'000)

		30 June 2018		30 June 2017	
Fixed assets					
Financial fixed assets					
Participating interests	[26]	172,362		157,266	
Receivables from group companies	[27]	40,463		42,737	
Deferred tax assets		3,591		-	
			216,416		**200,003**
Current assets					
Receivables					
Receivables from group companies	[27]	3,575		2,763	
Taxes and social security charges		1,196		-	
Other receivables		1,813		5,938	
			6,584		**8,701**
Cash and cash equivalents			**243**		**1,156**
Total			**223,243**		**209,860**

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

		30 June 2018		30 June 2017	
Equity and liabilities					
Shareholder's equity					
Issued capital	[28]	6,750		6,750	
Share premium		3,510		3,510	
Legal reserve	[29]	-		179	
Other reserves	[30]	-		-	
			10,260		**10,439**
Long-term liabilities					
Subordinated loans	[12]	45,340		46,340	
			45,340		**46,340**
Current liabilities	[31]				
Liabilities to shareholders	[15]	83,500		64,851	
Liabilities to group companies		79,929		85,433	
Taxes and social security charges		215		998	
Other liabilities		3,999		1,799	
			167,643		**153,081**
Total			**223,243**		**209,860**

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

2.2 Company profit and loss account for the year ended 30 June 2018 (in €'000)

	2017/2018		2016/2017	
Results of participating interests	162,557		147,639	
Other income and expense after tax	-162,736		-147,460	
Profit after tax		**-179**		**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 Dutch Accounting Standards ('Richtlijnen voor de jaarverslaggeving') as published 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's financial statements are included in the consolidated financial statements, the Company's 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.

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

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 2018 (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:

	2017/2018	2016/2017
Balance as at 1 July	**157,266**	**147,003**
Less: Dividend distribution	-147,461	-137,376
Add: Results of participating interests	162,557	147,639
Balance as at 30 June	**172,362**	**157,266**

[27] Receivables from group companies

Receivables from group companies are as follows:

	2017/2018	2016/2017
PricewaterhouseCoopers Accountants N.V.	17,388	18,363
PricewaterhouseCoopers Belastingadviseurs N.V.	15,925	16,087
PricewaterhouseCoopers Advisory N.V.	10,725	11,050
	44,038	**45,500**
Due within one year	-3,575	-2,763
Balance as at 30 June	**40,463**	**42,737**

The Company has provided subordinated loans aggregating € 44,038 (2016/2017: € 45,500) 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 rate plus a risk premium. The rate for 2017/2018 is 6% (2016/2017: 6%).

[28] Issued capital

The Company’s authorised share capital amounts to € 20,000 at 30 June 2018, divided into 800 ordinary shares of € 25,000 (single Euros) each and 1 priority share of € 1. The issued capital amounts to € 6,750, consisting of 270 ordinary shares of € 25,000 each (single Euros) and 1 priority share of € 1 (2016/2017: 270 ordinary shares and 1 priority share).

[29] Legal reserve

The legal reserve has been transferred to other reserves following the sale of the 20% share in in oneUp B.V. (previously BigData.Company B.V.) as of 29 June 2018.

[30] Other reserves

After appropriation of the profit after tax (negative € 179) to other reserves, there remains a distributable profit at the disposal of the General Meeting of Shareholders of zero.

[31] 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

The Company 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
The Company'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 2018, there were no contracts outstanding (30 June 2017: no contracts outstanding).

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

Credit risk
The Company 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 the Company 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 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 2017: € 25 m).

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

	2017/2018	2016/2017
Members of the Board of Management	6,063	5,885
Members of the Supervisory Board	478	445
	6,541	**6,330**

Members and former 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 € 6.1 m for 2017/2018 (2016/2017: € 5.9 m).

As of 1 July 2018, drs. A.H.M. van Gils RA was appointed statutory director, replacing drs. P.J. van Mierlo RA.

As of 30 June 2018, prof. mr. F.A. van Engelen and drs. M. de Ridder RA stepped down as authorised executive members of the Board of Management.

As of 1 July 2018, mr. drs. M.M. Borggreven, A.L. Koops-Aukes RA, drs. M.P. de Lange-Snijders and drs. M.C.W. van de Pol RA were appointed as authorised executive members of the Board of Management.

Members and former members of the Supervisory Board
The Company has had a Supervisory Board since 1 May 2015. The Supervisory Board currently has six members.

Reference is made to the Remuneration Report of the Supervisory Board included on page 126 of this Annual Report.

Amsterdam, 27 September 2018

The Board of Management:
Drs. A.H.M. van Gils RA (statutory director)
Mr. drs. M.M. Borggreven *
Mr. M.J.M. Diepstraten *
A.L. Koops-Aukes RA *
Drs. J.D. Lamse-Minderhoud RA *
Drs. M.P. de Lange-Snijders *
Drs. M.C.W. van de Pol RA *

The Supervisory Board:
Drs. J.M. de Jong (Chair)
Prof. dr. N. Ellemers
A. Jorritsma
Mr. F.W. Oldenburg
Mr. drs. C.J.M. van Rijn
Mr. Y.C.M.Th. van Rooij

* Authorised executive director

3. Other information

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

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, as set out below.

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 for appointments to the Board of Management.
- 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 Combined independent auditors 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 2017/2018

Our opinions

We have audited the financial statements and components of the Annual Report for the year ended 30 June 2018 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 2018; 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 2018 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 2018: 4. The Key statistics (page 5 to 7), the Report of the Board of Management (pages 14 to 70, excluding page 67), Information about PwC (pages 108 to 120) and the appendices Five-years summary of financial performance (page 122). 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.	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 Standards (Comprehensive) of the Global Reporting Initiative (GRI) guidelines as described on page 131-135.

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 further 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 Wet toezicht accountantsorganisaties (Wta), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Standards (Comprehensive) of the Global Reporting Initiative (GRI) guidelines and the supplemental reporting criteria developed by PwC as disclosed on page 131-135 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 € 8,500,000. The materiality has been calculated with reference to a benchmark of revenues (representing 1% - 1,5% of reported revenues) 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 € 425,000, 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.

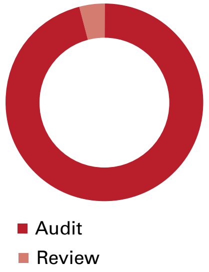
Our group audit mainly focused on significant group entities. We consider an entity significant when:
- it is of individual financial significance to the group; or
- the component, due to its specific nature or circumstances, is likely to include significant risks of material misstatement, whether due 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 Deelnemingen B.V.;
  - PricewaterhouseCoopers IT Services (NL) B.V.;
- performed review procedures or specific audit procedures at other group entities.

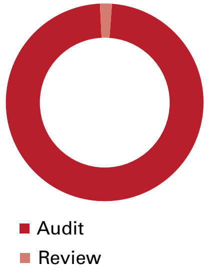
For clarification purposes we hereby show our scope:

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. 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 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 and deductions to the provision are supported by underlying information. 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 corporate responsibility report requires a thorough understanding of developments within the sector and the company. In this respect, a stakeholder analysis, 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 100

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 of the audit for year ended 30 June 2017 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services
We have not provided prohibited non-audit services on specific requirements regarding statutory audit.

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

Management is responsible for the preparation and fair presentation of the financial statements on pages 72 to 99 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 Standards (Comprehensive) of the Global Reporting Initiative (GRI) guidelines. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the Annual Report that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements as included on pages 72 to 99, 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.

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 statement 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 Standards (Comprehensive) of the Global Reporting Initiative (GRI) 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, 27 September 2018

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

R.W.A. Eradus RA

Information about PwC

Our legal structure

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, Turkey and the Netherlands (indirectly) hold shares. The member firm of Switzerland joined this collaboration as of 1 July 2018. 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.

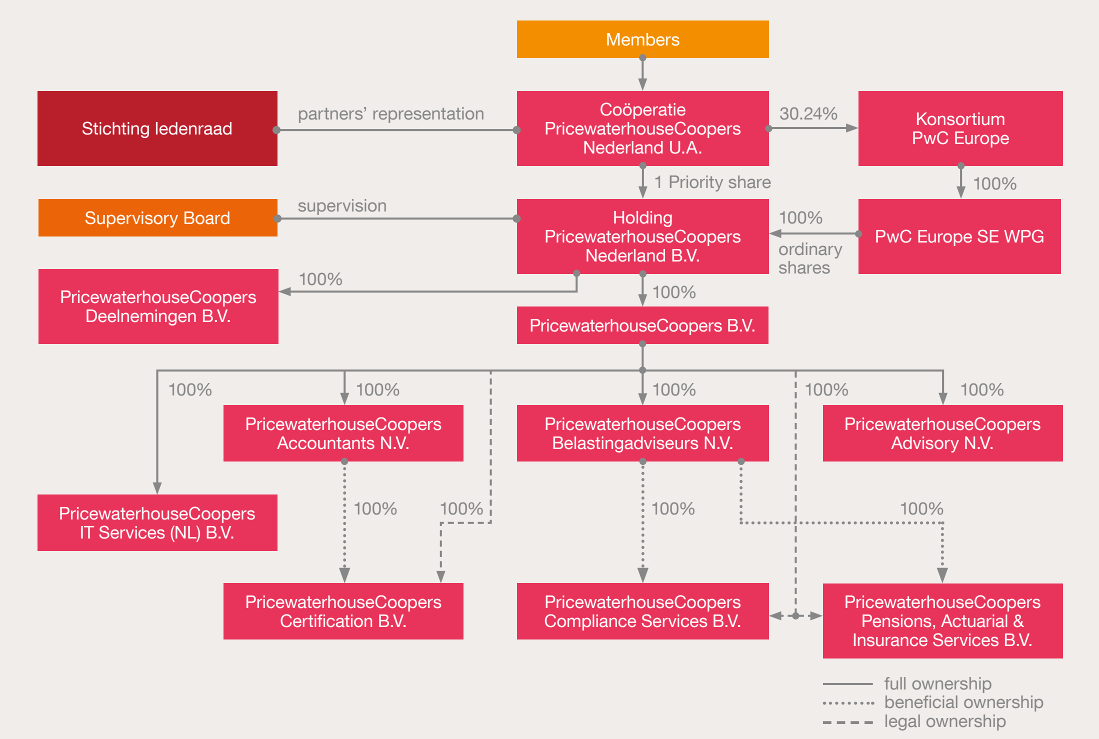
Holding and Coöperatie PricewaterhouseCoopers Nederland U.A. have concluded association agreements with each of the private limited liability companies owned by the professional practitioners ('partner BVs'). Under these agreements, the professional practitioners are made available by the partner BVs to practise one of the professions within our Lines of Service (Assurance, Tax & Legal and Advisory) 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 & Legal')
- 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).

Simplified legal structure as at 30 June 2018



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 Dutch 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).

PwC Europe

Along with the member firms in Germany, Austria, Belgium and Turkey, PwC Netherlands is a participant in PwC Europe. The member firm of Switzerland joined this collaboration as of 1 July 2018.

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, Turkey (officially joined 23 October 2017, effective date 1 July 2017) and Belgium (and as of 1 July 2018 Switzerland).

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, Konsortium PwC Turkey and PwC Belgium BCVBA.

Our global network

PwC is part of a global network of separate and independent member firms operating locally in countries around the world (PwC 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.

Coöperatie PricewaterhouseCoopers Nederland U.A., Holding PricewaterhouseCoopers Nederland B.V., PricewaterhouseCoopers B.V. and their subsidiaries are all associated with this network.

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)*
- *Membership Council (MC)*
- *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 partners and the (Chair of the) BoM. It adopts the annual financial statements, budget and overall strategy of PwC Netherlands.

Board of Management

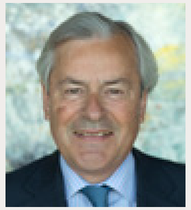
On 1 July 2018 the Audit Firms Supervision Act ('Wet toezicht accountantsorganisaties') was amended. The changes entail that The Netherlands Authority for the Financial Markets (AFM) also needs to assess whether the individuals who qualify as policymakers of PricewaterhouseCoopers Accountants N.V. are suitable for the position. This requirement applies as of 1 July 2018.

The members of the BoM qualify as policymakers of PricewaterhouseCoopers Accountants N.V. and of Coöperatie PricewaterhouseCoopers Nederland U.A. These two entities have licences from 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 of Management has seven members as of 1 July 2018, each of them has been assigned a specific area 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, Risk & Quality and Marketing. The Chair is the only statutory director (under the articles of association) and the Chair appoints the other members as authorised executive directors. Their résumés are included on pages 114-115.

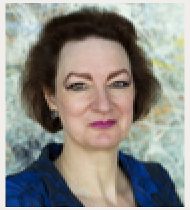
The members of the BoM who are responsible for Assurance, Tax & Legal and Advisory chair their respective LoS Boards.

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. The Chair of the BoM will appoint the members of his team. In its decision-making regarding the selection and proposal, the SB considers any candidates (proxy holders with the title of authorised titular member of the Board of Management), to be appointed. Each candidate is screened by the SB to ensure that he or she has the necessary qualities (both personal and as required by legislation and regulation) and sufficient support among the partners. The candidates are also screened for conflicts of interest (independence compliance screening).



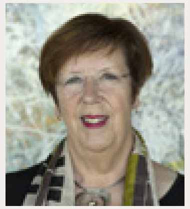
Jan Maarten de Jong

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 a 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.



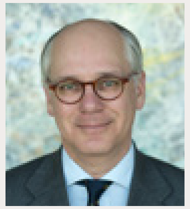
Naomi Ellemers

Naomi Ellemers (born 1963) is a social psychologist and has been 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

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. Amongst other things, she is currently Chair of the Supervisory Board of Alliander and a member of the Dutch Parliament (First Chamber).



Frits Oldenburg

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).

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 comprised seven supervisory directors in 2017/2018 (as of 1 July 2018: six supervisory directors and a vacancy).

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.

The SB supervises the BoM and the overall business affairs of Holding PricewaterhouseCoopers Nederland B.V. and its affiliated group enterprises, as well as assists the BoM by providing advice. Amongst others, the SB approves the appointment of the Compliance Officer. The Chair of the SB is also Chair of the General Meeting of Coöperatie PricewaterhouseCoopers Nederland U.A.

The SB comprised in fiscal year 2017/2018 Jan Maarten de Jong (Chair), Nout Wellink (deputy Chair), Naomi Ellemers, Annemarie Jorritsma, Frits Oldenburg, Cees van Rijn and Yvonne van Rooy. According to the SB's retirement schedule, Nout Wellink retired from the SB as of 1 July 2018.

The SB has the following committees:

- Public Interest Committee

The role of the Public Interest Committee is to safeguard the public interest in the audit process. Having now been incorporated as a committee within the SB, the Public Interest Committee's role is to monitor the way in which amongst others PricewaterhouseCoopers Accountants N.V. and other Dutch PwC entities ensure that the public interest is safeguarded in their audits. The Public Interest Committee comprises all SB members. In 2017/2018 Nout Wellink was the Chair of the Public Interest Committee.

- 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 comprised in fiscal year 2017/2018 Cees van Rijn (Chair), Annemarie Jorritsma and Frits Oldenburg. As of 1 July 2018 the committee comprises the same members.

- Remuneration Committee

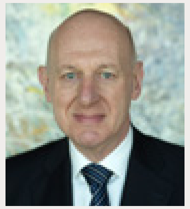
The role of this committee is to assist the SB in its decision-making processes in the area of remuneration policies and practices. These include the approval of policies for the remuneration of the BoM, partners and staff and the SB's supervision of the proper implementation thereof. The committee comprised in fiscal year 2017/2018 Annemarie Jorritsma (Chair), Yvonne van Rooy, Jan Maarten de Jong and Nout Wellink. As of 1 July 2018 its members are Annemarie Jorritsma (Chair), Yvonne van Rooy and Jan Maarten de Jong.

- Selection and Appointment Committee

The role of this committee is to assist and advise the SB in its decision-making processes in the area of appointment policies and practices. These include approval of the appointment policies, selection and nomination processes for the appointment of members of the SB, approval of the appointment of the Compliance Officer and selection and preparation of a binding nomination to the GM with regard to the appointment of the Chair of the BoM. The committee comprised in fiscal year 2017/2018 Jan Maarten de Jong (Chair), Naomi Ellemers and Frits Oldenburg. As of 1 July 2018 the committee comprises the same members.

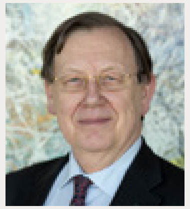
Yvonne van Rooy

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.



Cees van Rijn

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, and a member of the Supervisory Board of Plukon Food Group.



Nout Wellink

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 resigned from the Supervisory Board on 30 June 2018.

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

Membership Council

The Membership Council represents the collective interests of the members of Coöperatie PricewaterhouseCoopers Nederland U.A. and provides advice on matters that are presented to Coöperatie. The Membership Council may also provide advice to the BoM of the Coöperatie, either upon 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 Memberschip Council are appointed by the members of Coöperatie for a term of up to four years, with the possibility for reappointment for another maximum term of four years.

The members of the Membership Council in fiscal year 2017/2018 were Ruud Dekkers (Chair), Hans Bod, Hans Dullaert, Sander Gerritsen, Shana Laurie de Hernandez, George de Soeten and Janet Visbeen. As of 1 July 2018 the members are Ruud Dekkers (Chair), Hans Bod, Hans Dullaert, Sander Gerritsen, Shana Laurie de Hernandez, George de Soeten and a vacancy as Janet Visbeen has been appointed to the Tax & Legal Board, as of 2018/2019.

Line 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.

The members of the LoS Boards are appointed for a maximum of two four-year terms. The members of the Board of Management who are responsible for an individual Line of Service also chair the relevant LoS Board and are 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 proxy holders with the title of authorised titular members of such board. The SB approves the decision-making regarding the appointment of the members of the Assurance Board.

- Assurance Board

The Assurance Board comprised in fiscal year 2017/2018 Ad van Gils, Michel Adriaansens, Agnes Koops-Aukes and Wytse van der Molen (authorised executive members of the board of PricewaterhouseCoopers Accountants N.V.). The members of the Assurance Board qualify as policymakers of PricewaterhouseCoopers Accountants N.V. under the Audit Firms Supervision Act. As of 1 July 2018 the board comprises Agnes Koops-Aukes (Chair), Michel Adriaansens, Wytse van der Molen and Joris van Meijel.

- Tax & Legal Board

The Tax & Legal Board comprised in fiscal year 2017/2018 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.). As of 1 July 2018 the board comprises Marc Diepstraten (Chair), Jeroen Boonacker, Marcel Jakobsen and Janet Visbeen.

- Advisory Board

The Advisory Board comprised in fiscal year 2017/2018 Frank Engelen, Martin Blokland (up to 15 August 2017), Gert-Jan van der Marel, Maarten van de Pol and Wendy van Tol (authorised executive members of the board of PricewaterhouseCoopers Advisory N.V.). As of 1 July 2018 the board comprises Maarten van de Pol (Chair), Gert-Jan van der Marel, Wendy van Tol, Veronique Roos and Remco van Daal.

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).

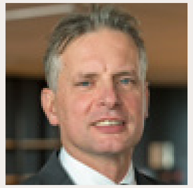
These BUs have the following responsibilities:
- Implementation of the applicable regulatory requirements for quality, risk management and conduct (Code of Conduct), the Business Unit Leader being assisted in this role by the Quality Assurance Partner who is responsible for quality aspects such as the 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).

Works Council

PwC's Works Council has 21 members, representing the various Lines of Service and Firm Services (eight from Assurance, five from Tax & Legal, four from Advisory and four from Firm Services). The Works Council meets regularly with a representative of the BoM. Works Council members are also sit on various sub-committees linked to individual Lines of Service and support departments, the role of which is to represent the interests of all staff in the LoS/support department and to bring topics forward for consideration by the Works Council and discussion with the BoM.

The Works Council also has various specialist committees dealing with conditions of employment, employment law and regulation, and pensions.

Résumés of the members of the Board of Management of PwC Netherlands



Ad van Gils

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, was Chair of the Board of PricewaterhouseCoopers Advisory N.V. from 1 July 2013 until 1 October 2016 and an authorised executive director of the Board of Management of PwC from 1 July 2013 until 1 July 2018.

In the Board of Management, he was responsible for the CFO portfolio and from 1 July 2015 also for the COO portfolio, both until 1 October 2016. Between 1 October 2016 and 30 June 2018, he was responsible for Assurance and Chair of PricewaterhouseCoopers Accountants N.V. As of 1 July 2018, Ad is Chair of the Board of Management.

Portfolio as of 1 July 2018:
- Chief Executive Officer
- Member of Leadership Team of PwC Europe SE
- Member of the EMEA Leadership Team
- Member of the PwC Network Strategy Council

Date of appointment: 1 July 2018
Term of office ends: 1 July 2022,
eligible for reappointment

Jolanda Lamse–Minderhoud

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 has been an authorised executive director of the Board of Management since 1 July 2013. Last year she was responsible for Human Capital, Diversity and Middle Market in the Netherlands. She was also the employers' representative to the Works Council, member of the Executive Team of PwC Europe SE (Human Capital) and a member of EMEA Executive Team (Human Capital). As of 1 July 2018, Jolanda is CFO/COO and responsible for Quality & Risk for PwC Netherlands.

Portfolio as of 1 July 2018:
- Chief Financial Officer
- Chief Operations Officer
- Quality & Risk
- Member of Executive Team of PwC Europe SE (Brand, Regulatory & Compliance)

Date of appointment: 1 July 2013
Term of office ends: 1 July 2022,
not eligible for reappointment

External position:
- Member of the Oversight Board of TNO (the Netherlands organisation for Applied Scientific Research)

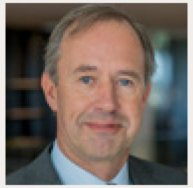
Agnes Koops–Aukes

Agnes Koops–Aukes (born 1969) joined one of the legacy firms of PwC in 1992 as an auditor and became a partner on 1 July 2007. In 2009/2010, she was the Human Capital partner of the Assurance North Business Unit and, from 2010 to 2016, Business Unit Leader. She was appointed to the Board of PricewaterhouseCoopers Accountants N.V. in 2013. As of 1 July 2018 Agnes is an authorised executive director at the Board of Management, responsible for Assurance and Chair of PricewaterhouseCoopers Accountants N.V.

Portfolio as of 1 July 2018:
- Assurance
- Member of the EMEA Assurance Leadership Team

Date of appointment: 1 July 2018
Term of office ends: 1 July 2022,
eligible for reappointment

External positions:
- Member of OPAK (Overlegplatform Openbare Accountantskantoren), the consultative platform for public accounting firms
- Member of the Public Interest Steering Group (NBA)



Marc Diepstraten

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, from 1 March 2008 till 1 October 2012 Business Unit Leader Amsterdam and has been heading the EMEA VCT (Value Chain Transformation) group as of 1 July 2011 till 1 July 2016. Between September 2013 and July 2016, he was Retail & Consumer Industry Leader. As of 1 July 2016, Marc is an authorised executive director of the Board of Management, responsible for Tax & Legal and Chair of PricewaterhouseCoopers Belastingadviseurs N.V.

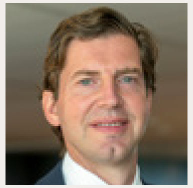
Portfolio:
- Tax & Legal
- EMEA Tax Leader

Date of appointment: 1 July 2016
Term of office ends: 1 July 2022,
not eligible for reappointment

Renate de Lange–Snijders
Renate de Lange–Snijders (born 1972) joined one of the legacy firms of PwC in 1996 and became partner on 1 July 2008. She is a Tax specialist and advises family owned companies. She has headed the Private Wealth practice since 2011. From 2015 to 1 July 2018 she was the Regional Leader South West. As of 1 July 2018 she became an authorised executive director of the Board of Management.

Portfolio as of 1 July 2018:
- Clients & Markets
- Corporate Responsibility (EMEA & the Netherlands)

Date of appointment: 1 July 2018
Term of office ends: 1 July 2022, eligible for reappointment



Maarten van de Pol
Maarten van de Pol (born 1972) joined one of the legacy firms of PwC in 1996. From 2008 to 2009, he was Human Capital partner for the Transaction Services Business Unit and, from 2009 to 2012, for the Deals & Forensics Business Unit. He was a member of the Management Team of the Deals & Forensics Business Unit from 2012 to 2013, became Business Unit Leader for Deals, and was appointed to the board of PricewaterhouseCoopers Advisory N.V. in 2013. As of 1 July 2018, Maarten has been an authorised executive director of the Board of Management, responsible for Advisory and Chair of PricewaterhouseCoopers Advisory N.V.

Portfolio as of 1 July 2018:
- Advisory
- One Deals Leader PwC Europe

Date of appointment: 1 July 2018
Term of office ends: 1 July 2022, eligible for reappointment

Marc Borggreven
Marc Borggreven (born 1970) started his career in 1997 with one of the legacy firms of PwC. He became a Tax partner on 1 July 2007. From 2009 to 2015 he had several positions, amongst others Human Capital partner for the Tax Amsterdam Business Unit and Region Leader Amsterdam. From 2015 to 2018 he was a member of the Tax & Legal Board and Business Unit Leader for the Tax Public Interest Entities. As of 1 July 2018 Marc has been an authorised executive director of the Board of Management, responsible for Human Capital.

Portfolio:
- Human Capital
- Member of Executive Team of PwC Europe SE (Human Capital)

Date of appointment: 1 July 2018
Term of office ends: 1 July 2022, eligible for reappointment

External position:
- Member of the Advisory Board of European Women on Boards.

Code of Conduct

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.

The Code of Conduct 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 suppliers 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 whistle-blower 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 24 Confidential Counsellors within our organisation. The counsellors look into how issues arising in the workplace can be resolved and they can provide guidance to those contemplating to file or filing a complaint.

Complaints from external parties

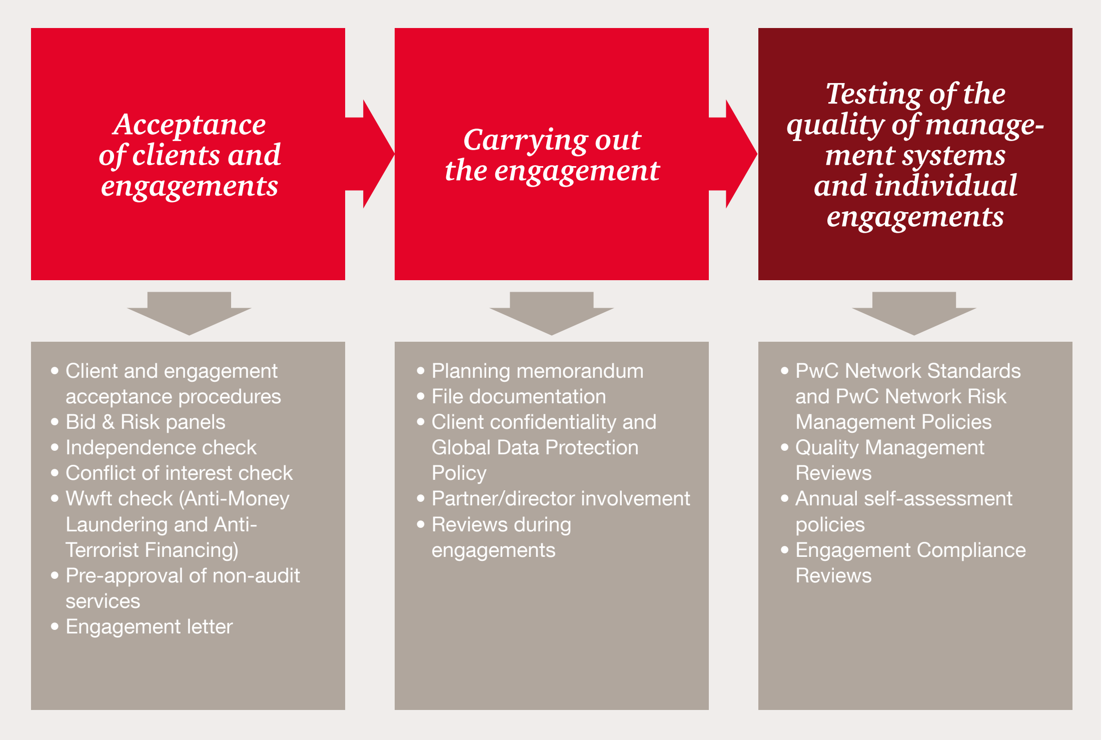
Third and external parties can also file a complaint. Information on this is set out on our website.

Our quality, risk management and compliance framework

When we refer to the quality of our professional services delivery, we mean two equally very important elements: (a) the extent to which our service and deliverables comply with legislation, regulatory requirements and professional standards (which can generally be determined fairly objectively) and (b) the extent to which the service meets the expectations of our clients and other stakeholders. Our quality and risk management policies and processes cover both aspects.

As legislation, regulation and professional standards differ between the various professional service offerings, our Lines of Service Assurance, Tax & Legal 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.

  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 European General Data Protection Regulation (GDPR).

- 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.

Testing of the quality of 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 & Legal 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 & Legal
Tax & Legal has a knowledge centre that keeps our tax advisors 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.

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 societal and reputational aspects to be considered.

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. ■

Breakdown of our headcount

Number of people (as at 30 June 2018)			Contract			
LoS	Sex	Level	Permanent contract	Temporary contract	Contracted in	Total
Assurance	Male	Partner	96	1	0	97
		Professional staff	1,007	93	37	1,137
		Support staff	10	7	1	18
	Male total		1,113	101	38	1,252
	Female	Partner	14	0	0	14
		Professional staff	582	55	12	649
		Support staff	38	13	1	52
	Female total		634	68	13	715
Assurance total			**1,747**	**169**	**51**	**1,967**
Tax & Legal	Male	Partner	84	0	0	84
		Professional staff	641	59	8	708
		Support staff	5	0	1	6
	Male total		730	59	9	798
	Female	Partner	11	0	0	11
		Professional staff	493	55	5	553
		Support staff	16	0	0	16
	Female total		520	55	5	580
Tax total			**1,250**	**114**	**14**	**1,378**
Advisory	Male	Partner	58	0	0	58
		Professional staff	504	39	27	570
		Support Staff	5	0	1	6
	Male total		567	39	28	634
	Female	Partner	8	0	0	8
		Professional staff	277	47	8	332
		Support staff	15	0	0	15
	Female total		300	47	8	355
Advisory total			**867**	**86**	**36**	**989**
Firm Services	Male	Partner	0	0	0	0
		Professional staff	0	0	0	0
		Support staff	248	15	69	332
	Male total		248	15	69	332
	Female	Partner	0	0	0	0
		Professional staff	0	0	0	0
		Support staff	526	69	79	674
	Female total		526	69	79	674
Firm Services total			**774**	**84**	**148**	**1,006**
Total			**4,638**	**453**	**249**	**5,340**

Number of people (as at 30 June 2018)			Full-time/Part-time			
LoS	Sex	Level	Full-time	Part-time	Contracted in	Total
Assurance	Male	Partner	89	8	0	97
		Professional staff	1,031	69	37	1,137
		Support staff	13	4	1	18
	Male total		1,133	81	38	1,252
	Female	Partner	12	2	0	14
		Professional staff	542	95	12	649
		Support staff	25	26	1	52
	Female total		579	123	13	715
Assurance total			**1,712**	**204**	**51**	**1,967**
Tax & Legal	Male	Partner	84	0	0	84
		Professional staff	550	150	8	708
		Support staff	2	3	1	6
	Male total		636	153	9	798
	Female	Partner	10	1	0	11
		Professional staff	319	229	5	553
		Support staff	7	9	0	16
	Female total		336	239	5	580
Tax total			**972**	**392**	**14**	**1,378**
Advisory	Male	Partner	58	0	0	58
		Professional staff	485	58	27	570
		Support Staff	2	3	1	6
	Male total		545	61	28	634
	Female	Partner	7	1	0	8
		Professional staff	260	64	8	332
		Support staff	10	5	0	15
	Female total		277	70	8	355
Advisory total			**822**	**131**	**36**	**989**
Firm Services	Male	Partner	0	0	0	0
		Professional staff	0	0	0	0
		Support staff	197	66	69	332
	Male total		197	66	69	332
	Female	Partner	0	0	0	0
		Professional staff	0	0	0	0
		Support staff	228	367	79	674
	Female total		228	367	79	674
Firm Services total			**425**	**433**	**148**	**1,006**
Total			**3,931**	**1,160**	**249**	**5,340**

Appendices

Five-year summary of financial results

	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014
Revenue					
Net revenue (€ millions)	832.7	767.0	744.1	697.3	671.6
Increase	+9%	+3.1%	+6.7%	+3.8%	+1.2%
Net revenue per FTE (€'000)	176.8	167.0	167.6	169.7	165.9
Increase/decrease	+5.9%	-0.4%	-1.2%	+2.2%	+7.2%
External revenue per Line of Service (€ millions)					
Assurance	332.2	299.7	302.0	291.9	285.4
Tax & Legal	278.1	263.6	251.0	240.5	240.3
Advisory	222.4	203.7	191.1	164.9	145.9
Total	**832.7**	**767.0**	**744.1**	**697.3**	**671.6**
Results					
Operating profit (€ millions)	**161.6**	**151.2**	**142.3**	**157.7**	**162.1**
Increase/decrease	+6.9%	+6.3%	-9.8%	-2.8%	+13.3%
Operating profit per Line of Service (€ millions)					
Assurance	54.8	43.0	43.6	55.6	69.1
Tax & Legal	65.8	67.2	62.3	63.4	64.5
Advisory	44.7	43.3	35.0	36.2	27.8
Management fee, salary and emoluments					
Available for distribution to partners (€ millions)	158.1	148.9	140.1	153.9	156.1
Average partner management fee* (€'000)	583.2	533.3	513.3	605.8	639.7
Increase/decrease	+9.4%	+4.0%	-15.3%	-5.3%	+21.3%
Staff bonuses**(€ millions)	26.4	24.0	27.7	29.3	30.3
Average salary cost per FTE (€'000)	76.6	74.6	72.6	72.2	71.8
Average bonus per FTE** (€'000)	6.0	5.5	6.7	7.6	8.0
Average FTEs	4,713	4,594	4,440	4,110	4,047
Partners	271	279	273	254	244
Professional staff	3,615	3,510	3,366	3,054	3,000
Support staff	827	805	801	802	803

* 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.

Our sustainability measures by impact area

We aim to be circular by 2030 and to integrate circular thinking into our service offerings. We define circular as no waste, no emissions and optimal (re-)use of products and materials. We take measures and identified five focus areas in which we believe we can make the biggest impact: air and train mobility, car mobility, energy, waste and procurement. This appendix sets out the measures we took in 2017/2018 per impact area.

Air & train mobility

In 2016/2017, air mobility was responsible for 39% of our CO_2 emissions. We still have much to do to achieve our ambition of achieving full circularity. To that end, we have made some changes to our travel policy aimed at reducing our CO_2 footprint caused by our air travel by 15% by 2020 compared to the footprint of 2014/2015. The change in policy is that, where it is reasonable and possible, train travel should replace air travel.

- Travel to Paris, Frankfurt and all stations in between, such as Cologne and Düsseldorf is done by train.
- Direct flights: much of the CO_2 emitted by aircraft is emitted during take-off and landing, so fewer flights and stopovers will reduce our CO_2 emissions.
- Creative ticketing will be discontinued. Creative ticketing is e.g. buying two return tickets for one person, instead of one return ticket if this is cheaper.
- No business class travel for daytime flights with a flight time of eight hours or less.

Car mobility

Our Green Car Policy and our accelerated transition to electric driving, due to early lease break options ('Swap your car to electric') are really paying off. In 2017/2018, already 9.6% (2016/2017: 4.5%) of our lease cars (305 cars) are fully electric and about 5.0% (2016/2017: 4.1%) are hybrid. Next fiscal year we will address new measures to further speed up this transition.

- Creating incentives (financial and other) for using electric vehicles and for promoting efficient driving.
- Shared electric bicycle service at our Amsterdam office.
- Endorsement of the use of a carpool app to encourage colleagues to travel together.

Energy

Despite the many steps we have taken in recent years to reduce our footprint, we still have a long way to go.

- We extensively monitor the use of energy in our buildings and have further optimised this in 2017/2018.
- 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.
- We are investigating the possibility of advancing the date on which our offices will no longer consume natural gas.
- We have a BREAAM certification for all our buildings and achieving excellent scores on our operational usage.
- Our electricity is generated sustainably in the Netherlands, with 89.0% of our entire electricity usage coming from sustainably generated energy.

Waste

Our waste production decreased last year as we are redesigning our offices in the context of Activity Based Working (see page 60). We also took measures to reduce waste.

- We use circular coffee cups, printing paper and sanitary paper.
- We have promoted recycling by offering our people 3D printed cufflinks and rings made from plastic waste.
- After a successful pilot, we maintain our own composting machines at the Rotterdam and Amsterdam office.
- To reduce the waste from redesigning our offices (in the context of Activity Based Working, page page 60), we have decided to re-use this waste for further redesigning purposes.

Procurement

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 addresses 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.

In 2017/2018 we implemented social and circular procurement.

- The CR office is now included in the procurement process, in the specification and the selection phase
- We have a new set of mandatory social and circular procurement criteria for our procurements greater than € 25,000.
- We have developed a circular indicator for procurement, in line with the KPIs we have in the other environmental impact areas and we will be reporting on this as from 2018/2019.
- We have successfully procured new laptops, that use less energy, are transported by train, packed in nines instead of singly, and can also be used as tablets. Old laptops are being re-used.

Definitions environmental KPIs

We evaluate our KPIs regularly to ensure all our material impact is measured and aligned with our ambition to become fully circular. In 2017/2018, an evaluation led to further refinement on the following KPIs: car mobility, air and train mobility and waste. 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 (including commute kilometres), plus the total travel allowance in euro in our payroll system divided by 0,19 euro/km for all employees that are not entitled to a lease car, divided by total average FTE.

CO_2 emissions cars (in metric tons)
Total business kilometres driven multiplied by the percentages of total car fleet (lease) per category (gasoline, diesel, CNG, hybrid and electric) times its carbon emission factor (based on actual consumption per category).

Car mobility circular (in %)
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)
Flight kilometres are classified in distance categories (hauls < 460 km, > 460 km and < 3,700 km, > 3,700 km) and class categories (Economy, Premium Economy, Business, First) and multiplied with the respective carbon emission factor (including radiative forcing).

CO_2 emissions train (in metric tons)
Total number of business kilometres travelled per train times its carbon emission factor.

Air and train mobility circular (in %)
Percentage of our train mobility as part of our total air and train mobility based on 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 (88.9% based on actual consumption, remaining extrapolated).

CO_2 emissions gas (in metric tons)
Total gas consumption times its carbon emission factor (92.3% based on actual consumption, remaining extrapolated).

CO_2 emissions thermal energy (in metric tons)
Total district heating and thermal storage consumption times its carbon emission factor (69.1% based on actual consumption, remaining extrapolated).

Energy circular (in %)
Percentage of total energy use that consists of renewable electricity and thermal energy.

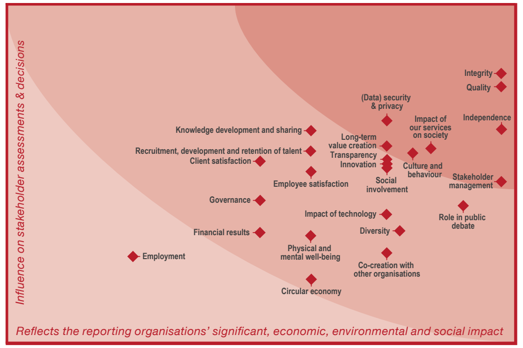
Waste in kgs (per FTE)
Total kilograms of waste registered by our waste management companies divided by total average FTE (77.3% based on actual registrations, remaining extrapolated).

CO_2 emissions waste (in metric tons)
Total kilograms of non-recycled waste times its carbon emission factor for waste incineration.

Waste circular (in %)
Total kilograms of recycled waste as percentage of total kilograms of waste.

How we put together a materiality matrix

A materiality matrix is a representation of the themes (and their importance) that are crucial ('material') to our strategy. Last year we composed a new materiality matrix. In this appendix we explain the process applied in putting this matrix together.



How do we identify stakeholders?
We identify our most important stakeholders based on two questions: who are the stakeholders on whom we have the greatest influence and, vice versa, who are the stakeholders that have the greatest influence on us?

How do we ask stakeholders to indicate the importance of themes?
Every two years we survey a broad range of stakeholders, requesting them to indicate the importance of themes that we have identified as strategically relevant ('material') and to present any other themes that they believe are relevant. We do a similar assessment internally. This results in a graphic representation – a materiality matrix – that represents the relative importance that our stakeholders and we attribute to identified strategic (material) themes. In the second year (that will be fiscal year 2018/2019) we will validate the materiality matrix, partially through a sector analysis and by organising meetings with focus groups about particular aspects of our strategy.

How did we put together our new materiality matrix this year?
- Conducting a sector analysis in which we looked at how our competitors deal with relevant themes and recent developments.
- Receiving surveys from about 500 external and about 50 internal stakeholders and asking them to score 24 material themes on their relevance to PwC's strategy.
- Discussing the material themes in one-on-one conversations with our key stakeholders.
- Scoring the themes internally on their relevance to our strategy.
- Conducting a media analysis of the topics that the media reported on last year regarding PwC conducted to gain a better understanding of the expectations that society has of PwC and our services. Amongst others, the analysis confirmed our contribution to debates on accountancy and tax.

The one-on-one conversations with key stakeholders were led and attended by either a member of the Board of Management or a specialist partner and in some cases, also by a member of the Supervisory Board. ■

	Form of stakeholder dialogue:
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 • Internal stakeholder dialogue meeting • Stakeholder survey on the relative importance of strategic themes to PwC
Clients	Conversations with representatives of a selection of clients and completion by them of a survey on the relative importance of strategic themes to PwC
Society	• In-depth conversations with representatives of supervisory committees, regulators, institutional investors, shareholders, sustainable businesses, social enterprises, governments (national and international), business communities, professional bodies and universities • Completion by these stakeholders of a survey on the relative importance of strategic themes to PwC • Sector and media analysis

Contents

Foreword

Key statistics

Report of the Supervisory Board

Report of the Board of Management

Financial statements Holding PricewaterhouseCoopers Nederland B.V.

Information about PwC

Appendices
- Five-year summary of financial results
- Our sustainability measures by impact area
- How we put together a materiality matrix
- Remuneration Report Holding PricewaterhouseCoopers Nederland B.V.
- Global Reporting Index (GRI)
- Glossary
- Acknowledgements

Holding PricewaterhouseCoopers Nederland B.V. - Remuneration Report for the financial year ended 30 June 2018

This Remuneration Report was prepared by the Remuneration Committee on 27 September 2018 and adopted by the Supervisory Board on 27 September 2018. 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.

The definitions of certain terms used in this Remuneration Report are as follows:
PwC NL Coöperatie PricewaterhouseCoopers Nederland U.A., Holding PricewaterhouseCoopers Nederland B.V. and/or one or more of its subsidiary companies, unless specifically stated otherwise.
Professional practitioner The natural person who practices his/her profession in the name of Coöperatie PricewaterhouseCoopers Nederland U.A., Holding PricewaterhouseCoopers Nederland B.V. or a subsidiary company thereof on the basis of an association agreement.

Introduction

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 2017/2018 remuneration of partners, staff, the Board of Management and the Supervisory Board. The Annual Report's section 'Governance and remuneration' (pages 68 - 69) provides further information regarding the remuneration framework of PwC NL.

Partner remuneration

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 internal and external regulatory requirements, have a proportionately more significant effect on remuneration levels than other aspects. 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 and 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 69. 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 and Firm. Quality has a significant influence on performance scores (both positively and negatively). 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 (positively and negatively) for the Clients and Firm components.

For the People component, quality is assessed in aspects such as coaching, diversity, feedback, development and team collaboration and, for the Firm component, in aspects such as development and delivery of training and, where applicable, in any quality roles undertaken. All partners are expected to evaluate their individual performance and goalsetting in terms of the quality of the work delivered and to assess the extent to which they reflect the PwC values in their interactions with staff and clients.

In view of their particular role in society, Assurance partners who act as external auditors attract an automatic positive performance rating in the area of Clients when quality performance is rated above expectation, and this leads to an upward remuneration adjustment provided that the partner's conduct meets the standards applicable to a PwC partner. Conversely, a negative quality performance rating results in a downward remuneration adjustment when a file review results in a non-compliant conclusion, generating a negative rating on the performance evaluation component Clients or on baseline expectations (where the need for compliance is self-evident). These adjustments (upward and downward) can vary from 12.5% to 50% of total remuneration. Any negative performance evaluation on the quality aspects of the Clients component cannot be compensated by commercial or other achievements. Assurance partners and directors who act as external auditors are not rewarded for commercial achievements at audit clients.

Partners who act as external auditors are subject to a claw back scheme. The claw back period has been set at six years. Under this scheme, one sixth of the individual partners' annual management fee is reserved into an independent foundation set up for this purpose. If it transpires 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 this deferred remuneration and the amount is then invested by PwC NL into its quality improvement measures. In 2017/2018, no claw-back was made under the scheme.

Governance

The Supervisory Board was installed as of 1 May 2015 and comprises only of 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. Members of the Supervisory Board are appointed for a term of four years and may be reappointed for an additional term of four years. The Supervisory Board has put together a rotation schedule, which is included in this Remuneration Report. In 2017/2018, the Supervisory Board comprised of seven members.

With regard to the Board of Management, the Supervisory Board submits a binding nomination to the General Meeting regarding the appointment of the Chair of the Board of Management (1). The Chair of the Board of Management (also known as the Territory Senior Partner) is the Company's sole statutory director, who appoints his or her team in which the other members of the Board of Management are authorised executive directors for their term of office. In making its selection proposals, the Selection and Appointment Committee also evaluates the candidates that the potential Territory Senior Partner is proposing for his team as authorised executive directors (also known as the Territory Leadership Team). Subsequently, on the advice of its Selection and Appointment Committee, the Supervisory Board makes a binding nomination, taking into account the proposed composition of the Board of Management.

The General Meeting and the Supervisory Board each have the power to suspend or dismiss any member of the Board of Management. The Supervisory Board determines the remuneration of the Board of Management. In 2017/2018, the Board of Management comprised seven members.

1 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 authorized to use the title 'partner' vis à vis third parties.

The Remuneration Committee and the Supervisory Board evaluate the proposals submitted to the Board of Management by the Line of Service Boards and the Markets Leader based on 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, it includes the results of reviews, and it assesses gender diversity in performance ratings.

As part of its 2017/2018 oversight of the Board of Management, the Remuneration Committee and the Supervisory Board review the evaluations of the audit firm's other policymakers, i.e. the members of the Assurance Board, specifically the key findings, the goals and the evaluations in the Clients, People and Firm components. They have concluded this year that their performance evaluation and remuneration has been based on quality and is consistent with the long-term goals. The changes in the legal framework concerning audit firms as from 1 July 2018 affect, amongst other things, the remuneration of the Assurance Board members as policymakers. In the light of this new legislation, the Remuneration Committee has advised that the approach adopted for the remuneration of the members of the Board of Management also be applied to the members of the Assurance Board. Consequently, as from 2018/2019, the remuneration of the members of both the Board of Management and the Assurance Board is to be determined annually by the Supervisory Board in accordance with established policy.

The Remuneration Committee has reviewed the outline of partner and director remuneration in the audit firm's Transparency Report 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.

In compliance with the Dutch Audit Firms Supervision Act (Wet toezicht accountants-organisaties) and the Dutch Audit Supervision Decree (Besluit toezicht accountantsorganisaties) and on the advice of its Remuneration Committee, the Supervisory Board has approved the changes to the financial regulations for partners. One important change relates to the ability of the Board of Management to monitor a partner's private financial position.

Staff remuneration

The evaluation and remuneration process for staff is set out in the Annual Report on page 69. Following the annual revision of the primary and secondary conditions of employment, the Remuneration Committee and the Supervisory Board have compared the distinctive features of the PwC NL salary structure with 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. The Remuneration Committee also assessed the levels of overtime in relation to perceived workload, the pilot regarding working hour flexibility, the leasing regulations, and the implementation of the new 'Workday' cloud-based people management platform.

Remuneration of the Board of Management

In line with the 'In the Public Interest' report, the members of the Board of Management are remunerated on a fixed, non-profit related basis. As from 2018/2019, the remuneration policy of the members of the Board of Management will also be applicable to the members of the Assurance Board (both being policymakers of PricewaterhouseCoopers Accountants N.V.).

Remuneration of individual members

The Supervisory Board determines the remuneration of individual members of the Board of Management in compliance with the Dutch Audit Firms Supervision Act (Wet toezicht accountantsorganisaties) and 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 accordance 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 an annual member fee on capital contributed, which is the same for all partners at PwC NL.

Fixed Remuneration

As mentioned in the Supervisory Board's Annual Report, all members of the Board of Management take part in annual (goalsetting) interviews with respective members of the Supervisory Board. This includes an assessment of the time spent by the members of the Board of Management in their various roles. The Board also set the 2017/2018 remuneration of the members of the Board of Management, as set out on Table I.

As the fixed remuneration was initially determined for a period of three years and a new Board of Management was due to be appointed as of 1 July 2018, the Remuneration Committee and Supervisory Board carried out an updating review of the Board of Management remuneration policy during 2017/2018. The policy remained unchanged as a result of this review, and the remuneration of the new members of the Board of Management as from 2018/2019 was determined accordingly.

Benchmarks

When reviewing the remuneration framework for the Board of Management, the Supervisory Board compares the 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 considers remuneration levels and trends for current and past members of the Board of Management (both before and after their membership of the Board) and trends in partner remuneration, and it reflects the responsibilities and portfolios of the individual members of the Board of Management in their fixed remuneration levels.

Variable remuneration

The Supervisory Board is empowered to determine a bonus of up to 20% of fixed remuneration based on the early 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 set have been exceeded, i.e. in case of exceptional achievements.

The Remuneration Committee and the Supervisory Board felt that the upcoming changes in the Board of Management as of 1 July 2018 represented a good opportunity to assess the longer-term performance of the Board of Management.

Given the special circumstances in 2017/2018 (terms of office expiring and, at the same time, the Chairman accepting a new position outside PwC NL as of 1 July 2018), the Chairman's performance has been re-examined by the Supervisory Board for the entire period since the Supervisory Board was established.

The Remuneration Committee and Supervisory Board believe that the Chairman's performance over multiple years, based on quality-oriented goalsetting, has been exceptional and has resulted in the creation of important long-term value for PwC NL. For example, during the period in which the accountancy profession has been in the spotlight, he developed, designed and disseminated the PwC journey, helping it take root among partners and employees, and communicating it externally. Consequently, the Supervisory Board believes that the transformational journey of PwC to a purpose-led and values-driven organisation is very much a result of his initiative, focus and execution. His conviction that the only way to achieve this (and retain the 'right to operate' by putting society first) is something that he instilled into the PwC NL organisation, step-by-step, in words and action, and in the face of some scepticism. Naturally, much still needs to be done in the transformation to a purpose-led and values-driven organisation, but the most important steps have been taken and we can be very grateful to him for that.

Reflecting all this, the Supervisory Board has adopted the advice of the Remuneration Committee and awarded Peter van Mierlo a bonus of 15% of his fixed annual remuneration with respect to 2017/2018.

With respect to the other members of the 2017/2018 Management Board, achievements and performance for 2017/2018 were viewed as 'as may be expected' or sometimes as 'exceeded expectations', resulting in all performances being assessed as 'good' and 'on target' under the PwC NL Board of Management Remuneration Policy, both in terms of 2017/2018 and in terms of the preceding years during which the Supervisory Board has observed their performance as Management Board members. Consequently, no bonuses were awarded.

The Supervisory Board has determined the remuneration of the individual members of the Board of Management in 2017/2018 as follows:

Table I

In €[1]		2017/2018	2016/2017
Marc Diepstraten		914,500	914,500
Frank Engelen (*)		1,047,250	1,047,250
Ad van Gils		914,500	914,500
Jolanda Lamse–Minderhoud		914,500	914,500
Peter van Mierlo (*)	Chairman	1.357,000[2]	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 any claw back for members of the Board of Management who have been authorised by the Supervisory Board to act as external auditor.
2 Total of fixed remuneration 2017/2018 (€ 1,180,000) and 15% bonus (€ 177,000).

(*) Peter van Mierlo stepped down as of 30 June 2018. Frank Engelen and Michael de Ridder have also left the Board. As from 1 July 2018, the Board of Management comprises: Ad van Gils (Chair), Marc Borggreven, Marc Diepstraten, Agnes Koops–Aukes, Jolanda Lamse–Minderhoud, Renate de Lange–Snijders and Maarten van de Pol.

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. No clawback was made.

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 for the period of office in 2017/2018 is set out in Table II. The members of the Supervisory Board 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 roles in the Supervisory Board and in committees, as 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. Each member gives due consideration to the roles, jurisdiction and responsibilities allocated to the Supervisory Board and its members as prescribed by law, the Articles of Association, the applicable principles of the Dutch Corporate Governance Code, the Supervisory Board's Charter, and the appointment agreement.

The annual remuneration for the Chair of the Supervisory Board amounts to €70,000, for a member of the Supervisory Board €45,000, for a Chair of a committee €10,000, and for a member of a committee €7,500.

The remuneration of the Supervisory Board was included in the Supervisory Board's annual evaluation process, which also addressed the need to recruit new Supervisory Board members during 2018/2019. No reason or need for modification arose.

Table II

Remuneration for the Supervisory Board for 2017/2018 (€)	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 2017/2018	Total remuneration for chairmanship or membership of the SB and its committees for 2016/2017
N. Ellemers	45,000			7,500	7,500	60,000	60,000
J.M. de Jong (Chair)	70,000		7,500	10,000	7,500**	95,000	87,500
A. Jorritsma	45,000	7,500	10,000		7,500**	70,000	62,500
F.W. Oldenburg	45,000	7,500		7,500	7,500**	67,500	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

* Resigned as of 30 June 2018
** Member of Public Interest Committee as from 1 July 2017

Rotation schedule

The Supervisory Board has set up a schedule indicating when members are expected to step down from the Supervisory Board, whether they can be re-appointed for a new term and/or whether Supervisory Board members make themselves available for re-appointment if eligible. Table III sets out the rotation schedule; this is also published on our website. In June 2018 the rotation schedule was amended to include the availability of Cees van Rijn for a second term. ■

Table III

Rotation schedule for the members of the Supervisory Board as at 30 June 2018	Age as at 30 June 2018	Appointment	2016	2017	2018	2019	Available and eligible for reappointment
N. Ellemers	55	1 May 2015				●	Yes
J.M. de Jong (Chair)	73	1 May 2015				●	No
F.W. Oldenburg	57	1 May 2015				●	Yes
C.J.M. van Rijn	71	1 May 2015				●	Yes
Y.C.M.T. van Rooy	67	1 May 2015				●	Yes
A.H.E.M. Wellink (Vice-chair)	74	1 May 2015			●		No
A. Jorritsma	68	1 September 2015				●	Yes

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 position in question is placed on the agenda.

Global Reporting Index (GRI)

General standard disclosures				
NR	**Disclosure title**	**Reference**	**Omission/not included/scope**	**Page**
Organisational profile				
102-1	Name of the organisation	Our legal structure		109
102-2	Activities, brands, products, and services	PwC in the Netherlands, How we create value		16-17, 21
102-3	Location of headquarters	Acknowledgements		136
102-4	Location of operations	PwC in the Netherlands, Our legal structure		16, 109
102-5	Ownership and legal form	Our legal structure		109-110
102-6	Markets served	PwC in the Netherlands, Our legal structure		16-17, 109
102-7	Scale of the organisation	PwC in the Netherlands, Financial statements, Breakdown of our headcount		16, 93, 120
102-8	Information on employees and other workers	Our strategy and achievements (Delivering the PwC Culture), Financial statements, Breakdown of our headcount	The number of self-employed workers is not material, hence not reported. There is no seasonality in our employment numbers.	39, 93, 120
102-9	Supply chain	Our sustainability measures by impact area		123
102-10	Significant changes to the organisation and its supply chain	About the Report of the Board of Management, Our legal structure		15, 109
102-11	Precautionary Principle or approach		Our potential environmental impact is addressed by monitoring and managing our greenhouse gas emissions with focus on reduction in CO_2 emissions caused by mobility.	
102-12	External initiatives	About the Report of the Board of Management, How we create value, Our strategy and achievements (Delivering the PwC Culture)		15, 21, 43
102-13	Membership of associations	Our strategy and achievements (Delivering the PwC Culture)		47
Strategy				
102-14	Statement from senior decision-maker	Foreword		3-4
102-15	Key impacts, risks, and opportunities	Our strategy and achievements (Investing in strategic competences), Risk factors, Outlook		57-58, 62-66, 71
Ethics and integrity				
102-16	Values, principles, standards, and norms of behaviour	Foreword, How we create value, Our strategy and achievements (Delivering the PwC Culture, Building on the quality of our service delivery), Governance and Remuneration, Code of Conduct		3-4, 22-23, 37, 54, 69, 116
102-17	Mechanisms for advice and concerns about ethics	Our strategy and achievements (Building on the quality of our service delivery), Code of Conduct		54, 116
Governance				
102-18	Governance structure	How we manage the execution of our strategy, Corporate Governance		70, 111-115
102-19	Delegating authority	How we manage the execution of our strategy		70
102-20	Executive-level responsibility for economic, environmental, and social topics	How we manage the execution of our strategy		70
102-21	Consulting stakeholders on economic, environmental, and social topics	How we manage the execution of our strategy, How we put together a materiality matrix		70, 125
102-22	Composition of the highest governance body and its committees	Corporate Governance		111-115
102-23	Chair of the highest governance body	Corporate Governance		111, 114
102-24	Nominating and selecting the highest governance body	Corporate Governance		111
102-25	Conflicts of interest	Governance and remuneration, Corporate Governance		69, 111
102-26	Role of highest governance body in setting purpose, values, and strategy	How we manage the execution of our strategy		70

General standard disclosures				
NR	**Disclosure title**	**Reference**	**Omission/not included/scope**	*Page*
102-27	Collective knowledge of highest governance body	How we manage the execution of our strategy		70
102-28	Evaluating the highest governance body's performance	Governance and remuneration		69
102-29	Identifying and managing economic, environmental, and social impacts	What stakeholders consider most relevant for us, Risk factors, How we manage the execution of our strategy, Our quality, risk management and compliance framework		18, 62-66, 70, 117-119
102-30	Effectiveness of risk management processes	Risk factors, How we manage the execution of our strategy, Our quality, risk management and compliance framework		62-66, 70, 117-119
102-31	Review of economic, environmental, and social topics	Risk factors, How we manage the execution of our strategy, Our quality, risk management and compliance framework		62-66, 70, 117-119
102-32	Highest governance body's role in sustainability reporting	Corporate Governance		112
102-33	Communicating critical concerns	How we manage the execution of our strategy		70
102-34	Nature and total number of critical concerns	What stakeholders consider most relevant for us		19
102-35	Remuneration policies	Governance and remuneration		69
102-36	Process for determining remuneration	Governance and remuneration		69
102-37	Stakeholders' involvement in remuneration	Governance and remuneration		69
102-38	Annual total compensation ratio	Governance and remuneration		68
102-39	Percentage increase in annual total compensation ratio	Governance and remuneration		68
Stakeholder engagement				
102-40	List of stakeholder groups	How we put together a materiality matrix		125
102-41	Collective bargaining agreements		Not applicable	
102-42	Identifying and selecting stakeholders	How we put together a materiality matrix		125
102-43	Approach to stakeholder engagement	How we put together a materiality matrix		125
102-44	Key topics and concerns raised	What stakeholders consider most relevant for us, How we put together a materiality matrix		18-19, 125
Reporting				
102-45	Entities included in the consolidated financial statements	Notes to the consolidated financial statements		78
102-46	Defining report content and topic boundaries	About the Report of the Board of Management, How we put together a materiality matrix		15, 125
102-47	List of material topics	What stakeholders consider most relevant for us		20
102-48	Restatements of information	Our strategy and achievements (Delivering the PwC Culture)	Restatements of CO_2	45
102-49	Changes in reporting	About the Report of the Board of Management		15
102-50	Reporting period	About the Report of the Board of Management		15
102-51	Date of most recent report		25 September 2017	
102-52	Reporting cycle	About the Report of the Board of Management		15
102-53	Contact point for questions regarding the report	Acknowledgements		136
102-54	Claims of reporting in accordance with the GRI Standards	About the Report of the Board of Management		15
102-55	GRI content index	See table below		
102-56	External assurance	About the Report of the Board of Management, Other information, Corporate Governance		15, 101-105, 112

Overview link material topics to GRI aspects

Material topic	(GRI) aspect	DMA	(GRI) indicators	Page
Integrity				
	Anti-corruption	Our strategy and achievements (Delivering the PwC Culture, Building on the quality of our service delivery), Risk factors, How we manage the execution of our strategy, Code of Conduct, Our quality, risk management and compliance framework, How we put together a materiality matrix	205-1: Operations assessed for risks related to corruption 205-2: Communication and training about anti-corruption policies and procedures 205-3: Confirmed incidents of corruption and actions taken	37, 54, 62-66, 70, 116, 117-119, 125
	Ethics & Integrity	How we create value, Our strategy and achievements (Building on the quality of our service delivery), Risk factors, Code of Conduct, How we put together a materiality matrix	102-17: Mechanisms for advice and concerns about ethics GPS ethical standards	22-23, 54, 62-66, 116, 125
Quality				
	Socio-economic Compliance	Our strategy and achievements (Building on the quality of our service delivery), Risk factors, How we manage the execution of our strategy, Our quality, risk management and compliance framework, How we put together a materiality matrix	419-1: Non-compliance with laws and regulations in the social and economic area	52-53, 62-66, 70, 117-119, 125
	Quality	Key statistics, Our strategy and achievements (Building on the quality of our service delivery), Risk factors, How we manage the execution of our strategy, Our quality, risk management and compliance framework, How we put together a materiality matrix	Outcomes of external and internal quality reviews (Assurance) Outcomes of internal quality reviews (Tax and Advisory) Turnover rate top talent Hours outsourced to (PwC) delivery and competence centres	6, 50, 51, 55, 62-66, 70, 117-119, 125
	Client satisfaction	Key statistics, Our strategy and achievements (Understanding our clients to create long-term value), Risk factors, How we manage the execution of our strategy, How we put together a materiality matrix	Recommendation Net promotor score Client satisfaction	6, 33, 62-66, 70, 125
	Knowledge development and sharing	Our strategy and achievements (Delivering the PwC Culture, Understanding our clients to create long-term value), Risk factors, How we manage the execution of our strategy, How we put together a materiality matrix	Training hours per FTE Hours invested in Chief Economist Office	31-32, 47, 55, 62-66, 70, 125
	Innovation	Our strategy and achievements (Investing in strategic competences, Transforming our organisation), Risk factors, How we manage the execution of our strategy, How we put together a materiality matrix	We are in the proces of developing KPIs to measure innovation	57-58, 60-61, 62-66, 70, 125
	Mobility	Our strategy and achievements (Transforming our organisation), How we manage the execution of our strategy, How we put together a materiality matrix	Mobility and transfers	61, 70, 125
(Data)security				
	Customer Privacy (Data) security	Our strategy and achievements (Building on the quality of our service delivery), Risk factors, How we manage the execution of our strategy, Our quality, risk management and compliance framework, How we put together a materiality matrix	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data Number of data breaches	49-50, 62-66, 70, 117-119, 125
Long-term value creation				
	Long-term value creation	Our strategy and achievements, Code of Conduct, How we create value, How we put together a materiality matrix	When formulating its strategy, PwC also takes into account non-financial aspects (such as the environment, social and personnel events, the supply chain in which the company operates, respect for human rights and the prevention of corruption and bribery) and the interests of a wide range of stakeholders.	*Qualitative disclosure*
Independence				
	Independence	Governance and remuneration, How we manage the execution of our strategy, Corporate Governance, Code of Conduct, Our quality, risk management and compliance framework, How we put together a materiality matrix	Number of independence sanctions	69, 70, 111, 116, 117-119, 125

Impact of our services on society				
	Local communities	Our strategy and achievements (Delivering the PwC Culture), How we manage the execution of our strategy, How we put together a materiality matrix	413-1: Operations with local community engagement, impact assessments, and development programs	*Qualitative disclosure*
	Circular economy	Key statistics, Our strategy and achievements (Delivering the PwC Culture), How we manage the execution of our strategy, Our sustainability measures by impact area, How we put together a materiality matrix	Circularity in operations CO_2 reduction	7, 43-45, 70, 123, 125
	Social involvement	Our strategy and achievements (Delivering the PwC Culture), How we manage the execution of our strategy, How we put together a materiality matrix	Hours spent on CR projects	43, 70, 125
	Role in the public debate	Our strategy and achievements (Understanding our clients to create long-term value, Delivering the PwC Culture), How we manage the execution of our strategy, How we put together a materiality matrix	We are in the process of developing KPIs to measure our role in the public debate	31-32, 47, 70, 125
	Employment	Key statistics, PwC in the Netherlands, How we manage the execution of our strategy, Breakdown of our headcount, Five-year summary of results, How we put together a materiality matrix	Number of FTE	6, 16, 70, 120, 122, 125
	Economic Performance (financial results)	Key statistics, Our strategy and achievements (Understanding our clients to create long-term value), Risk factors, How we manage the execution of our strategy, Outlook, Five-year summary of results, How we put together a materiality matrix	201-1: Direct economic value generated and distributed: 201-2: Financial implications and other risks and opportunities due to climate change: *No risks related to climate change have been identified hence there are no foreseeable financial implications. Explicit information about the financial impact is not available. We are going to explore how we can meet this indicator in the future* 201-3: Defined benefit plan obligations and other retirement plans 201-4: Financial assistance received from government: *Not applicable* Revenue and profitability	7, 34-36, 62-66, 70, 71, 122, 125
Culture and behaviour				
	Ethics & Integrity	How we create value, Our strategy and achievements (Delivering the PwC Culture), How we manage the execution of our strategy, Code of Conduct, How we put together a materiality matrix	102-16: Values, principles, standards, and norms of behaviour	21-23, 37, 70, 116, 125
	Employee satisfaction	Key statistics, Our strategy and achievements (Delivering the PwC Culture), Risk factors, How we manage the execution of our strategy, How we put together a materiality matrix	PEI (gender/cultural)	6, 41, 62-66, 70, 125
	Diversity	Key statistics, Our strategy and achievements (Delivering the PwC Culture), Risk factors, How we manage the execution of our strategy, Breakdown of our headcount, How we put together a materiality matrix	Turnover gender/cultural Promotions gender/cultural Percentage of women in new partner/director appointments	6, 38-39, 62-66, 70, 120, 125
Stakeholder management				
	Stakeholder management	Messages from our stakeholders, How we put together a materiality matrix	102-40: List of stakeholder groups 102-41: Collective bargaining agreements 102-42: Identifying and selecting stakeholders 102-43: Approach to stakeholder engagement 102-44: Key topics and concerns raised	18-20, 125

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

Acknowledgements

PwC Annual Report 2017/2018

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’.