2018/2019

PwC Annual Report

www.pwc.nl

pwc

Contents

Foreword

We strongly believe that our future success will, now more than ever, be determined by 'how we do things' rather than by 'what we do' - vis-à-vis both each other and our clients and vis-à-vis society at large. We are being judged more and more on the sincerity of our intentions and the credibility of our actions, and we must genuinely deliver on our ambitions. Only then will we be accepted as a learning organisation, one that can learn from its mistakes.

It is our people, the culture we all subscribe to, and the way we behave that will ultimately make the difference. Delivering quality is at the heart of our raison d'être, and this is our number one priority.

On 1 July 2018, Agnes Koops-Aukes, Jolanda Lamse-Minderhoud, Renate de Lange-Snijders, Marc Borggreven, Marc Diepstraten, Maarten van de Pol and I took office as members of PwC Nederland's Board of Management. This Annual Report looks back on this first year of office and sets out our expectations for the coming year.

We are proud of what we have done and what we have been able to achieve together during this past year. We have aligned our culture closer to the values we aspire to. Several studies show that we have made progress in the area of quality, and there have been several engagements that have demonstrated that, with disciplines working together and the help of technology, we can solve important problems for our clients and for society. Our own digital transformation has been boosted by the opening of our new Experience Center (which brings together business knowhow, technology and user experiences to help clients with their digital transformations in a co-creating environment) and also by this year's implementation of Salesforce and Workday into our business processes, building on the earlier implementation of Google. After our SDG Dome launch in Amsterdam, we brought the SDG Experience to a number of other cities across Europe and we expect more interest in the coming year. The SDG Experience was also part of the High-Level Political Forum at the UN Headquarters in New York. We are preparing to launch a NextGen version in the coming months.

Our financial performance this year has been solid. This is not a goal in and of itself, but it is essential if we are to continue to increase our investment in the best people, in the quality of the services we provide, and in new technology.

This year our Global People Survey shows once again that our people value PwC Netherlands as an employer. We know full well that this is not something we can take for granted. We ask a lot of our people, the nature of our work is often at odds with individual personal goals, and our colleagues look for flexibility to maintain a fair balance.

Our aspirations for ever higher levels of quality mean that we set the bar high. At the same time, we figure prominently in societal and political debates, and we well understand that our people can be affected by this as they go about their day-to-day work with the best of intentions and in the interests of society and clients. They are our finest ambassadors and we are proud to be their colleagues.

Even more important than looking back however, is looking forward. And we see an exciting year ahead of us with all sorts of progressions and challenges on the horizon for both our clients and ourselves.

Internationally, economic and political uncertainties continue to increase, with protectionism, trade wars, falling growth patterns, interest rates at levels never seen before, and (in the case of Brexit) massive uncertainty as to what is to come.

Furthermore, many businesses and organisations (both public and private) are seeing their business plans rapidly becoming obsolete as the megatrends take effect. Companies are also being held more and more accountable regarding their contributions to society. Our aim is to help our clients in the transformations (both digital and non-digital) that are necessary for them to remain relevant for their stakeholders. This brings together our responsibilities to both the public and our clients.

Societal perceptions seem to be changing more rapidly than ever before, particularly society's expectations of the services that we and our sector provide. Auditors are being expected to play the role of gatekeeper in terms of fraud at and continuity of the companies and organisations they audit. And, for tax advisors, advice provided in line with legal and regulatory frameworks is no longer always seen by society as adequate. What was acceptable yesterday may no longer be acceptable tomorrow. There is an increasing call for public accountability and for the transparency and openness that this requires. With this in mind and to demonstrate how we put transparency and sustainability into practice and how we reflect them in the services we provide, we have developed our own tax strategy.

What the Commission for the Future of the Accountancy Sector (Commissie Toekomst Accountancysector) releases later this year will also be crucial for our sector. Even though the measures implemented in recent years have resulted in genuine quality improvement, the discussions about quality continue. We therefore support the Minister of Finance's request that the commission addresses ways in which further sustainable improvement can be brought to the quality of statutory audits. We have informed the commission of the quality improvements we have implemented in recent years, the results thereof, and the related challenges. We have also shared with the commission the opportunities that we see for further sustainable quality improvement. We must trust that whatever comes our way will be in our and society's best interests, and we will embrace any change that can demonstrably and reasonably contribute to sustainable quality improvement.

Responding to these developments and challenges will require much of our time in the coming year. At the same time, we will also need to work on strengthening our effectiveness and on freeing up time and energy for our long-term critical success factors for the benefit of later generations.

There will undoubtedly be much to contend with during the coming year, and there will be constant pressure placed on our capacity for change, our adaptability, and our resilience. We will learn to have greater confidence in ourselves and in what we stand for, to be more open about our vulnerabilities, to see things from another's perspective, to demonstrate that we listen to criticism, and to learn from our mistakes. This will require that we are transparent, that we reach out for dialogue, that we operate with greater confidence vis-à-vis the outside world, and that we put out a clear message regarding what we do, how we do it, and the dilemmas we face.

As a board, we feel empowered by the reliance we can place on the boundless dedication of our colleagues who, with drive, energy and enthusiasm, devote themselves day in day out to the benefit of society and our clients.

We also very much appreciate the way in which the Board of Supervisory Directors continuously reflects society's expectations back to us and challenges us to meet these in our decision-making processes. Prior to 1 July 2019, the Supervisory Board was chaired by Jan Maarten de Jong. We owe him a great debt of gratitude for his leadership within the board in recent years and for his contribution towards the board's speedy and seamless acceptance within our governance structures. He is succeeded as of 1 July by Carel van Eykelenburg, who joined the board during the first half of this financial year. In January 2019, we also welcomed Jan Sijbrand to the board.

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

Highlights 2018/2019

We continued audit quality improvement by assessing the effectiveness of quality measures and deepening our root cause analyses

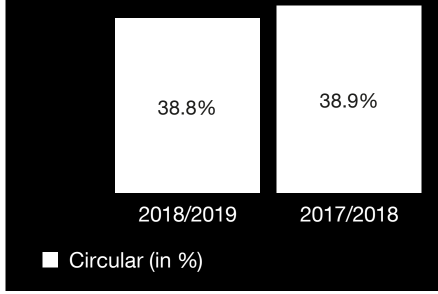
Outcome of quality reviews

■ Compliant
■ Non-compliant/ not meeting standards

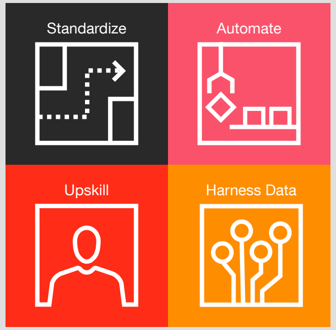
			Compliant	Non-compliant/ not meeting standards
External reviews	AFM	2018/2019	-	
		2017/2018	-	
	PCAOB	2018/2019	3	
		2017/2018	-	
	Other	2018/2019	17	1
		2017/2018	24	
Internal reviews		2018/2019	46	2
		2017/2018	36	1

We directly invested € 2 million in sustainability measures

Circularity did not improve due to integration of procurement in the indicator and the increase of long business flights

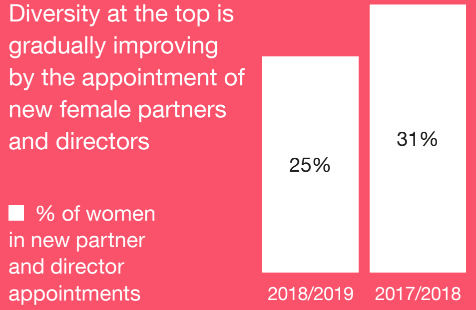


We launched Your Tomorrow as umbrella for all initiatives to digitise our firm and clients



We set ambitious targets on diversity for 2030

Diversity at the top is gradually improving by the appointment of new female partners and directors



Our perceived culture moved closer to our desired culture

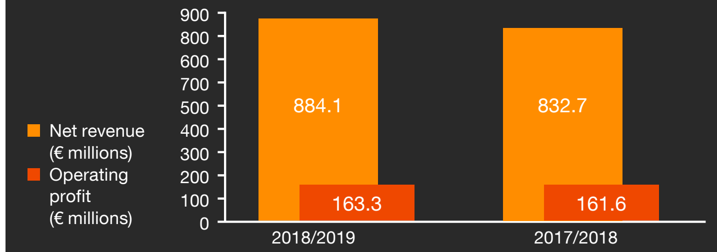
Values Survey shows progress in our transformation to a purpose-led and values-driven organisation

We shifted the focus in our client feedback progress from surveys to conversations

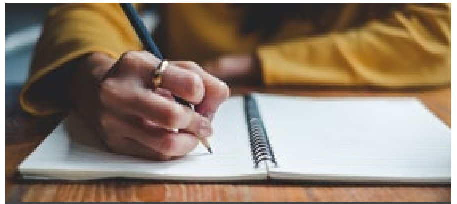
The outcomes remain satisfying

We have achieved growth in all Lines of Service from increased demand for our services

Margin slightly eroded from further investments in quality and technology



PwC Europe acquired technology consulting firm ABSI to strengthen our proposition for front office transformations



Our Board of Management, Supervisory Board and Young Assurance Board submitted their views to the *Commission for the Future of the Accountancy Sector*

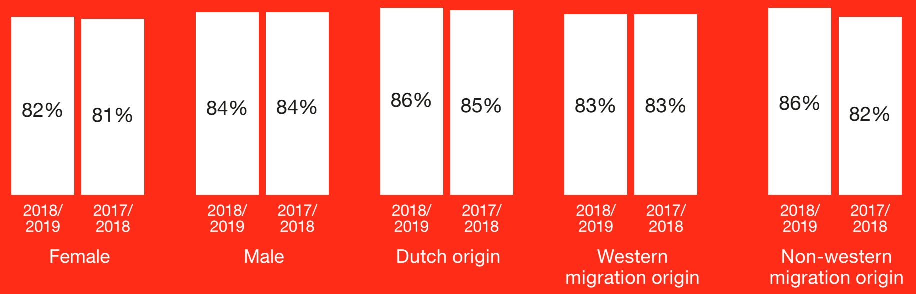
We formulated and published our tax strategy

We made steps in digitising our clients, our firm and our people

We opened an Experience Center where business and technology meet the experience of (digital) transformation

Our people Engagement Index is the highest in our global network

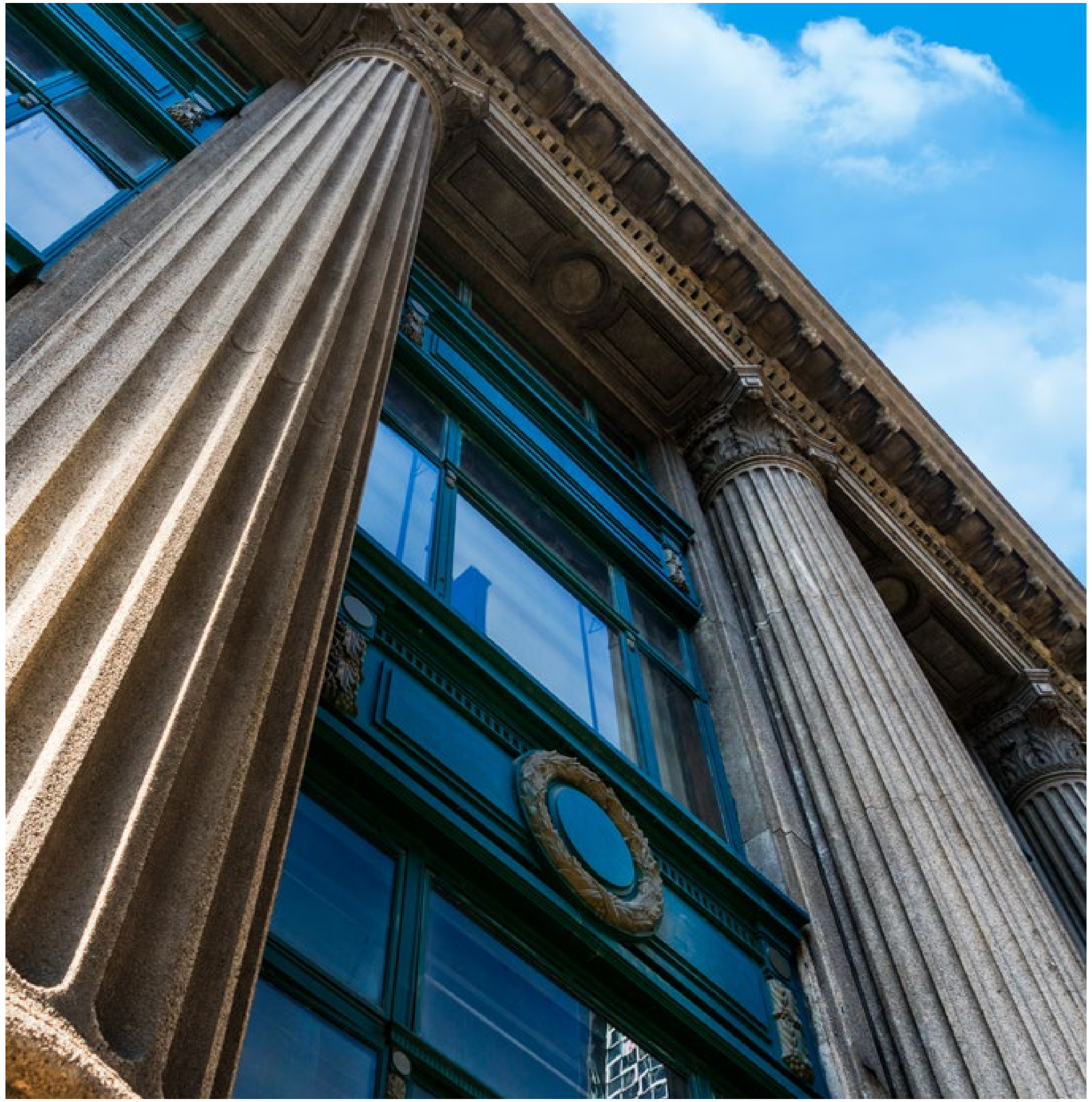
We are proud of the results of our People Survey



Report of the Supervisory Board

Report of the Supervisory Board

PwC's Supervisory Board has been in place for four years now, equivalent to the period of a member's full term of office. We have witnessed a transformation within PwC during these past four years towards becoming a purpose-led and values-driven organisation (the journey). We have seen that culture and behaviour within PwC have changed and we have seen that this has led to an increased attention for the quality of work. The bar has been set and the process has no finishing line. Good collaboration between PwC's various Lines of Service remains important to be relevant for society and to offer quality to clients of all core services, either assurance/audit, tax & legal or advisory consultancy. The transformation is ongoing and will continue to bring challenges to PwC. Whether in the areas of digitalisation, diversity or collaboration within PwC Europe, speed of change and sharp prioritisation are critical.



About the Supervisory Board
The Supervisory Board oversees the policies of the Board of Management and the overall business affairs of PwC NL. The Supervisory Board's tasks and responsibilities cover firm-wide aspects and they reflect PwC's continuing transformation towards becoming a purpose-led and values-driven organisation. In order to mirror the broad societal role of PwC NL, the Supervisory Board consists of independent members who bring a wide range of experience and knowledge from their previous and current roles, in areas such as public administration, supervision, corporate governance, finance and reporting and behavioural science.

In this report, the Supervisory Board sets out how it has fulfilled its duties and responsibilities during financial year 2018/2019.

Composition
The Supervisory Board was established on 1 May 2015 and consists of a minimum of seven independent members. This year,

changes were made to the composition of the Supervisory Board, in accordance with the rotation schedule that was drawn up when the Supervisory Board was established and after positive outcome of the suitability test of the Dutch Authority for the Financial Markets (AFM) required as from 1 July 2018.

- Carel van Eykelenburg was appointed to the Supervisory Board on 12 November 2018 and succeeds Jan Maarten de Jong as chair of the board as from the new financial year 2019/2020.
- Jan Sijbrand joined the Supervisory Board as of 1 January 2019 as successor to Nout Wellink who stepped down from the board at the beginning of this financial year 2018/2019 and was appointed chair of the Public Interest Committee as from 5 February 2019.
- As from 1 July 2019, Naomi Ellemers, Annemarie Jorritsma, Frits Oldenburg and Yvonne van Rooy have been reappointed as members of the Supervisory Board, each for a term of four years, and Cees van Rijn for a term of two years.

In accordance with the Supervisory Board's rotation schedule, Jan Maarten de Jong stepped down as chair on 30 June 2019. We wish to express our sincere appreciation to Jan Maarten for his keen insight, diplomatic leadership and commitment and for his contribution to the development of the Supervisory Board within PwC.

Diversity

The Supervisory Board acknowledges and appreciates diversity both within PwC and within its own membership. In this context and in line with both the board's profile and the Dutch Corporate Governance Code, individual expertise, the composition of the Supervisory Board, and the board's need to work as a team have all contributed to the recruitment of Carel van Eykelenburg and Jan Sijbrand.

The Supervisory Board believes that its continuing diversity (regarding gender, age and professional background), together with the number of seven external members, contributes to the quality of its performance. It enables issues to be considered from a wide range of differing perspectives and experiences and with due regard to individual and independent opinions. Carel van Eykelenburg's background and broad experience (including as chair) in both the public and private sectors and Jan Sijbrand's many years' experience as a financial supervisor each constitute an outstanding addition to the board's team.

The Supervisory Board's profile and rotation schedule can be found on PwC NL's website as Appendix B and C of the Supervisory Board's Regulations.

Learning and development

The Supervisory Board considers continuous learning and development an important aspect of good governance. The members of the

Carel van Eykelenburg was CFO/CRO of Bank Nederlandse Gemeenten from 2005 and chair of the Board of Management from 2008 until 2017. Prior to that, he was amongst other things chair of the Board of Management of Mn Services, Managing Director of Stichting Bedrijfspensioenfonds voor de Metaal en Technische Bedrijven (PMT), Managing Director of Informatie Beheer Groep, Deputy Managing Director of Informatiseringsbank, and Chief of Staff to the Secretary General of the Ministry for Education, Culture and Science.

Current positions:
- Board member and member of the Investments and Pension policy Committees and of the Shareholders and Remuneration Committees of ABP (the government and education sector pension fund)
- Chair of the Board of Willem Frederik Hermans Instituut

Naomi Ellemers is a social psychologist and Distinguished University Professor at Utrecht University. Her professional expertise encompasses behavior in organizations relating to incentives and work motivation, diversity and organizational transformation, moral behavior and ethical climates at work. Previously she was teaching director and chair of the Department of Psychology at Leiden University. In 2010 she was awarded the KNAW Merian prize for women in science and the NWO Spinoza prize. In her primary role as professor at Utrecht University she has initiated a collaborative partnership with the AFM. In this context she supervises scientific research on psychological mechanisms in regulation and supervision, and publishes about this topic in scientific outlets. In view of her role as supervisory director at PwC, she will not be involved in any way in research into accountancy firms.

Current 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

Supervisory Board have regularly participated, both collectively and individually, in educational sessions with experts, both internal and external, in areas such as enterprise risk management, information security, PwC service offerings in the areas of cyber, forensics and privacy, integration of the Sustainable Development Goals into the strategies of organisations, and digital developments (start-ups). The members plan to intensify their development in this last area in line with PwC's staff digital upskilling initiatives.

To get to know the PwC organisation well, the new members of the Supervisory Board have followed a functionally tailored familiarisation programme, addressing amongst other things quality management, audit, finance (reporting), human capital, legal and governance-related affairs, and the PwC journey and values. As part of this programme, the new Supervisory Board members have also met the chairs of PwC's Members Council and Workers Council. To facilitate a smooth handover, the new chair of the board has worked through much of the cycle of meetings along with his predecessor.

Independence

All Supervisory Board members qualify as independent within the meaning of the Supervisory Board Regulations and the Dutch Corporate Governance Code. There was no conflict of interest requiring a Supervisory Board member to abstain from attending a meeting or from adopting a decision.

Supervisory and advisory activities

Meetings of the Supervisory Board

The Supervisory Board held seven meetings in financial year 2018/2019. Next to five regular meetings with the Board of Management, the Compliance Officer and the Deputy Compliance Officer, there were two additional meetings at which the Supervisory Board specifically addressed a number of topics in the areas of governance, strategy and technology, such as the business planning cycle, enterprise risk management, the strategy monitor, and digital transformation.

Typically, a private session of the Supervisory Board is planned prior to or during the meetings as part of its outside-in approach and its role as a critical eye vis-à-vis the Board of Management.

The Supervisory Board meetings were well attended in fiscal year 2018/2019. Two members were absent at one meeting, bringing the attendance rate of those members to 86%. The attendance rate of the other members of the Supervisory Board was 100%.

Additional sessions

Between meetings, the chair of the Supervisory Board has had regular contact this past year with the chair of the Board of Management to discuss topical matters arising both inside and outside the PwC network. Individual members of the Supervisory Board have had regular contact throughout the year with members of the Board

Annemarie Jorritsma has been a member of the First Chamber of the Dutch Parliament for the VVD (the Liberal party) since 9 June 2015 and chair of the Nederlandse Vereniging van Participatiemaatschappijen (NVP - the private equity and venture capital association of the Netherlands) since 1 September 2015. In September 2015, she stepped down as Mayor of Almere, a role she had held since 2003. She was also chair of the VNG (the Dutch association of municipalities) for seven years and, prior to that, she was a minister in the Cabinet of Prime Minister Kok for eight years, four of which were at the Ministry of Transport and Water and four at the Ministry of Economic Affairs.

Current 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)

Frits Oldenburg has been of counsel at FG Lawyers since 2013. From 2004 to 2014, he was a member of the board of trustees of the International Bureau of Fiscal Documentation. From 1995 to 2013 Oldenburg was a partner with NautaDutilh. As a notary, he specialised in company law. He was also, amongst other things, board member of the Koninklijke Notariële Beroepsorganisatie (the Dutch professional association of notaries).

Current 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 Dutch Asthma Foundation

Cees van Rijn was CFO and member of the Board of Management of Nutreco from 2001 to 2011. Previously he was, amongst other things, CFO of Sara Lee Meats Europe and CFO Northern Europe of the McCain Foods Group and, prior to that, he held various positions at Nutricia.

Current 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.

of Management in their roles as chair or member of the Supervisory Board's committees. Also, in these more informal discussions the Supervisory Board exercises its advisory, sounding board role. These discussions and outcomes often lead to additional agenda items for the various committees and for the Supervisory Board itself. There was also a private session held between the Supervisory Board and the Compliance Officer in the context of his independent direct reporting line to the board.

In addition, the Supervisory Board met with the Advisory Board and the Tax & Legal Board to discuss the dilemmas in their respective deals, consulting and tax & legal practices, while Supervisory Board members speak frequently to PwC partners during the year to deepen their knowledge of the day-to-day practice, opportunities and challenges. In this financial year 2018/2019, twelve orientation sessions took place attended by 86 partners and senior directors. The board values these orientation sessions; they offer a form of interactive supervision that enables the board to get clear insight into the culture change within, and the development of, the organisation. Discussion points include mandatory firm rotation (and the preparation necessary), readiness and proactivity in achieving strategic and (digital) transformational goals, and the building of sustainable relationships with stakeholders.

Contact between members of the Supervisory Board and officials within both the PwC Europe collaboration and the wider PwC network have been further intensified this year, amongst other things through participation in governance chair calls and through individual meetings and collective dialogue.

Committees

The Supervisory Board has four committees: the Public Interest Committee, the Audit Committee, the Remuneration Committee and the Selection and Appointment Committee. The committees have an advisory role within the Supervisory Board. They have been set up by, and are composed of members from, the Supervisory Board itself. Usually, the committee chair reports to the full Supervisory Board on the committee's main considerations and findings.

Reports of the committees
The summaries below provide the composition and focus of each of the committees, together with the matters on the committees' agendas, the numbers of meetings and the attendance rates.

For more detailed information about the tasks of the committees, see the Corporate Governance section of this Annual Report (pages 116-119) and the Supervisory Board Regulations (website PwC NL).

Yvonne van Rooy was, amongst other things, Secretary of State at the Ministry of Economic Affairs, member of the European Parliament, member of the Second Chamber of the Dutch Parliament, chair of the Executive Board of Tilburg University, chair of the Executive Board of Utrecht University and deputy Crown-appointed member of the SER (the Social and Economic Council of the Netherlands).

Current positions:
- 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 Supervisory Board of Fuji Europe
- Member of the Supervisory Board of 's Heeren Loo
- Chair of the Supervisory Board of the Raad voor Accreditatie (the Dutch Accreditation Council)
- Member of the Board of Stichting Continuïteit Post NL

Jan Sijbrand was a director of De Nederlandsche Bank (DNB - the Dutch Central Bank) from mid-2011 to mid-2018. As Chair of Supervision, he was primarily responsible for the supervisory activities and policies of DNB. He also had supervisory roles at the ECB in Frankfurt and the EBA in London and was chair of the Curatorium for Postgraduate Studies (Compliance & Integrity) at the Free University (VU) Amsterdam. From 2008 to mid-2011, Jan Sijbrand was a member of the Managing Board and Chief Risk Officer of NIBC, a Dutch banking institution. Prior to that, he worked with ABN AMRO, Rabobank and Shell.

Current positions: Not applicable

Topics and focus of the Supervisory Board

This financial year 2018/2019, the new chair of the Board of Management and his team got under way successfully and further detail was added to the manner of cooperation between Supervisory Board and Board of Management.

The regular agenda items for the Supervisory Board meetings have included: compliance, finance and reporting, governance, risk and quality, public interest, (digital) transformation and change, strategy and markets, international collaboration within the PwC network of member firms, the Code of Conduct (which sets out the complaints, notification and whistle-blowing procedures), partner affairs, performance evaluation of the Board of Management, Compliance Officer and the Supervisory Board, 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 Supervisory Board's discussions. During the past year, there have been several matters that have attracted the Supervisory Board's particular attention.

Strategy and enterprise risk management

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 Supervisory Board. In consultation with the Board of Management, the format and process surrounding the strategy monitor has been intensified this year. The strategy monitor is an important tool for the Supervisory Board in terms of monitoring the progress being made in the strategy for long-term value creation and related risks. It provides a framework for discussion of clear priority-setting with the Board of Management. The Supervisory Board has also extensively addressed enterprise risk management and the business planning cycle in two special meetings in February and May 2019.

Digital transformation

The Supervisory Board sees innovation and becoming technology-enabled as one of the key opportunities and challenges for PwC and has this year witnessed, with great interest, the progress made and initiatives taken in this area within PwC's various Lines of Service, including a special meeting with the Chief Digital Officer and an external expert, periodic reporting from the Chief Digital Officer, and the visit to PwC's Experience Center.

Quality

The Supervisory Board continues to challenge the Board of Management on quality. Although continuous quality improvement is now firmly in place within the Lines of Service (such as the licence to operate), the Supervisory Board still sees measuring the effects of the steps taken in the area of quality improvement and bringing focus to the various systems and initiatives both as particularly critical challenging areas.

Diversity

The theme of diversity and an inclusive working environment within PwC is a regular subject of discussion at Supervisory Board meetings, particularly progress being made on achieving gender and cultural diversity goals by retaining women and colleagues with a migration origin and developing them towards senior positions. In this regard and in the context of sustainable partnership, the Supervisory Board has requested that focus be placed on diversity within the PwC partner group, particularly creating role models and remaining societally relevant.

Commission for the Future of the Accountancy Sector

The Supervisory Board has devoted considerable attention to the Commission for the Future of the Accountancy Sector. The commission was set up in 2019 and, at the request of the Minister of Finance, is addressing how sustainable improvement can be brought to the quality of statutory audits. In the consultation process, the Supervisory Board has taken the opportunity to share the experiences gained in its supervisory role in recent years, with a focus on quality and the culture change within PwC. The board has witnessed change for the better within the accountancy sector but has also expressed to the commission several concerns – for instance, the attractiveness of the audit profession in terms of retaining and recruiting talent and the societal importance of bridging the expectation gap.

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 the Japanese JFSA. A high standard of quality in services rendered is of the utmost importance. Internal quality reviews were discussed as well as the PCAOB's inspection report following its extensive September 2018 review and the AFM's report dated 6 March 2019 entitled 'An investigation into the contribution of attitude, conduct and culture to the focus on quality in the audit process' following the AFM's investigation into this subject at PwC. The more generic AFM reports regarding the accountancy sector were also discussed: 'Vulnerabilities in the structure of the audit sector' (issued 21 November 2018) and 'The contribution of attitude, conduct and culture to the focus on quality of the audit team' (issued 9 May 2019). The members of the Supervisory Board have also discussed with representatives of the AFM, amongst other things, the suitability testing and the planning for the investigation into the structure of the accountancy sector. The October 2018 meeting was attended by the stand-in chair of the Public Interest Committee. In addition, the chair and one member of the Supervisory Board attended the December 2018 meeting of the Monitoring Commission Accountancy regarding the second (May 2018) report.

Tax dilemma session

In November 2018, the Supervisory Board held a Tax dilemma session with the Tax & Legal Board, addressing the professional and societal debates about, amongst other things, tax avoidance, dividend withholding tax, and multinationals. This session also addressed the complexities of the tax ecosystem, the strategy and checks and balances around the tax advice PwC NL provides, the journey, and the PwC values.

Tax strategy

The Supervisory Board approved the introduction of PwC NL's Tax Strategy. This strategy informs stakeholders, clients and business partners about PwC's approach to taxation. The Supervisory Board considers this an important part of PwC's purpose to build trust in society and solve important problems and a vital first step in the further development of sustainable taxation.

Acquisition of ABSI

The Supervisory Board gave its approval to PwC NL's participation in the investment needed for the acquisition of ABSI within the PwC Europe collaboration. The board sees this as a fine example of the investment power and teamwork within the PwC Europe context. As a Salesforce consulting specialist, ABSI is an excellent addition to the services provided within the PwC Europe collaboration.

External auditor appointment and signing authority

The Supervisory Board 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 prior to the Supervisory Board's approval. To assist the Supervisory Board in its decision-making process, the chairs of the Country Admission Committee have provided input to several meetings of the Selection and Appointment Committee regarding both the candidates and the process followed. The Supervisory Board has also evaluated the external auditors' improvement plans and signing authority based on the 2016 non-compliant file review results. There were no cases regarding suspension or dismissal of external auditors.

Budget

Based on an affirmative recommendation from the Audit Committee, the Supervisory Board approved the budget for 2019/2020, including the budget of the audit firm.

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.

Committee	Members (2018/2019)	Focus/Activities
Audit Committee	Cees van Rijn (chair) Annemarie Jorritsma Frits Oldenburg	- Focuses on finance and reporting, internal and external audit, risk and IT (security) - Meets regularly with those responsible for internal audit, risk and finance, IT/information security, and the Assurance Board member responsible for finance - Holds a private discussion annually with the external auditor (in the absence of the CFO and Internal Audit)

Overview of several matters the Audit Committee discussed in 2018/2019:

- Periodic financial management reportings and forecasts, the 2017/2018 results, the draft annual financial statements, the external auditor's management letter, and meeting with the external auditor to discuss the audit plan and approach.
- The internal audit plan and internal audit reports as well as involvement in the recruitment of the lead internal auditor.
- Proposed acquisitions and divestments, such as PwC NL's share in the acquisition of ABSI by PwC Europe.
- IT updates, including information security updates, reviews of the implementation of the General Data Protection Regulation (GDPR) and IT investments in the PwC Europe collaboration (such as EM/FI – S4/HANA), and monitoring of previous investments (Workday, Salesforce).
- PwC NL's enterprise opportunity and risk management and development of the Business Control Framework as part of the business planning process.
- Introduction of the Tax Strategy.
- The budget for the coming financial year, including the budget for Assurance.

Committee	Members (2018/2019)	Focus/Activities
Public Interest Committee	All sitting members of the Supervisory BoardYvonne van Rooy (acting chair until 5 February 2019) Jan Sijbrand (chair as of 5 February 2019)	- Focuses on safeguarding the public interest in the audit opinions issued by PricewaterhouseCoopers Accountants N.V., including regulatory affairs, risk and quality, transformation and change - Each meeting is attended by the Compliance Officer and Deputy Compliance Officer, Director Public Affairs, Assurance Board chair and member responsible for risk and quality - Meets regularly with other members of the Assurance Board

Overview of several matters the Public Interest Committee discussed in 2018/2019:

- The audit firm's quality policy and quality management system, including Assurance's quarterly reporting on its quality indicators monitoring the progress being made in the quality agenda and in the 'Control on quality' process, together with projects such as ROME (which analyses the effects of the measures taken in the context of the quality improvement programme).
- Various reviews as to culture and behaviour (such as the 'Changing our behaviours' review that the University of Maastricht carried out within PwC Assurance and the AFM reports on the structure of the accountancy sector) and as to the influence that partners have on the implementation and safeguarding of a quality-focused corporate culture.
- Developments around the audit profession, such as the set-up and role of the Commission for the Future of the Accountancy Sector and PwC's position thereon and contribution thereto and that of the Supervisory Board itself.
- Evaluation of lessons learnt and measures taken based on the findings of the Compliance Officer, external supervisors and other parties, including review of the PCAOB, and disciplinary and court cases.
- Developments of societal interest within the audit practice, such as the role of the external auditor in detecting and preventing corporate/institutional fraud.
- The Public Interest Committee provides further insight regarding the past year in its contribution to PricewaterhouseCoopers Accountants N.V.'s Transparency Report (website PwC NL).

Committee	Members (2018/2019)	Focus/Activities
Remuneration Committee	Annemarie Jorritsma (chair), Carel van Eykelenburg (as of 12 November 2018), Yvonne van Rooy, Jan Maarten de Jong, Jan Sijbrand (as of 1 January 2019)	- Focuses on the remuneration of the members of the Board of Management and the board of PricewaterhouseCoopers Accountants N.V., and of partners/directors and staff - Has the chair of the Board of Management as primary contact person - Meets regularly with the chair of the Membership Council and the member of the Board of Management responsible for HC

Overview of several matters the Remuneration Committee discussed in 2018/2019:
- Remuneration policy and the proposed remuneration of the members of the Board of Management and, as from 1 July 2018, also of the members of the board of PricewaterhouseCoopers Accountants N.V.
- Updates to the remuneration policy for partners and the process surrounding the evaluation and remuneration of partners, particularly in the areas of diversity, differentiation, quality, flexibility and talent management.
- Evaluation and remuneration of assurance partners/directors who act as external auditors, in terms of quality.
- Remuneration policies and conditions of employment for staff and directors, with a focus on flexibility, sustainable mobility, appropriate remuneration, and well-being.
- Evaluation of the remuneration arrangements for the members of the Supervisory Board (which this year has resulted in remuneration levels unchanged from prior year).
- The Remuneration Committee's Remuneration Report, as adopted by the Supervisory Board, is included as an appendix to this Annual Report 2018/2019 (see pages 133-137).

Committee	Members (2018/2019)	Focus/Activities
Selection and Appointment Committee	Jan Maarten de Jong (chair, stepped down on 30 June 2019), Naomi Ellemers, Frits Oldenburg, Carel van Eykelenburg (member as of 12 November 2018 and chair as of 1 July 2019)	- Focuses on partner, senior director and director admissions, performance evaluations of the Board of Management and Assurance Board, and human resources (diversity, talent management) - Has the chair of the Board of Management as primary contact person - Meets regularly with the CAD chair and member of the Board of Management responsible for Human Capital

Overview of several matters the Selection and Appointment Committee discussed in 2018/2019:
- The evaluation of the selection of the partner candidates, senior director and director candidates before appointment as external auditors within Assurance (including the selection itself), the process the candidates went through and the evaluation thereof by the Board of Management and the Country Admissions Committee.
- Goalsetting and performance evaluation of the members of the Board of Management, the members of the Assurance Board in their role as policymakers under the Wta, and the Compliance Officer.
- Human Capital strategy and developments, such as staff digital upskilling, diversity and inclusion (intake and promotion/career development targets regarding gender and non-western background), STEM profile (Science, Technology, Engineering, Mathematics) recruitment, turnover, and absenteeism.
- Partner affairs (including succession planning and the dialogue regarding sustainable partnership), leavers, joiners and improvement plans and timeframes.
- Succession planning of the Supervisory Board, including the recruitment and nomination of the new chair of the Supervisory Board and the new members of the Supervisory Board (and chair of the Public Interest Committee), and reappointment of several Supervisory Board members.

Self-assessment
At a separate (private) meeting held in May 2019, the Supervisory Board discussed its own performance and the performance of its committees and members. External advisors facilitated this self-assessment. In preparation, the external advisors interviewed each member of the Supervisory Board, the chair of the Board of Management, the CFO/COO and the member of the Board of Management responsible for Assurance.

In line with article 34h Bta, specific items assessed and subsequently discussed by the Supervisory Board included: the performance of the Supervisory Board in general and of its members, looking back on the various supervisory roles (assessing its roles of employer, supervisory body and sounding board), the Supervisory Board meetings, chairmanship, the interaction with the Board of Management, and the desired Supervisory Board's profile, composition and competencies of the Supervisory Board.

The Supervisory Board's composition was viewed as balanced and diverse (see the diversity paragraph of this report of the Supervisory Board). The performance of the Supervisory Board, its committees and members was viewed overall as positive, and the interaction with the Board of Management was characterised by transparency, independence and constructive dialogue. There is continuing attention given to achieving the right balance in relationships between the Supervisory Board and the Board of Management in terms of support for the Board of Management on the one hand and supervision of the Board of Management on the other hand – an important aspect in any situation in which the supervisor and the supervised need to work together closely. In keeping with the self-assessment in 2018, the Supervisory Board has this year continued to increase its focus on developments within the global PwC network and within the PwC Europe collaboration, and has addressed with the Board of Management the long-term strategy and related aspirations.

A number of follow-up points have been agreed to further strengthen elements of the Supervisory Board's performance, such as individual development in the area of digitalisation, follow up on succession planning, and setting up sufficient interaction opportunities between the Supervisory Board and the Line of Service Boards and their members.

As part of the self-assessment, based on the themes of long-term value creation, risk management & quality, organisation & control, and culture and behaviour, the Supervisory Board has also addressed a number of important developments that are expected to need attention in the near future in the Supervisory Board's discharge of its responsibilities, such as regulation in the audit sector, ongoing internationalisation and integration within the global PwC network of member firms, and evolving societal and political thinking.

Performance evaluation of the Board of Management and Assurance Board
As part of the performance evaluation process, the Supervisory Board has carried out, in closed session, the annual performance review of the Board of Management, the Assurance Board and the individual members of both boards, all being policymakers of PricewaterhouseCoopers Accountants N.V. according to the Wta. This review process can be seen as a performance evaluation cycle consisting of three steps: (1) agreement between the Supervisory Board and the boards and its members regarding goalsetting at both team and individual levels; (2) a mid-year evaluation interview between members of the Board of Management and Assurance Board and counterparties from the Supervisory Board; and (3) a year-end performance interview between members of the Board of Management and Assurance Board and counterparties from the Supervisory Board, with the conclusions of the performance interview being reflected in the goalsetting for the coming year.

Remuneration Report
The Remuneration Report, included on pages 133-137, forms an integral part of this Report of the Supervisory Board.

Annual Report
After discussion of the Annual Report and financial statements, the Supervisory Board has concluded that these present a fair view and have been prepared on a basis consistent with prior year. The Supervisory Board wishes to thank all in PwC who, through their efforts, expertise and commitment, have contributed to the achievements of PwC in the financial year 2018/2019.

Amsterdam, 20 September 2019

The Supervisory Board

Dr. Ir. C. van Eykelenburg (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
Dr. J. Sijbrand

Table 1

	Jan Maarten de Jong	Carel van Eykelenburg	Naomi Ellemers	Annemarie Jorritsma	Frits Oldenburg	Cees van Rijn	Yvonne van Rooy	Jan Sijbrand
Year of birth	1945	1952	1963	1950	1961	1947	1951	1954
Gender	male	male	female	female	male	male	female	male
Nationality	Dutch	Dutch	Dutch	Dutch	Dutch	Dutch	Dutch	Dutch
Initial appointment	2015	2018	2015	2015	2015	2015	2015	2019
Reappointment	n/a	n/a	2019	2019	2019	2019	2019	n/a
End of term	2019	2023	2023	2023	2023	2021	2023	2023
Independent	yes	yes	yes	yes	yes	yes	yes	yes
Attendance at Supervisory Board meetings	7/7	6/6	6/7	6/7	7/7	7/7	7/7	5/5
Committee memberships and attendance	Public Interest (5/5) Remuneration (2/2) Selection and Appointment (6/6)	Public Interest (4/4) Remuneration (1/1) Selection and Appointment (4/4)	Public Interest (4/5) Selection and Appointment (5/6)	Audit (6/6) Public Interest (5/5) Remuneration (2/2)	Audit (6/6) Public Interest (5/5) Selection and Appointment (6/6)	Audit (6/6) Public Interest (5/5)	Public Interest (5/5) Remuneration (2/2)	Public Interest (3/3) Remuneration (1/1)

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 2019. The Annual Report is made public (within three months after year-end) on 27 September 2019. There have been no significant changes in terms of size, structure, ownership or supply chain within PwC Netherlands (PwC NL).

Scope
The scope of this report is PwC NL. In other words, all information about our policies, strategy, procedures and systems, and about the related performance indicators relate to PwC NL. Some indicators relate to our professional staff and not to our 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 extracted from our systems and are exact numbers. 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
Besides auditing the financial statements, we requested our external auditor to provide a reasonable level of assurance on the highlights, the report of the Board of Management (excluding ‘Outlook’ on pages 75-76 and ‘Responsibility statement’ on page 71), on ‘Information about PwC’ and the appendices to this Annual Report (excluding ‘Remuneration Report’). The external auditor’s assurance report, including details of the work carried out, is presented on pages 105-111. 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.

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 21 and 132). 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.

Global Reporting Initiative
The GRI table in the appendix (on pages 138-142) 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 Criteria
To the extent possible, we also apply 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

We are organised in Lines of Service
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 and governmental organisations. Our people are part of one of our Lines of Service (Assurance, Tax & Legal and Advisory. In practice, colleagues from different Lines of Service often work closely together and call on each other's expertise because the work is becoming more complex, because society expects this from us and because the large transformational challenges of our clients demand a multi-competence solution.

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. Another part of the assurance practice is focused on the design, implementation and the provision of assurance on systems, processes and numerical (non-financial) information and advice on complex accounting issues.

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

Advisory (including Strategy&) focuses on assisting clients in their (digital) transformation, from strategy to execution. 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, cybersecurity breaches and near-insolvency.

Firm Services provides support to the Lines of Service. The functional departments of Firm Services include amongst others specialists in the areas of marketing, clients and markets, human capital, IT, facility management, procurement, finance, legal, change management and risk and compliance.

Headcount as at 30 June 2019
5,437 people

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

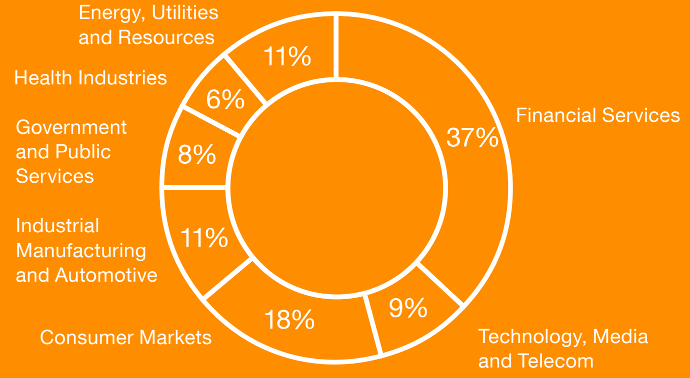
The world around us is changing. We are in an unprecedented landscape characterised by transformations, disruptive technologies and system changes (see also page 61). Borders between traditional industries are blurring as a result of digitisation. New types of companies are emerging, entering apparently unrelated industries, and challenging industrial conventions that have existed for decades. Established companies are increasingly digitising and acquiring the characteristics of a technology company. At the same time we see themes arise that go beyond sectors or industries, such as cyber, privacy and risk, sustainability and the workforce of the future.

This requires responsiveness, agility and (digital) transformation. Our clients' challenges require integrated solutions that allow them to remain relevant and resilient for the future. The strength of our organisation really lies in the combined expertise and competencies of all our professionals. Making a real difference and improving quality demands that we apply a variety of ideas, lenses or perspectives aimed at building trust in society and solving important problems. To the extent permitted by laws and regulations, we offer (innovative) solutions on an integrated basis, bringing together a variety of experience and competencies from Assurance, Tax & Legal and Advisory.

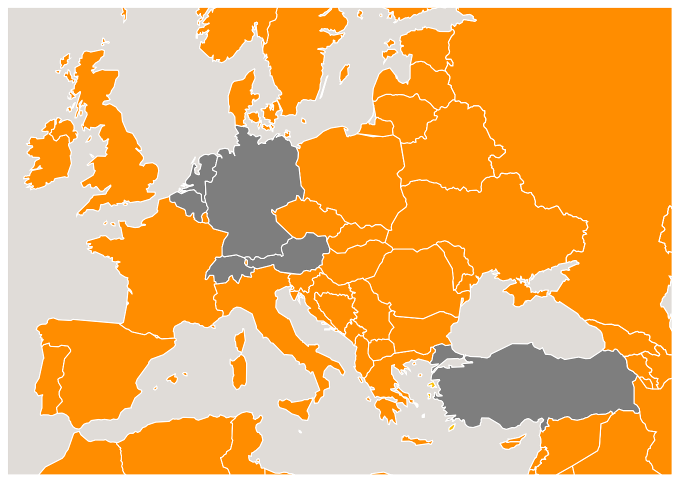
We work together and share knowledge across competencies, sectors and specialisms

Developing integrated solutions requires continuous effort in combining perspectives and ideas from a variety of people. That is why our people work together and share knowledge in competence and industry groups as well as in teams formed around sector-wide themes, both in the Netherlands and within our global network.

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 clients and services provided by us, 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. We have much greater investment and innovative power as a network.

We work closely with the PwC member firms in Germany, Austria, Belgium, Turkey and Switzerland within our collaboration association 'PwC Europe' (see pages 113-114). We are also coordinating business and investments at the level of EMEA (Europe, Middle East and Africa) and of course at a network level.

What stakeholders consider most relevant for us

PwC is transforming into a purpose-led and values-driven organisation. Amongst other things, this requires continuous engagement with our stakeholders. To truly create value for them, we must understand the issues that are important both to them and to their stakeholders, what they expect from PwC and what we must do to meet these expectations.

To achieve this, we engage continuously with our stakeholders: our people, our clients and representatives from society at large such as NGOs, interest groups, universities, supervisory authorities and politicians. Integrating their perspectives into our service delivery, offerings and operations helps us to evaluate and if needed, refine our strategy so that we can truly live up to their expectations. In addition to the day-to-day conversations, in the context of this annual report and to validate our so-called materiality matrix, we organise stakeholder dialogues with representatives from our people, clients and society.

Integrity and quality remain key themes

The themes that our stakeholders consider most relevant ('material') to them and to PwC's long-term value creation are reflected in our materiality matrix. These are the themes that our stakeholders believe we should be addressing and reflecting in our strategy.

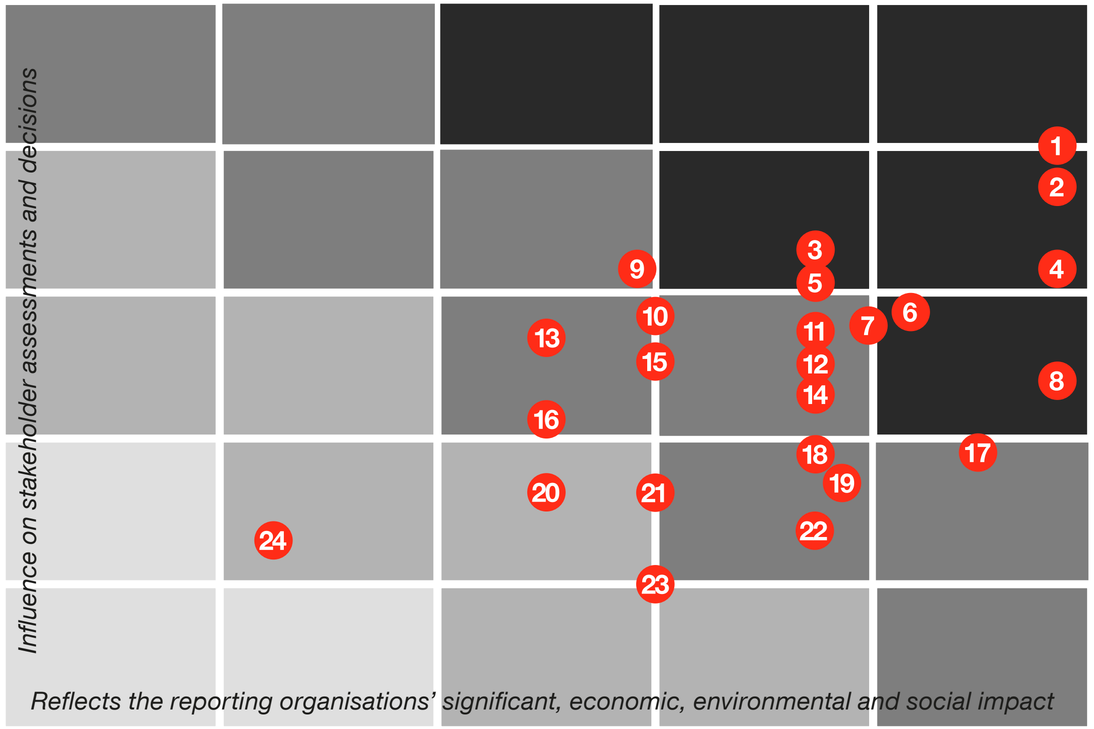
We put together this materiality matrix every two years, based on a comprehensive survey among our stakeholders. In 2018/2019, the second year of the cycle, we have validated the matrix through an extensive sector and media analysis and through one-on-one conversations between key stakeholders and members of our Board of Management. From these analyses and conversations, we have concluded that our stakeholders still consider 'integrity' and 'quality' the most important themes to be addressed in our strategy (more information about the process of putting together and validating our materiality matrix is set out on page 132).

Gaining unfiltered feedback through meetings with people not familiar with PwC

In addition to our regular stakeholder dialogue, this year for the first time, we have included meetings with multiple societal groups that normally have little direct contact with PwC. An external facilitator chaired the (separate) discussions with three focus groups: professionals with intermediate-level educational backgrounds, owners of small businesses and millennials. To broaden our outside-in perspective, we gathered their views on PwC, our purpose, our service offerings and delivery, and the way they believe we should be responding to the dilemmas we might encounter in our daily work.

Although the views of the participants are not necessarily representative for the views of the wider societal group, this so-called focus

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.

1. Integrity, 2. Quality, 3. (Data) security and privacy, 4. Independence, 5. Long-term value creation, 6. Impact of our services on society, 7. Culture and behaviour, 8. Stakeholder management, 9. Knowledge development and sharing, 10. Recruitment, development and retention of talent, 11. Transparency, 12. Innovation, 13. Client satisfaction, 14. Social involvement, 15. Employee satisfaction, 16. Governance, 17. Role in the public debate, 18. Impact of technology, 19. Diversity, 20. Financial results, 21. Physical and mental well-being, 22. Co-creation with other organisations, 23. Circular economy, 24. Employment.

group research is a useful supplement to our current stakeholder dialogue. Firstly, it gives us the opportunity to hear the expectations of stakeholders that we have not previously been in dialogue with. Gathering more perspectives is useful as we see the participants in the societal debate about our sector expanding. As we incorporate these material themes into our strategy, it is also valuable to see to what extent the themes our regular stakeholders consider most relevant for us match those of stakeholders who are barely or not at all familiar with PwC. Secondly, the set-up facilitates unfiltered feedback. Focus group participants are not aware in advance which topic they will be discussing. This may decrease the risk of bias, as people cannot look up any information about PwC beforehand. Furthermore, PwC is not present in the same room, and we expect that makes it easier for the participants to speak out.

Although the respondents were not familiar with our materiality matrix, they indicated largely the same themes as our ‘regular’ stakeholders as relevant for us. While discussing scenarios, they also easily pinned down the dilemmas we might expect to come across, as the quotes in the next chapter illustrate.

Looking at how the three focus groups differed, we see varied opinions about the role that businesses can and should play in addressing societal problems. All three groups see financial incentives as the main driver for businesses. Both owners of small businesses and professionals with intermediate-level educational backgrounds, see this as legitimate provided companies comply with legal and regulatory requirements. However, they are sceptical as to whether non-financial drivers can play a significant role. Millennials are also sceptical on this, but nevertheless believe companies should strive to contribute positively to society.

Key messages from our stakeholders

The following are the most important messages coming from our one-on-one conversations with stakeholders.

Become purpose-led and values-driven through your service offerings and delivery

Our stakeholders emphasise that we can make the biggest impact on society through our service offerings and delivery. One example is to provide sustainable advice to clients, that addresses both the financial and the non-financial impacts of their strategies. In addition, our stakeholders expect auditors to reflect upon their role as gatekeeper regarding detecting and preventing fraud, money-laundering or continuity risks. Stakeholders advise us also at the same time to address the expectation gap by clearly stating what an audit does and does not entail.

Our stakeholders underline the importance of continuing to share our knowledge and expertise with small and medium-sized businesses and social enterprises. They recognise and acknowledge the way we have linked a selection of SDGs to our strategy and our related ambition to be fully circular by 2030. They also encourage us to engage clients on these topics.

Demonstrate public leadership and communicate transparently

Our stakeholders believe it is important for us to publicly demonstrate leadership by speaking out on both audit and tax matters. They encourage not only us, but the entire audit sector, to be less defensive and more self-confident about how we go about our work and about how this is perceived by society. We should communicate proactively about what an audit does and does not entail. This would address the expectation gap and could positively influence the perception of the sector, which they argue is quite unknown to the general public. Furthermore, we should be transparent on areas where we can improve and report mistakes proactively.

The tax advisory sector, including our own practice, is being encouraged to include multiple perspectives in public debates. Stakeholders applaud our Tax Transparency Benchmark, the annual investigation carried out jointly by PwC and VBDO, which encourages listed companies to be more transparent in the way they report on their tax policies (see also page 35). They recommend that we continue to take public stands on themes such as tax avoidance and the encouragement of greater tax transparency by clients.

Strive to retain talent and provide a diverse and innovative workplace

Our stakeholders stress the importance of retaining talent. Facilitating flexibility, attention for work-life balance choices and caring for the well-being of people are essential in this. They believe it is important that the workplace is diverse and that we offer opportunities for continuous development. Stakeholders also challenge us to look forward to how our sector may look in ten to fifteen years, what the influence of technology and innovation might be on our profession and our workforce, and how we can continue to deliver added value for our people, clients and society.

Take a constructive position in the current debate on the future of the audit sector

Our stakeholders advise us to be constructive in the current debate on the future of the audit sector and to demonstrate that we are committed to change and not solely to defending the status quo. They acknowledge the measures we have taken to improve audit quality and they encourage us to reflect on how we can continue to further improve audit quality.

The messages from our stakeholders regarding this current debate focus mainly on the structural models. On the earnings model of audit firms, some stakeholders argue that the role of the body that appoints and remunerates external auditors (the audit committee or supervisory board) should be strengthened. At the same time stakeholders see a shift in the approach and attitude of auditors as they perceive the relationship between the auditor and the audited entity becoming increasingly formal and more independent than in the past. Stakeholders stress the importance of a strong financial chain to improve audit quality, as, in performing their task, the auditor relies on the systems of the audited entity and on the quality of information they provide. ■

Themes stakeholders consider most relevant for us

	Addressed on pages:
1. Integrity	36, 122, 123-125
2. Quality	5, 24-25, 32-33, 38, 67-69, 123-125
3. (Data) security and privacy	35, 67, 123-125
4. Independence	36, 72, 122, 123-125
5. Long-term value creation	26, 30-66, 122
6. Impact of our services on society	27, 49-52
7. Culture and behaviour	28, 41-43
8. Stakeholder management	49, 132
9. Knowledge development and sharing	33, 37, 49, 51
10. Recruitment, development and retention of talent	37, 41, 43, 45
11. Transparency	24-25, 34, 50
12. Innovation	55-59, 67
13. Client satisfaction	5, 24-25, 59, 67
14. Social involvement	52
15. Employee satisfaction	41-42, 67
16. Governance	72, 115-118
17. Role in the public debate	35, 50
18. Impact of technology	55-61, 65
19. Diversity	43-44, 67, 127
20. Financial results	62-63, 67-69, 75, 128
21. Physical and mental well-being	22, 34, 41, 46-47
22. Co-creation with other organisations	3, 50, 56-57
23. Circular economy	53-54, 129-130
24. Employment	127, 128

Dilemmas we face

Living up to society's expectations while satisfying client needs

Throughout the year, we talk with our clients about our transformation to becoming a purpose-led and values-driven organisation. We discuss not only what it means to us as a firm, but also what they can expect when we deliver our services. We aim to increase the impact of our advisory and tax service offerings and delivery by reflecting on the societal context in which we deliver these services.

'Building trust in society and solving important problems is a noble endeavour. But does this happen in practice? I think companies are mainly solving their own problems.' – an owner of a small business in a focus group session

'Being purpose-led means that before you do anything, or work with anyone, you check whether it fits with your mission. Purpose always comes first.' – a stakeholder from the social enterprise sector

'PwC should stand up for societal goals.' – a millennial in a focus group session

'As long as PwC acts within the law, it does not matter whom they advise and how. Otherwise the client turns to a competitor and PwC will be out of business.' – a professional with intermediate-level educational background in a focus group session

We do so by looking through the 'lenses' of all parties impacted by our work: our clients, our stakeholders, our clients' stakeholders and society as a whole.

For example, when we advise on tax matters, we look at more than just whether they comply with legal and regulatory requirements. In our daily work and behaviour as tax advisors, we are guided by our Tax Code of Conduct. In addition, we closely take into account the broader societal, economical and legal impact of our work. The PwC Tax Policy Panel is tasked with assessing the more complex tax matters through all these lenses. As a consequence, we may advise our clients to take an alternative approach. This can lead to intense conversations, which we sometimes find difficult because, as a professional services organisation, it is also in our nature to satisfy our clients' needs. Yet, such discussions are inherent to a constructive and effective dialogue about societal expectations and about what purpose-led and values-driven means in practice. If we cannot come to a meeting of minds with our clients, we will consider refraining from advising our client.

The auditor's licence to operate is based on delivering high quality audits in the public interest. We have shifted our mindset away from a more 'client-oriented' focus towards a more 'public interest' focus. This change in mindset has also led to behavioural change. The auditor has become stricter in his/her approach, postpones the deadline of the audit opinion more swiftly when the audit is not yet complete and spends more overall time on delivering a high quality audit. We are also becoming quicker to resign from engagements where clients are unable or unwilling to provide financial statements to the required quality standard.

Topics like fraud and corruption are also high on the agenda. For example, in cases of suspicion of fraud the auditor requests the client to remediate and implement procedures to prevent future recurrence. Not every client always finds it easy to accept such changes in behaviour and for the auditor, this change is also not always easy to deal with in the context of building strong relationships with the client. It can lead to intense conversations about the roles and responsibilities of both the client and the auditor. Yet, these discussions are necessary in providing clarity about the public role of auditors and the behaviour that comes along with it.

Creating transparency while respecting client confidentiality

We try to engage our clients on topics we find important in terms of living our purpose. The Tax Transparency Benchmark that we conduct jointly with VBDO is one of these topics. Another topic is the urgency and importance of the Sustainable Development Goals (see page 28). We also speak out in public debates, like the debates on transparency in tax rulings (also see page 35), the future of the audit profession, diversity in the workplace and the establishment of a tax governance code. Our ongoing appeal regarding this latter item is gaining broader support and we see this reflected in the Ministry of Finance's fiscal policy agenda 2019.

It is clear that our stakeholders' call for transparency applies also to our audit practice. How do we perform our audits? What does an audit entail? What can we do (and can we not do) within the constraints of the audit profession? And when we fall short on quality, why is this the case? Our aim is to be as

'To be truly values-driven, PwC must show what they stand for.' – a professional with intermediate-level educational background in a focus group session

'Leading the debate means making a difference within PwC's areas of expertise, taking a strong stance on it publicly and being able to say no to certain clients or jobs.' – a stakeholder from our client portfolio

'Society expects transparency from organisations with a public task.' – an owner of a small business in a focus group session

'Communicate transparently on the services you do and do not provide.' – a millennial in a focus group session

transparent as possible about these issues, for example through this Annual Report and through our audit firm's Transparency Report. The chair of the Assurance Board has taken several initiatives to communicate proactively about the steps we are taking to improve audit quality (see page 34).

Yet, when topics concern not only our organisation but also our clients' organisations, client confidentiality comes into play and we need to become more careful in communicating our views. We must also take heed of legal and contractual considerations when speaking out, for example when we report on fraud or when we disclose the work we have done as tax advisors. We are conscious that keeping our views within boardrooms may be detrimental to the public debate. So, each and every time this arises, we continue to carefully balance our public communication on what we stand for with our respect for maintaining client and legal confidentiality.

Not changing merely for the sake of change, but generating effective measures for improving audit quality

In 2019, the ministerial Commission for the Future of the Accountancy Sector ('Commissie Toekomst Accountancysector', CTA) has been assigned to investigate whether new government policy or legislative change may serve to improve the quality of the statutory audit in the long term. Its remit includes the structure of the audit sector, especially the business model (audit and consulting in one organisation), the partner model (professional practitioner, owner and entrepreneur in one organisation) and the earnings model (the auditor is being remunerated by the organisation being audited).

'We need transparency from auditors to be able to have a balanced debate in parliament on the sector and the profession. Also be open about the mistakes you make.' – a stakeholder from a political party

'If PwC really has a monitoring function, they should be a kind of whistleblower. I do not think that is likely, since PwC gets paid by the companies they serve.' – a millennial in a focus group session

'Do not defend the status quo, but show you are willing to commit to change.' – a stakeholder from the investor community

'The sector needs to challenge itself. We know there will always be a need for auditors whatever the future holds, but what will be their role?' – a stakeholder from government

We are open to change that contributes to improvement in audit quality and to rebuilding trust in the profession over the long term, and we acknowledge that the way audit firms are currently structured can involve risks. In response to a public consultation, we have shared our response thereon with the CTA. Our Supervisory Board and Young Assurance Board have also submitted input to the committee.

On several occasions, we have expressed our concerns about measures that may sound effective, but that, in our view, will not increase audit quality. We must be careful not to seek to change for the sake of change. An example is a structural split between audit and advisory services. Over the course of time, we see that business activities, organisations and systems have grown more complex, which has also made the auditors' work more complex. Auditors therefore need increasingly frequently to call on the expertise of specialists, for example in valuing intellectual property and goodwill, recognising possible fraud, and assessing possible data breaches. Consequently, we believe multidisciplinary cooperation has become a prerequisite for audit quality.

This does not mean we are defending the status quo. We are open to change that benefits audit quality. One of the changes we firmly support is the strengthening of the financial chain as a whole. Auditors cannot deliver a high-quality audit without a robust corporate governance structure in place at the organisation being audited, to facilitate the preparation of accurate financial statements. We have therefore suggested that the CTA looks into strengthening the roles of the Audit Committee or Supervisory Board in the governance of audited companies. ■

How we create value

Why

Our purpose

Building trust in society & solving important problems

Expectations stakeholders and external environment (including SDGs)

SDGs* relevant for PwC

* United Nations' Sustainable Development Goals

What

Vision 2020

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

To realise by cocentrating on our focus areas

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

How

PwC Professional

Our competency and leadership development model to help our people develop the skills they need

Values

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

Transformation Our journey to a purpose-led and values-driven organisation

Our services

- Assurance
- Tax & Legal
- Advisory

Create value

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 clients and society at large are faced with significant challenges. We want our service offerings and delivery to contribute to the solution of these important problems and help to build trust in society. This is our purpose and we are in the middle of a transformation process to become a firm able to live up to this purpose.

Why we must build trust in society and solve important problems...
Our purpose has arisen from the expectations our stakeholders have of us in the midst of the big challenges the world is currently facing. They expect us to contribute to solving these important problems and building trust in society. We see that clearly reflected in our stakeholder dialogues on our role and responsibilities around themes such as tax avoidance, audit quality and diversity. Furthermore, the seventeen United Nations' Sustainable Development Goals (SDGs) address the worlds most pressing issues and in line with our purpose we formulated ambitions to contribute to these goals.

Our purpose is our answer to the call of our stakeholders and (global) society. It is our licence to operate and the right way to take to remain relevant and restore trust in our sector. Our purpose is our compass for the way we organise and operate our firm and for the development and innovation of our services and solutions. These services do not only take the interests of our clients into account, but also the interests of our clients' stakeholders and society.

...and why we need to transform
We started our transformation process to lead us in the direction we set out in Vision 2020, the firm that builds trust in society and solves important problems. This means we aim to differentiate ourselves through what we stand for and the services we deliver. And most importantly, by how we deliver those services.

When we want to add value for clients and society, we need to become perceptive of their needs. This requires taking an outside-in perspective and looking at problems through different 'lenses'. We want our people to really explore the issues our stakeholders bring to us, and discover the question behind the question. We want them to have an open mindset and embrace change.

Our transformation is also driven by the digitalisation of our services, our processes and our people. For us the success of digitalisation is as much about cultural and behavioural change as it is about tools and techniques.

Vision 2020

- **A leader in building and sustaining trust-based 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 by combining our capabilities, from upfront strategy analysis to functional implementation.

- **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, and foster innovation to create new products and services for our clients and ourselves. We are building strong alliances with a variety of stakeholders to complement our industry knowledge and client relationships.

We support our transformation with:

- **Our values:** three years ago, we updated our values globally to bring them more closely in line with our purpose and help us to achieve the outward-looking culture we aspire to. Our values describe the behaviour our stakeholders expect from us and that we need to demonstrate to live up to our purpose (see also page 42).

- **PwC Professional:** the PwC Professional is our competency and leadership development framework 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.

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

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. To realise a ratio of 50/50% female/male in partner and director positions in 2050 (at least 30% should be female, 30% male and 15% non-western migration)

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

We have integrated the SDGs in our strategy

We have embraced the SDGs and - in line with our purpose – integrated a selection of them into our strategy. An analysis has shown us that nine of the seventeen SDGs are relevant for us, however, we believe that we will be more effective and make more impact when we focus on a smaller number. That is why we have initially chosen to focus on four SDGs. In prior years, we have linked these four SDGs to our strategy and last year we formulated targets and indicators to measure our contribution to achieving these goals.

We work along the lines of five focus areas

We continued 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. Next year we will renew our strategy and focus areas.

These focus areas represent our strategic goals and they are:
- Building on the quality of our service offerings and delivery.
- Delivering the PwC Culture.
- Investing in strategic competencies.
- Understanding our clients in order to create long-term value.
- Transforming our organisation.

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

Name Konstantinos (Kosta) Papadopoulos
Job title Associate FS Tech
Age 30
Joined PwC December 2017
What drives you? Make a difference is the value that matches my personality best. I like to contribute to society and spread awareness about the values, and making a difference is what inspires me on a daily basis.

Change yourself first to make a real difference

Creating something unique
What motivates me in my work and my life is having an impact and creating change. Even so, the big question is: how do you actually do that? Our values define our culture at PwC. They guide everything we do. Our team wanted to create something unique. Every month, we would choose one value to be central to our way of working. As a team, we defined multiple steps that we could all follow to improve our attitude to that value.

Committing to new behavioural patterns
Later on, we realized that this wasn't enough to effectuate change. You can only make a difference by committing to new behavioural patterns, not just a one-off act. So we started again from scratch: brainstorming on how to spark collaboration, curiosity, real innovation, how to act with integrity and care towards each other and our clients. The most important step we had to take was to change ourselves first and distinguish ourselves as a group!

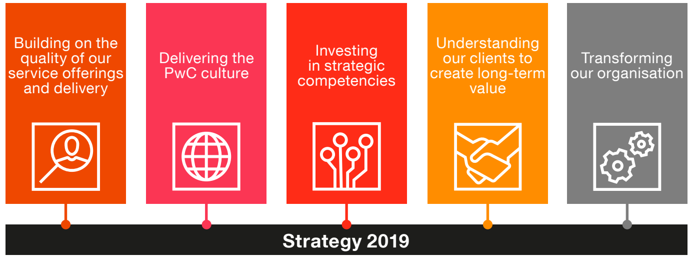
A SMART Principle List
This new approach led to a list of actions, which we call the Principles List. The list was developed according to the SMART method, so that we could measure and chart our progress towards attaining our KPIs and our goal of making a real difference. We can use this list to help our own team, our clients, or society. Every team member is responsible for at least one of the principles on the list, such as organizing every year an event in collaboration with other departments and contributing annually to a social or environmental goal.

For example: BYCS is a social enterprise that works internationally to initiate, scale and support breakthrough projects and ideas related to cycling and cities. We want to help achieve the goal of getting half our world to use bicycles as transport by 2030. During a 'brainshake', we defined a proof of concept: we broke up into two smaller groups and designed mock-ups of information dashboards and impact measurements that were implementable in real life. It was very rewarding to do this because it was a direct result of number four of the Principle List.

Growing as a team
What I've learned so far is that by working together and challenging ourselves, we can make a sustainable difference. We grew as a team. Now we would like to challenge other PwC teams to change their patterns and distinguish themselves as a group!

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 Succes Factor	Material aspects	SDG	Performance indicators	Actual 2017/2018	Target 2018/2019	Actual 2018/2019	Target 2019/2020
Building on the quality of our service offerings and delivery	Continuous improvement of quality and risk management	Quality, (Data) security and privacy		• Outcomes external quality reviews	• No AFM and PCAOB reviews/ other all 24 reviews compliant	Improvement	• No AFM reviews/ 3 PCAOB reviews compliant/other 18 reviews, 17 compliant	Stable
				• Outcomes internal quality reviews	• 97.3% compliant Assurance • 100% compliant CMAAS and RAS • 95.8% meeting standards Tax • 97.1% meeting standards Advisory	< 5% of the reviewed engagements non-compliant/ not meeting our standards	• 95.8% compliant Assurance • 91.7% compliant CMAAS and RAS • 94.9% meeting standards Tax • 97.5% meeting standards Advisory	< 5% of the reviewed engagements non-compliant/ not meeting our standards
	A governance environment and organisation that drives an optimal level of quality	Governance, Integrity, Independence, Transparency		• People survey ethical standards	78%	> 80%	80%	> 80%
	Developing our talented workforce	Recruitment, development and retention of talent		• Training hours per FTE • Turnover rate top talent (%) • % STEM intake	110 11.5%	Stable < 8% 25%	114 11.0% 19%	Growth < 8% 25%

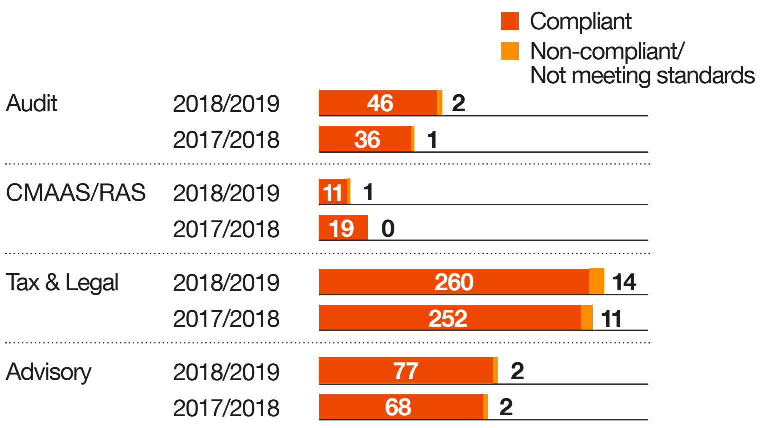
Focus Area	Critical Succes Factor	Material aspects	SDG	Performance indicators	Actual 2017/2018	Target 2018/2019	Actual 2018/2019	Target 2019/2020
Delivering the PwC Culture	Building an externally focused culture in which social involvement is the norm	Impact of our services on society, Social involvement, Circular economy, Role in public debate						
	Building an inclusive culture based on encouragement and collaboration	Diversity		• Intake (%) male/female • Intake origin (%) Dutch origin/ western migration origin/ non-western migration origin • Percentage of women in new partner & director appointments	52.4%/47.6% 59%/14%/27% 31%	Equal % 50%/19%/31% > 25%/30%	53.1%/46.9% 54%/16%/30% 25%	Equal % 50%/19%/31% > 25%/30%
	Sensitivity for our people, their personal development and their well-being	Physical and mental well-being, Employee satisfaction		• People Engagement Index • Overall results people survey	83% 66%	> 80% > 65%	84% 70%	> 80% > 65%
	An impactful CR approach	Impact of our services on society, Social involvement, Circular economy		• People involved in CR projects (%) • Circular in operations (%)	16% 38.9%	20% Improve, 100% by 2030	22% 38.8%	20% Improve, 100% by 2030
	Knowledge sharing and thought leadership	Role in the public debate, Knowledge development and sharing		• Number of hours dedicated to Chief Economist Office	9,341	Stable	11,259	Stable
Investing in strategic competencies	Innovating our service offerings	Innovation, Impact of technology, Co-creation with other organisation						
Understanding our clients to create long-term value	Multidisciplinary service offerings and delivery that addresses our client's key issues (including priority services)	Client satisfaction						
	Robust dialogue that matches our clients' strategic agenda	Client satisfaction		• Client satisfaction • Client recommendation • Net promoter score	8.1 8.2 38	8.0 8.0 40	8.1 8.0 25	8.0 8.0 40
	Profitable growth, to generate funds for investment	Financial results, Employment		• Net revenue PwC NL • Operating profit PwC NL • Average number of FTEs	€ 833M € 162M 4,713	Growth Stable Growth	€ 884M € 163M 5,045	Growth Stable Growth
Transforming our organisation	Continuous improvement to our workflows	Financial results, Impact of technology						
	Building an agile and resilient organisation	Financial results		• Mobility and transfers • Percentage outsourced work to delivery and competence centres (audit)	160 in PwC NL/56 in PwC Europe/207 in international network 9.9%	Increase transfers Increase	189 in PwC NL/58 in PwC Europe/178 in international network 11.2%	Increase transfers Increase

Building on the quality of our service offerings and delivery

For us quality does not just mean compliance with legislation and professional requirements. It is also a question of how we meet the needs of society, add value for our clients and their stakeholders, and manage the professional and personal development of our people – and this applies to all Lines of Service.

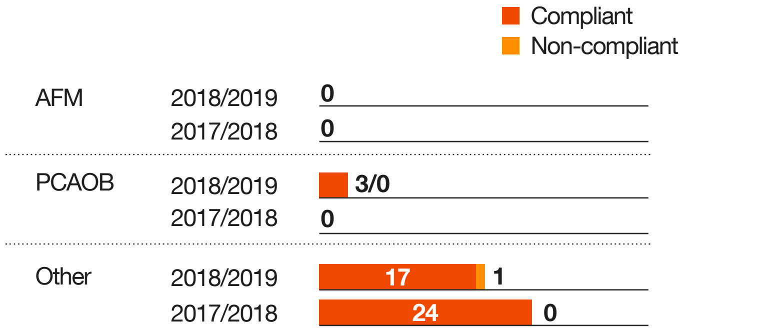
Of course, we lose both credibility and the trust of society when we do not comply with laws, regulations and internal standards. The appointment of the Commission for the Future of the Accountancy Sector (Commissie Toekomst Accountancysector) by the Dutch Ministry of Finance underlines that we have not yet restored trust in the audit profession. It is very important that all requirements based on our own standards, laws and regulations are anchored in our processes and procedures. However, we are convinced that we really maintain and further improve our quality when we continue to work on a culture that is purpose-led and values-driven.

Internal reviews



People survey ethical standards

External reviews



% STEM intake*

We have recruited people with STEM-backgrounds

* Target 25%.

Critical success factors
- Continuous improvement of quality and risk management
- A governance environment and organisation that drives an optimal level of quality
- Developing our talented workforce

Foreword

Highlights

Report of the
Supervisory Board

Report of the
Board of Management
- About the report of the
  Board of Management
- PwC in the Netherlands
- What stakeholders consider
  most relevant for us
- Dilemmas we face
- How we create value
- Our strategy and achievements
- How we safeguard value
- Governance & remuneration
- Outlook

Financial statements Holding
PricewaterhouseCoopers
Nederland B.V.

Information about PwC

Appendices

Percentage turnover top talents

2017/2018 restated (see page 44)

Average number of training hours per FTE

Main outcomes of 2018/2019

- Various reports show that Assurance is building a culture that supports quality.
- The outcomes of the internal quality reviews in Assurance shows us that there is further room for improvement. The outcomes of the reviews in Tax & Legal and Advisory are satisfying.
- We have strengthened our risk and quality infrastructure by setting up a central unit that assists teams firm-wide with procedures around client and engagement acceptance.
- We formulated our tax strategy.
- We started measuring and steering on the recruitment of people with STEM backgrounds.

Our approach

We have a comprehensive quality, risk management and compliance framework in place, which requires regular fine-tuning because of technological, societal and regulatory developments. Internal and external testing of the quality of our work is part of our quality control and risk management process. At the same time we are building a culture that encourages and rewards behaviour that is in line with our values. Where people feel comfortable to speak up for what is right and feel safe to make mistakes and learn from them (see also page 42).

Regarding quality, people make the difference. That is why we focus on recruiting, retaining and developing talented people, and more increasingly with backgrounds in science, technology, engineering and mathematics (STEM). Our people development follows the ‘PwC Professional’ framework, which gives attributes and focus areas for behaviour and the skills that our people need to demonstrate in order to live up to our purpose and values.

We also continue investing in new technology such as data analytics and artificial intelligence that enables us to get better insights and hence improve the quality of our work. For the same reasons, we keep investing in standardisation, automation and outsourcing non-judgemental work (see page 65).

An extensive description of our approach to further improve audit quality is included in our audit firm’s Transparency Report.

Research into the culture of our audit practice shows we are making progress in building a culture supporting audit quality

We have continued working on structural quality improvement and cultural and behavioural change. We are aware this is a lengthy process and that we are not there yet. We recently received positive feedback from the AFM following their study of the influence that partners and directors have on the implementation and safeguarding of a quality-focused corporate culture. Extensive information on the outcomes of this study can be found in our Transparency Report. Furthermore, we feel supported by the positive feedback on the behaviour of our partners and directors that we received from researchers from Maastricht University. In the summer of 2018, these researchers saw 1,200 PwC Assurance colleagues and measured the impact of reflection, time pressure and a safe learning environment on the quality of the audit decisions.

Last year and this year we see these positive developments reflected in the outcome of our internal reviews of audit files, which have improved against the results the years before. This demonstrates the need to keep our focus on the quality of our audits and further strengthening the culture that supports that. We refer to page 38 for an overview of the outcomes of the internal and external reviews and further explanation.

We analysed the effectiveness of quality measures in the audit practice

This year we focused in our audit practice on an extensive analysis of the effectiveness of the measures we have taken to improve quality, called ROME. ROME stands for the Relationship between the Causes ('Oorzaken' in Dutch), Measures and Effects. Do we really know why our quality falls short sometimes? And if we know, how does that relate to the measures we have taken? Are they the right ones? Are there too many? And do we measure effects?

We asked a working group of colleagues to find the answers to these questions, by looking into existing root cause analyses and other surveys, but also by interviewing our people, especially our young colleagues. One of the most important insights we have learned through ROME is that our assumptions and convictions (the 'mental models' in our heads) are leading for our behaviour, which in the end is decisive for the quality of our work.

We are taking measures that address the outcomes of ROME. At the same time we abolish measures that are overlapping or do not contribute sufficiently to the quality improvement we strive for.

We continued our efforts to lower work pressure in the audit practice

Work pressure is a subject that continues to be high on our agenda, because it affects the well-being of our people (see page 47) and the quality of our work. Our root cause analyses keep pointing up a lack of time as causing shortcomings in quality. We have taken a wide range of measures aimed at dedicating more time to audits. We have hired more people (both permanent and temporary). We are assigning project managers to the large audit teams, making more use of data analysis, outsourcing procedures to specialised delivery centres and spreading our procedures across a longer period of time in an effort to mitigate the spring peak load.

However, at specific times work pressure is still too high. We will therefore continue in focusing on lowering the work pressure. This means that there is a limit in the short term to the number of audit assignments we can carry out, even though we find this difficult when a client calls on our help. Nevertheless, we turn down new and existing assignments if we are unable to get the right team together in time or if the audited organisation is unable or unwilling to comply with the quality requirements we ask from them.

Assurance chair vlogs about our daily work

Transparency is a key element in regaining trust. The chair of our Assurance Board, Agnes Koops, sets a good example by blogging and vlogging about different subjects concerning our audit practice, ranging from the workload that our people experience to innovative digital solutions and audit quality. She shares these vlogs on our intranet and on social media. In March, Agnes Koops was followed by a journalist of Het Financieele Dagblad who had access to all her meetings that week, which resulted in a feature in this paper.

The fine the AFM imposed on us, has been rejected in appeal

In June, the Dutch Trade and Industry Appeals Tribunal rejected the appeal of the Dutch Authority for the Financial Markets (AFM) concerning a case around the administrative fine the AFM imposed on PwC in 2016.

In March of that year, the AFM imposed an administrative fine of € 845,000 on PricewaterhouseCoopers Accountants N.V., following its regular 2013-2014 inspection of 2011-2012 audit files. The AFM found that four out of the ten statutory audits it had inspected contained such significant shortcomings that the auditor had not obtained sufficient and appropriate audit evidence to support his or her opinion, and that as an organisation, PwC failed to meet its duty of care under Article 14 of the Wta (the Audit Firms Supervision Act).

In order to obtain clarity about the assessment framework for accounting firms' duty of care, PwC filed an appeal against this decision to impose a fine. The Rotterdam court delivered its decision at the end of December 2017. The court was 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 decision of the AFM to impose a fine was therefore overruled. The AFM appealed the decision with the Trade and Industry Appeals Tribunal, and in June the tribunal rejected this appeal. The ruling of the Trade and Industry Appeals Tribunal is not open to appeal.

As said from the beginning, for PwC the case was not about the fine as such and that we intended to contribute a monetary amount equal to the fine to the Foundation for Auditing Research (FAR), when the court would reject the fine. This donation will be made.

Involvement of partners and directors in audit engagements decreased slightly

A quality indicator for Assurance is the involvement of partners and directors in the audit engagements, to improving the coaching and guidance provided to the audit team. The hours spent by partners and directors on audit engagements decreased slightly to 6.6% (2017/2018: 7.2%). Partners and directors spent relatively less hours, due to, amongst others, the impact of our newly formed audit support department (see also page 65).

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

This year we completed the setting up we started prior year of a central unit for all our Lines of Service (AddValue) to support our teams with the procedures around client and engagement acceptance. This unit provides step-by-step guidance through the processes and systems, thereby contributing to a standard way of working and reducing the workload of teams. AddValue reduces the risk of non-compliance and increases the quality and consistency of the application of the risk management procedures.

We have strengthened our Chief Information Security Office

We invested in the capacity-building of our Chief Information Security Office (CISO) that is responsible for all matters that concern the cyber and physical safety of our people, buildings and systems. Within our global network we have an organisation called Network Information Security (NIS) that advises and assists PwC member firms on their cybersecurity and issues new standards, updates and adjustments for our systems.

We had two data breaches to report

This year, we had two breaches (2017/2018: one) that required notification to the Dutch Data Protection Authority according to the GDPR (General Data Protection Regulation). We took all necessary steps to repair the data leak to prevent further breaches.

We formulated and published our tax strategy

Through our tax strategy, we inform our stakeholders, clients and third parties regarding our tax approach. We consider this to be a vital part of our purpose to build trust in society and solve important problems and our role in the further development of sustainable tax.

The tax strategy applies to PwC in the Netherlands, our people, our clients, our tax services and third parties with which we do business. For our behaviour related to tax, we have defined tax principles. These principles are aligned with our purpose and values, corporate responsibility agenda and various internal global policies and codes of conduct. Our tax strategy describes our tax governance, how we maintain a proactive and continuous dialogue with our stakeholders and the implementation and monitoring of our tax strategy.

Our tax strategy can be found on *https://www.pwc.nl/en/onze-organisatie/tax-strategy-pwc-nl.html*

Network confidential counsellors

	2018/2019	2017/2018
Consultations with Confidential Counsellors	56	57
Complaints filed to the Complaints Committee	1	3
Notifications to the Business Conduct Committee	1	0

People survey ethical standards

	2018/2019	2017/2018
At PwC I can speak openly, even if my ideas are in disagreement with others	78%	75%
At PwC, I feel comfortable discussing or reporting ethical issues and concerns without fear of negative consequences	78%	77%
The people I work for support and demonstrate high standards of ethical conduct	84%	82%
Total people survey ethical standards	**80%**	**78%**

Mandatory e-learnings on the Code of Conduct and anti-corruption

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 98.7% and 98.0% 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.

We have also put measures in place for the prevention of fraud and corruption, including two (mandatory) e-learnings on combatting corruption and money laundering and on the provisions of the Anti-Money Laundering and Anti-Terrorist Financing Act (in Dutch WWFT). About 98.2% of our people that were obliged to complete the training ‘Combatting corruption and money laundering’ did so. This percentage is 99.4% related to the e-learning on the WWFT. We have seen within or related to PwC NL no incidents of corruption in 2018/2019 (see also page 125).

There have been 56 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. We have around 25 Confidential Counsellors with a range of cultural backgrounds and spread across various business units and offices. We ran a new short campaign to bring them back to the attention of our people.

The matters discussed with the counsellors 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 workplace, often with the counsellors functioning as mediators (see page 122 for extended information on the code and the whistleblower procedures).

Act with integrity

Integrity and quality are the themes stakeholders consider most relevant for us (see page 21). Our quality and risk procedures cover many of the matters that affect integrity and independence. However, behaviour is not easily captured in rules. Behavioural aspects are therefore also covered in our values and Code of Conduct.

The Code of Conduct sets out what we stand for and what is expected of us. In practice, what this means is that we expect every PwC person to behave with integrity, dignity, honesty and respect. 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, and our people are expected to do mandatory training on the code. Non-compliance with the code may have serious consequences.

‘Act with integrity’ is one of our five values we formulated as a prerequisite for our transformation to a purpose-led and values-driven organisation. Linked to ‘Act with integrity’ we described the behaviour we expect from our people for living up to this value, such as speaking up for what is right, especially when it feels difficult, and making decisions and act as if your personal reputation was at stake. We expect everyone to act and work in line with this value and address this when behaviour falls short.

Recruitment of people with STEM profiles continues

We have continued our campaign to strengthen our digital employer brand and therefore our attractiveness to people with degrees in science, technology, engineering and mathematics (STEM). This year about a fifth of the new talent we recruited has a STEM profile. We want to expand this group significantly in the coming years.

The recruitment of this so-called STEM profile takes a lot of effort. People with STEM profiles are often not very familiar with PwC and we are not their first and obvious choice as employer. We nevertheless notice in practice that our ambition to become a purpose-led and values-driven firm is a positive attribution to our reputation on the labour market. Also our diversity approach that aims at creating an inclusive working environment where differences are valued, is also supportive to our goals to recruit and retain people with a STEM profile.

In addition to recruiting new talent to keep up with the digitalisation of our society and working environment, we are also putting a lot of effort into the digital upskilling of our current workforce. We refer to page 55 for detailed information.

Training hours

	2018/2019	2017/2018
Average per FTE	114	110
Total training hours	573,938	521,024

People survey growth and development index

	2018/2019	2017/2018
I am encouraged to try new things and learn from failure	82%	76%
I have the opportunity to work on challenging assignments that contribute to my development	80%	79%
The learning and development I have received at PwC has prepared me for the work I do	77%	80%
The day-to-day feedback and coaching I receive allows me to make immediate improvements in my performance	65%	58%
My career interests and goals are considered when staffing decisions are made	64%	63%
Total people survey growth and development index	**74%**	**71%**

We kept our focus on continuous development

Because the world around us is changing so fast, we cannot always rely (only) on the knowledge and experience we build up over the years. To keep up with the world, as an organisation and as individuals, we need to develop a 'growth' mindset: the conviction that our talents can be developed continuously.

That is why we focus on continuous development in our learning and development programme. To support this, we make use of tools that enable our people to create a personal learning environment that fits their personal interests and needs. We also encourage our people to give and receive feedback, as we consider that a key element of a learning organisation.

The focus on continuous development is reflected in our evaluation and remuneration system. We link part of the remuneration to the growth and development someone has made as a person and as a professional in relation to the PwC Professional (see also page 28).

Turnover among our highly-rated people has decreased

The turnover of people who were evaluated as outstanding or very good decreased, although less than the overall turnover (that decreased with about two percentage points). We see this as a good result, as prior year we saw the turnover among our top talents rise.

Testing the quality of our audit

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, many from other member firms within our international network. The goal of the ECRs is to assess the quality of completed engagements and to identify areas for improvement.

Outcome of internal reviews Assurance

During 2018/2019, 46 of our audit and two other assurance engagements were subject to an ECR (2017/2018: 37 in total), of which two audit files were deemed to be non-compliant (2017/2018: 1). These were the audit of a subsidy declaration and the audit of financial statements, both in the non-PIE segment. We performed further review and remedial work where necessary on these cases and concluded that the opinions issued were correct.
14 of the 48 engagements (2017/2018: 5) were deemed to be compliant but with review matters.

Five reviews were carried out in our CMAAS practice (that focuses on complex accounting issues) and seven in our Risk Assurance practice (that provides assurance and advice on internal controls and non-financial information). One of the Risk Assurance engagements was deemed to be non-compliant. The other 11 engagements complied with the applicable requirements and neither had review matters (prior year 6 of the CMAAS files were compliant but with review matters).

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 the Quality Improvement Plan.

Internal reviews

	2018/2019	2017/2018
Audit: Compliant/non-compliant	46/2	36/1
CMAAS/RAS: Compliant/non-compliant	11/1	19/0
Tax & Legal: Conform standards/not meeting standards	260/14	252/11
Advisory: Conform standards/not meeting standards	77/2	68/2

*Compliant/Non-compliant related to our Global PwC Network Standards

External reviews

	2018/2019	2017/2018
AFM: Compliant/non-compliant	0/0	0/0
PCAOB: Compliant/non-compliant	3/0	0/0
Other: Compliant/non-compliant	17/1	24/0

For more detailed information we refer to our Transparency Report.

Outcome of external reviews Assurance

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 18 file reviews within the context of their regular supervisory responsibilities (2017/2018: 24). One engagement (subsidy audit) was deemed by the ADR to be non-compliant. In the previous year all 24 files were deemed to be fully compliant.

The US supervisory body, the PCAOB, carried out a review within the context of its regular three-yearly review process in September 2018. The review covered our quality control and risk management system and three audit files relating to the 2017 annual financial statement audits of US listed clients or subsidiaries thereof. We received their review report on 20 June 2019. The results were positive. The report did not include any 'audit performance' issues that would indicate that insufficient appropriate audit evidence was obtained supporting the auditor's reports issued.

AFM

The Dutch Authority for the Financial Markets (AFM) has not issued any reports this year regarding its regular inspection into the quality of statutory audit files. On 9 May 2019 they published a report on the influence that partners have on the implementation and safeguarding of a quality-oriented culture, carried out in summer 2018. The results were positive and supportive to the achievements on our journey to become a purpose-led and values-driven organisation, one of the main ingredients to achieve structural quality improvement.

In May 2019 the AFM started an investigation which focuses on three elements: the progress of our quality-oriented culture, our plan-do-check-act cycle and four quality management procedures (consultations, independent quality reviews (OKB), real-time reviews and root cause analyses).

Outcomes internal reviews Tax & Legal and Advisory

Tax & Legal and Advisory have their own ECR process. These 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, while the Advisory ECR process covered one engagement for each partner and senior director.

Of the 274 Tax & Legal engagements selected, 14 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 79 Advisory engagements, two did not meet our standards. These cases were both related to not-appropriately following our risk and 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.

Status 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 are: several Fairfield funds that have incurred losses because of the Madoff fraud, Econcern, Phanos and LCI Technology.

Fairfield funds

These proceedings involve two civil cases lodged in Amsterdam. In the first case, which was lodged by a group of investors, the court rejected all complaints on 2 October 2018, thereby upholding the court's 3 September 2014 decision which dismissed all claims in their entirety. No appeal has been lodged against the court's decision, and the proceedings have thereby come to an end.

In the second civil case, which was lodged by the liquidators, the court dismissed all claims on 26 September 2018. The liquidators filed an appeal against this decision. The appeal would have required all the arguments and claims be reheard in full. In order to avoid the costs and risks associated with further litigation, we came to an out-of-court settlement with the liquidators jointly with another PwC member firm, as a result of which all proceedings in the second case have also come to an end.

Econcern

The Trade and Industry Appeals Tribunal (CBb) has rejected the appeal filed by the external auditors involved against the Disciplinary Counsel of Accountants' decision in a case concerning a complaint filed by an investor. The civil proceedings between the investor and PwC are still ongoing, with the case to be heard in September 2019.

Phanos

The oral hearing regarding a disciplinary complaint filed against the PwC external auditor responsible concerning alleged errors in the annual financial statements of Phanos took place on 9 November 2018. The external auditor involved is currently one of PricewaterhouseCoopers Accountants N.V.'s policymakers. The Disciplinary Counsel of Accountants has not yet issued a decision.

LCI Technology

PwC is in the advanced stages of reaching a settlement with those involved in the case.

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

Assurance

- *Software Improvement Group*
  On 1 December 2017, a former shareholder and supervisory director filed a disciplinary complaint against one of PwC's auditors and against a former 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. 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 appeal filed by both the complainant and the two colleagues against the decision was heard by the Trade and Industry Appeals Tribunal (CBb) on 12 June 2019. The Appeals Tribunal has not yet issued a decision.

- *SHV/Eriks*
  Negative publicity arose in February 2017 regarding an alleged case of bribery fraud at Econosto, an SHV/Eriks group company. The Attorney General's office is investigating a number of potential irregularities. In the meantime, the AFM has completed its investigation into PwC's handling of this matter and has issued PwC with a caution. The AFM believes that PwC did not prevent statutory audits from being performed without proper professionalism and integrity. The AFM also believes that at that time, in its acceptance/continuance of a statutory audit engagement, PwC did not sufficiently assess whether the engagement met all relevant standards, including an assessment of the audit client's integrity. PwC has subsequently taken a number of steps to improve its internal procedures.

On 12 April 2018, the AFM also filed a disciplinary complaint against two external auditors. The oral hearing was held on 5 October 2018. The Disciplinary Counsel of Accountants has not yet issued a decision.
Regarding the disciplinary complaint originally filed by SOBI (an independent foundation that investigates corporate financial reporting) against nine PwC external auditors and members of the Board of Management, the two against the external auditors mentioned previously were handled at the same time as the complaint filed by the AFM. The complaints filed by SOBI against the seven other auditors and board members were dismissed as unfounded on 18 July 2018.

- *PMLF*
  On 29 June 2018, the PMLF foundation filed a disciplinary complaint against an external auditor who had declared invalid an unqualified audit report on a set of financial statements designed to establish the legitimacy of costs incurred (and the related subsidy) without there being any new facts or special circumstances arising. The Disciplinary Counsel of Accountants dismissed the disciplinary complaint as unfounded on 8 February 2019. The complainant filed an appeal against this decision with the Trade and Industry Appeals Tribunal (CBb). As part of a settlement between the parties, the complainant has withdrawn this appeal.

- *Brouwer groep*
  This civil proceeding against PwC was brought by a former shareholder of the Brouwer group, claiming errors in a 2001 valuation of his shareholding as a result of which the former shareholder claims to have suffered damage. The court rejected the former shareholder's claim on 13 April 2019. The former shareholder has filed an appeal against this decision.

- *Mijwo Beheer*
  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 purpose of an earn-out computation, while such an audit would not have been professionally possible and would have been in violation of independence requirements. The oral hearing was held by the Disciplinary Counsel of Accountants on 17 May 2019. The Disciplinary Counsel of Accountants issued its decision on 20 September 2019 and dismissed the disciplinary complaint as unfounded.

- *Swapschade B.V.*
  Verbal submissions were made to the Disciplinary Counsel of Accountants on 14 June 2019 in connection with a complaint, filed by Mr Lakeman on behalf of Swapschade, against the chair of the Board of Management of Holding PwC Nederland, alleging that he acted in a professionally culpable manner by not responding at all, or in a timely manner, to Swapschade's request to provide the name of the external auditor responsible for the file of a client of Swapschade. PwC is the external file reviewer for a number of banks in connection with the Uniform Herstelkader Rentederivaten (UHK) ('Standard Compensation Scheme for Interest Rate Derivatives'). The UHK was set up by the Minister of Finance to facilitate compensation for SME clients for losses incurred on interest rate derivative contracts with banks. The Disciplinary Counsel of Accountants issued its decision on 15 July 2019 and dismissed the disciplinary complaint as unfounded.

Advisory
- 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 it issued the forensic auditor with a caution. On 25 June 2019, the Trade and Industry Appeals Tribunal (CBb) upheld the caution issued by the Disciplinary Counsel of Accountants.

- On 21 December 2017, a disciplinary complaint was filed by the audit firm JAN Accountants against one of PricewaterhouseCoopers Advisory N.V.'s former 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. On 11 January 2019, the Disciplinary Counsel of Accountants issued the forensic auditor with a temporary suspension order for a period of two months. Both JAN Accountants and the forensic auditor appealed the decision of the Disciplinary Counsel. The oral hearing by the Trade and Industry Appeals Tribunal (CBb) is still to be scheduled.

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. The procedure is still ongoing.

- On 23 November 2017, PricewaterhouseCoopers Belastingadviseurs N.V. received a summons from the bankruptcy trustees of a company in connection with alleged 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. On 24 July 2019, the court ruled against PricewaterhouseCoopers Belastingadviseurs N.V. in the civil procedure raised by the bankruptcy trustees. We came to a settlement to avoid further costs and procedures.

- 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. Settlement was reached in FY19 and all proceedings ended.

- On 23 August 2018, PricewaterhouseCoopers Belastingadviseurs N.V. was held liable for damages resulting from alleged improper tax advice regarding social security premiums. Civil proceedings were started, the oral hearing was held on 29 August 2019, and we are awaiting the court's decision.

- We are involved in a criminal investigation from the tax authorties with respect to a clients' tax filing.

Other
The following disciplinary complaint has been filed unrelated to services provided by PwC:
- On 25 June 2019, the Disciplinary Counsel of Accountants dismissed as unfounded the complaint filed by the Foundation Wakkere Accountant against three board members of the NBA. The foundation believes, amongst other things, that in situations where the internal systems of quality control are deemed to be inadequate, firms and auditors serving the SME market are penalised more harshly by the courts than are the larger firms and their associated auditors. On 29 July 2019, the Foundation Wakkere Accountant appealed the decision of the Disciplinary Counsel. One of the former NBA board members is a partner associated with PricewaterhouseCoopers Advisory N.V.

And, finally, on 18 June 2019, the Trade and Industry Appeals Tribunal (CBb) rejected the AFM's appeal against the decision of the Rotterdam District Court in which the court concluded that there were no grounds for the administrative fine that the AFM had levied on PwC – see page 35.

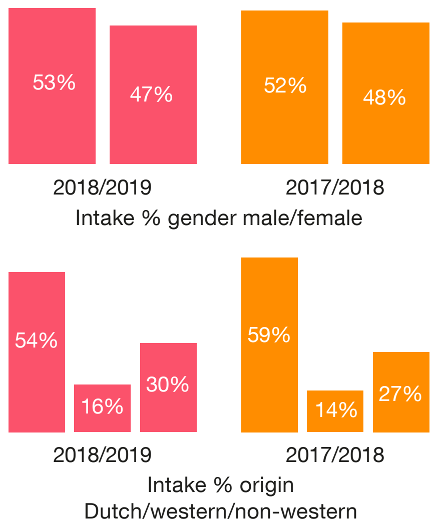
Delivering the PwC Culture

by building an externally focused, diverse and balanced workforce

We operate in the interest of all our stakeholders by incorporating the views of the world outside PwC into our service delivery and into our way of working. We strive to help our clients and stakeholders to create value for their stakeholders, thereby contributing to the common good of society. 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, where people feel valued, are engaged and in which people can make balanced choices, is also critical for recruiting and retaining (technological) top talent.

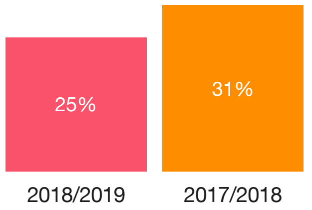
Critical success factors
- Building an externally focused culture
- Building an inclusive culture based on encouragement and collaboration
- Sensitivity for our people, their personal development and their well-being

Intake gender and cultural diversity

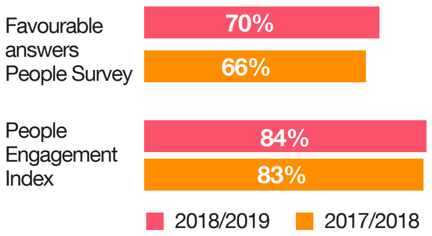


87% registration of ethnicity by our new joiners

Percentage of women in new partner & director appointments



Results people survey



Main outcomes of 2018/2019
- New Values Survey shows that we have made progress in our journey as our perceived culture has moved towards our desired culture.
- Our People Engagement Index has increased and is among the highest in our network.
- We have seen progress in our ambition to become a more diverse organisation, benefiting from consistently steering on recruiting and promoting female talent and talent with migration origins.
- Supported by our Works Council, we introduced a new package of employment benefits that meets the needs of our people for more flexibility, lowers the work pressure and has a strong focus on well-being.

Our approach

Our approach to diversity is about creating an inclusive working environment in which differences are valued. It encompasses gender, cultural differences and sexual orientation. We are also committed to attracting talented people with disabilities. This is in line with SDG 10 ('reduce inequalities'). Over the years, we have taken various initiatives to stimulate the recruitment and advancement of these colleagues, amongst others (mandatory) training and coaching programmes. This year we developed indicators per job level we closely monitor to follow the progress we make.

We are investing in an attractive and inspiring working environment, with challenging work on competitive terms and a wide variety of development opportunities. Sustainable staff deployment is high on our agenda and we have taken various measures to support the well-being of our people, physically as well as mentally. The most important way to measure our success as an attractive employer is the annual People Survey, which allows our staff to (anonymously) tell us what they value in their work and where there is room for improvement.

New survey indicates that PwC's values have become more important

This fiscal year, we invited all our people to take part in a new Values Survey to get an indication of where we are in our transformation to the purpose-led and values-driven organisation we aim to be. More than 2,000 people responded. The outcomes show that PwC's values have grown in importance over the past few years. They also show that we are changing, because there is now greater similarity between the values that we – as a group – currently perceive within PwC and our desired values. It is gratifying to see that our combined efforts over the past years have yielded results and that we have made considerable progress in the right direction.

The 2019 Values Survey indicates that our culture is changing from one that was focused mainly on the individual (on procedures and systems and on delivering services and products) to a more collective culture where each person's input is important. Quality is still of undiminished importance, but the emphasis has shifted more to innovation and collaboration.

In the 2019 Values Survey, we asked our people which elements they consider important in our current culture, which they would like to see in our desired culture, and, in addition, which do not give them energy.

- Elements that our people appreciate in today's culture are quality, continuous improvement, teamwork and continuous learning. The latter two are new since the 2016 Values Survey, and that is a positive development.
- In addition, our people would like to see work/life balance, employee recognition, coaching/mentoring, innovation and a long-term perspective gain a more prominent place in our desired culture.
- The responses indicate that bureaucracy, a heavy workload, hierarchy, internal competition and a short-term perspective are not conducive to a pleasant job experience. We will continue to work on these topics together to prevent these elements from slowing down our transformation.

We keep working on anchoring the values within our organisation

Although the outcomes of the Values Survey indicate we are moving in the right direction, we are very much aware that we are not yet where we want to be on our journey to a purpose-led and values-driven organisation. The results of the 2019 Values Survey were discussed with the management boards of our Lines of Service, the business unit leaders and the directors of our support staff.

In fiscal year 2018/2019 we continued our activities to support our people in putting the values into practice in their daily work and in their dealings with clients and colleagues, for example by observing and supporting team meetings to make people aware of their behaviour toward each other. Our Tax & Legal practice organised sessions in all teams and business units where people discussed dilemmas they face in their daily work for clients and how to deal with them.

We are proud of the results of our People Survey

The progress we are making on the values is also reflected in the outcomes of our annual People Survey, the (anonymous) survey among our people on what they value in PwC and what we could do better or differently. The average percent favourable answers for all values increased by 4% points compared to prior year. We are very pleased with the outcomes of our annual People Survey, that was completed by 80% of our staff (2017/2018: 82%). The overall positive results are higher than in 2017/2018. Moreover, the People Engagement Index increased by 1% point to 84%, which is a very high score compared to the PwC Network (average 75%). The People Engagement Index is an indicator of commitment of our people to our firm. We also achieved relatively high scores on themes such as ethics, flexibility and well-being, personal growth and development and leadership effectiveness.

People Engagement Index by gender and migration order

	2018/2019	2017/2018
Male	84%	84%
Female	82%	81%
Dutch origin	86%	85%
Western migration origin	83%	83%
Non-western migration origin	86%	82%

People Engagement Index breakdown

	2018/2019	2017/2018
I would recommend PwC as a great place to work for	82%	82%
I am proud to work at PwC	89%	88%
I expect (plan) to be working at PwC twelve months from now	81%	80%
I am satisfied with PwC as a great place to work	82%	81%
Total People Engagement Index	**84%**	**83%**

The People Survey also showed some clear areas for improvement and we are working on these. Our people believe we could improve on innovation, collaboration within PwC Europe and transparency on our decisions regarding promotion and reward.

Themes that our people indicated as areas for improvement are included in our plans for the next fiscal year. The outcomes of the People Survey will be, together with the outcomes of the Values Survey, discussed in teams and business units.

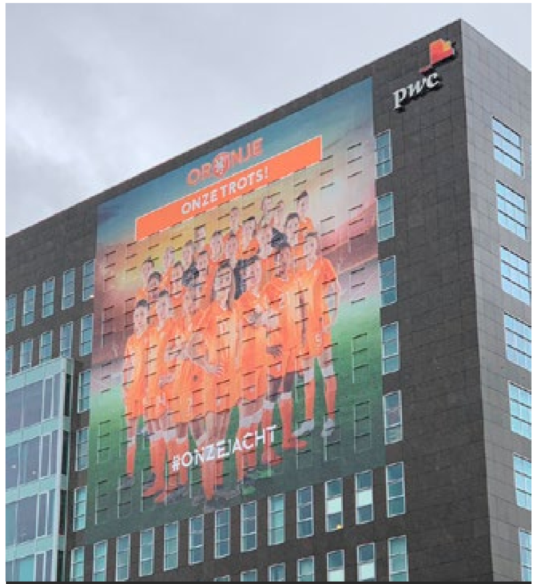
We formulated ambitions for a diverse partner/director group by 2030

We strive to have a more diverse partner/director group, which means that by 2030 at least 25%/30% should be female, at least 25%/30% male and at least 15% of the partners/directors should have a non-western migration background. In this fiscal year 19% of our partners/directors is female, 4% has a non-western migration background, and 10% a western migration background. This ambition is in line with SDG 10, which appeals to all organisations to reduce inequalities.

Consistent monitoring of the annual targets we derived from our ambitions and that we formulated for intake, promotions and turnover, and taking appropriate measures when needed, must move us towards realisation.

Promotion of female colleagues and colleagues with a migration origin is on track

For us the challenge is not so much in recruiting women or people from migration origins, but in actually achieving their progression within the organisation. What we are seeing is that, from the level of senior manager going up, the representation and intake of these groups becomes (much) smaller.



As a proud sponsor of the Royal Dutch Football Association (KNVB) we supported our Dutch team in Womens World Cup. We support the KNVB in projects aimed at strengthening the societal relevance of soccer. Making the sport more diverse is part of that.

Across the board, we are reasonably content with the recruitment and promotion of women within our organisation. The turnover of women is in line with the overall turnover. We see however, a very small representation of women in the partners recruited from outside our firm.

Nevertheless, we achieved our annual target of women being 25% of our new partner appointments (five of the sixteen). This target includes the female partners who made their career within our organisation. We did not meet our target (30% female) for the appointment of new directors, with twelve of the 51 new directors being women (24%).

When we look at the recruitment and promotion of our colleagues with a non-western migration background, we see the same pattern: we are reasonably content, but the recruitment of partners with a migration background from outside the firm on partner level needs improvement. This year we have for the first time formulated targets for the intake and promotion of colleagues with a non-western background.

The recruitment of talent with physical disabilities needs more attention

We have continued our programme to increase employment of talented people with disabilities. As in prior years, we were only able to place a small number of them and our ambition is to do much better. We collaborate with specialised recruiting agencies to make sure we have enough candidates to introduce in the organisation and that we have jobs and support for these candidates.

Since 2016 we participate, with other member firms that collaborate in 'PwC Europe' with our own boat in the Amsterdam Canal Pride. The important message we want to send out with this boat to every PwC colleague and everybody who considers working with us is that you can be yourself at work.

Foreword

Highlights

Report of the
Supervisory Board

Report of the
Board of Management
- About the report of the Board of Management
- PwC in the Netherlands
- What stakeholders consider most relevant for us
- Dilemmas we face
- How we create value
- Our strategy and achievements
- How we safeguard value
- Governance & remuneration
- Outlook

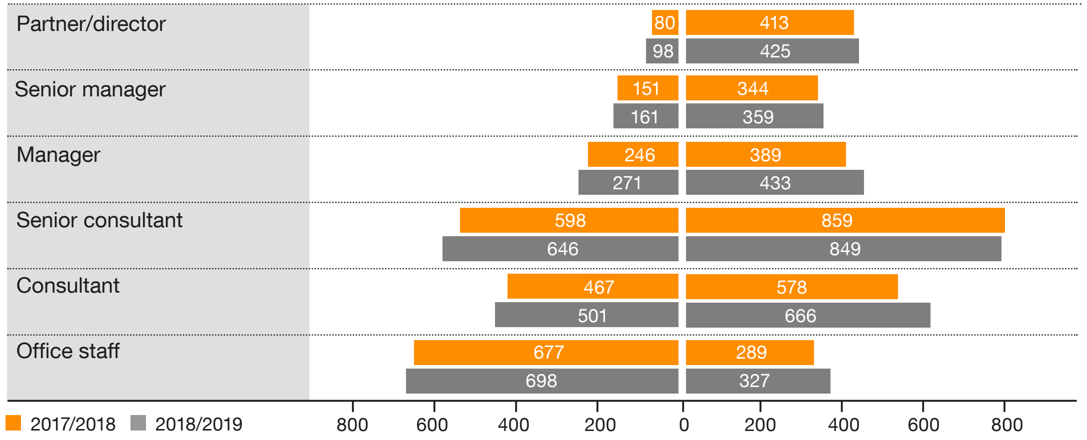
Financial statements Holding PricewaterhouseCoopers Nederland B.V.

Information about PwC

Appendices

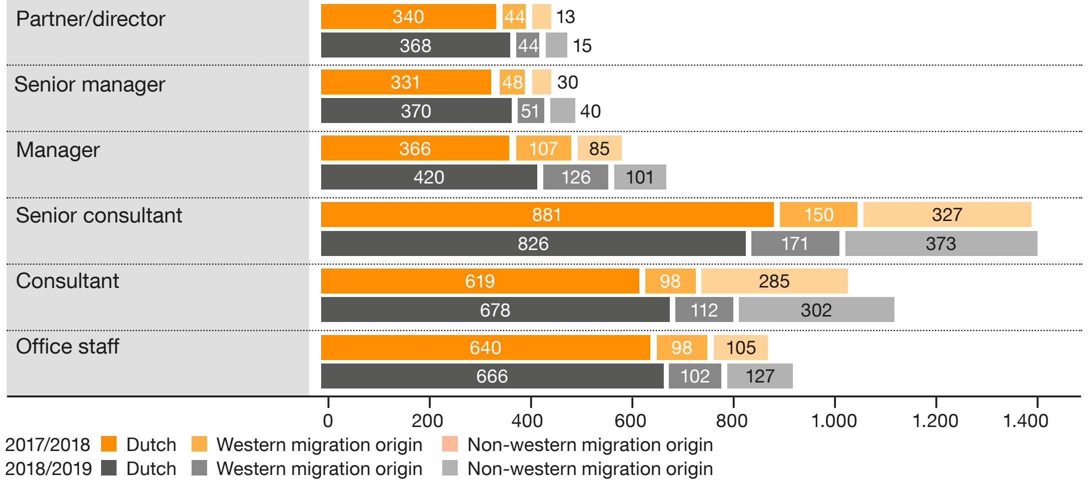
In 2017/2018 we set the ambition to realise a ratio of 50%/50% female/male in partner and director positions in 2030. This year we came to the conclusion that this is too ambitious and adjusted this ratio to at least 25%/25% male/female partners and 30%/30% male/female directors by 2030. In 2018/2019 the female/male ratio in partner/director positions is 19%/81% (2017/2018: 16%/84%).

Gender diversity per job level Female Male



In 2018/2019 the Dutch origin/western migration origin/non-western migration origin ratio in partner/director positions is 86%/10%/4% (2017/2018: 86%/11%/3%). The target is 15% non-western migration origin in 2030.

Cultural diversity per job level Dutch/western/non-western



Cultural and gender diversity	2018/2019	2017/2018
Male	56.3%	56.4%
Female	43.7%	43.6%
Dutch origin	68.0%	69.6%
Western migration origin	12.4%	11.9%
Non-western migration origin	19.6%	18.5%

Turnover	2018/2019	2017/2018*
Male	10.9%	13.6%
Female	11.8%	12.9%
Dutch origin	10.3%	13.0%
Western migration origin	12.1%	16.5%
Non-western migration origin	13.8%	12.6%
Overall turnover	**11.3%**	**13.3%**

Promotions	2018/2019	2017/2018*
Male	16.5%	17.7%
Female	14.8%	15.9%
Dutch origin	15.8%	17.0%
Western migration origin	18.2%	17.9%
Non-western migration origin	14.7%	17.5%

* Due to implementation of Workday, definitions of HR indicators changed which impacted the numbers of prior year. Registration of ethnicity is voluntary and about 90% of our people and 87% of our new joiners have done so.

Our diversity policy and programmes

Our diversity policy focuses on establishing an inclusive workforce where differences are valued. This policy is supported by an extensive diversity programme, which includes the setting of targets, training and coaching trajectories and network support for our ‘target groups’.

- Measuring and monitoring: we have set targets on intake, promotions and turnover for female colleagues and (from this fiscal year also) colleagues with a non-western migration background, we monitor the progression and, depending on the causes, consider additional measures when these targets are not met.
- Third party observance: adding a person to evaluation processes, who is specifically trained in and focused on avoiding biases, to increase objectivity.
- Multicultural professionalism (mandatory for all partners and staff): this training leads from the premise that everyone will have a number of preconceptions from seeing the world through their own eyes. Multicultural professionalism encourages people to look at things from a different perspective and thereby generate a better understanding and appreciation of each other.
- Female leadership: makes our female leaders more aware of gender-based differences and similarities on the work floor and supports them in putting those on the agenda in an authentic way.
- The Europe female mentoring programme: links female talent to female leaders of other companies and organisations. The goal of this programme, which is established on the level of PwC Europe, is sharing experiences and coaching.
- Inclusive leadership training (mandatory for partners and directors): focuses on the impact of individual behaviour on the development of an inclusive culture.
- Cultural and female sponsorship programme: links female talent and talent with a non-western migration background to a partner or director to advocate for them and support them with progressing within our firm.
- Networks: we have various networks in place such as PwC Women NL, SHINE for gays, lesbians and everybody else, ~~dis~~Ability for talent that faces physical disabilities and Connected Cultures. These networks organise various activities to build on an inclusive culture.

Our annual analysis confirms equal pay

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 bonus income of all staff, including partners and support staff. Because cultural diversity is high on our agenda, we have also conducted a cultural equal pay analysis alongside the gender equal pay analysis.

Our conclusion from this analysis is that the average pay difference between male and female colleagues is 1.6%. For colleagues with a Dutch origin the average pay difference is 1.3% versus people with a western migration origin and 3.2% for colleagues with a non-western migration origin.

When we look at the bonuses, we found that the average pay difference between male and female colleagues is 2.9%. For colleagues of Dutch origin versus colleagues with a western migration origin the average difference is -0.4%, and for Dutch origin versus non-western origin, this average difference is -0.5%.

All pay differences are largely consistent with prior years, however slightly increased.

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.

'Stop the noncommittal approach'

Having a board of management consisting of three women and four men drew a lot of attention this year. Our Chairman, Ad van Gils was invited by the Social and Economic Council (SER) to share his views and opinions about diversity in the top of business at their conference, which was organised in anticipation of the advice the SER is preparing about this subject commissioned by the Dutch government. Attending were a number of other CEO's, experts, representatives of governmental organisations and 'experts by experience'. Ad van Gils called diversity in the top of business a strategic subject and a necessity for staying relevant for clients. 'To be relevant for society, we must be a reflection of society,' he said. He also said that setting targets and measuring the progress on these targets are a prerequisite for promoting women and people from migration backgrounds to the top, because it enforces commitment. 'I hope the SER has the courage to advise on coercive measures. Stop the noncommittal approach'.

In May we organized – with the slogan 'inspire others' – a week in which we reflected on the programmes and activities we have in the field of sustainability, social enterprises, diversity, digital transformation or well-being. During this week, people were for instance given the opportunity to participate in a workshop on mindfulness, taste products from social entrepreneurs that focus on sustainable food, and get extensive information on electric flying, a development we sponsor in the context of our ambition to become fully circular. We also made podcasts on our BXT approach where we assist clients with their digital transformation and on our Experience Centre (see page 55).

The aim of this week was to show our people that these activities do not cover separate issues, but are all interrelated elements of our journey. We also want to stimulate people to embrace the changes in our ways of working and culture and inspire each other by doing so. Embracing change was also the leading subject of our annual management day in November.

Bringing down work pressure remains an important issue

Our people, in some units, perceive considerable work pressure in several periods of the year, which is confirmed by the outcomes of our Values Survey and People Survey. We take this very seriously by listening to our people in order to identify solutions. For example, Assurance piloted with flexed work hours.

As work pressure may negatively affect the well-being of our people, it is also one of our main concerns in terms of the quality of our work. That is why we take measures like recruiting new colleagues and outsourcing or automating non-judgemental standardised work (see page 65).

New terms of employment meet the need for more flexibility

We wanted our new terms of employment reflect the outcomes of our People Survey that clearly show a need for more flexibility, also in the context of the work pressure they perceive. Therefore, the People Survey was the starting point of our consultations with the Works Council.

One of the new provisions is that we will apply an equivalent time scheme ('tijd voor tijd'), already used by Assurance to all our Lines of Service. This means that all employees up to the level of manager, get the opportunity to compensate for any overtime that they work during busy periods by taking the equivalent time off in quieter periods. We also experiment with new flexible working patterns. Nowadays, almost everyone has a standard contract to work a certain number of hours a week throughout the entire year. A contract allowing for a variable number of hours throughout the year is also conceivable, however. We are currently discussing with our people how best to arrange these kinds of flexible working patterns.

Besides flexibility, we consider well-being and sustainable employability also of the utmost importance. As of the next fiscal year, we will give our people an individual annual budget of € 750 to spend on programmes that address their personal well-being and sustainable employability, for example personal coaching, mindfulness training or other activities that will support their personal development.

Sick leave		
	2018/2019	2017/2018
Percentage sick leave	4.0%	3.6%
Percentage long-term illness*	2.8%	-

*New indicator, so we have no comparative information for the prior year.

Investigation of the Inspectorate SZW is positive about our approach to well-being

The Inspectorate SZW (the general labour inspectorate) has conducted an industry-wide exploratory research into psychosocial (mental) aspects of working pressure in our Assurance practice. In the context of this research the Inspectorate spoke amongst others with audit professionals, confidential counsellors, representatives of the Works Council and the Young Assurance Board, our HC department, the Assurance Board and our Management Board.

The Inspectorate concludes that we have an adequate policy and infrastructure in place to promote the mental well-being of our people. It also acknowledges the measures we took to address work pressure which are recognised throughout our organisation. The Inspectorate has made some recommendations which we will work on. One of these relates to including psychosocial work pressure in our Risk Assessment and Evaluation (in Dutch known as RI&E). This is an assessment of all health and safety risks involved in a business and a plan to mitigate these risks.

We have seen our sick leave increase

Besides the Risk Assessment and Evaluation, we have made a plan to reduce sick leave, which we have seen increasing this year. This relates especially to the short-term absenteeism (up to one week) and the long-term absenteeism (from six weeks to one year), that are higher than the national sector benchmark. The plan includes measures such as supporting our team leaders in learning to recognise signals of (psychosocial) stress with colleagues and ways to deal with that. The individual budget that we offer our people to address their personal well-being (which we included in our new terms of employment) is also linked to this plan. ■

Young Assurance Board

This year we have established a Young Assurance Board to challenge and inspire our Assurance Board. The Young Assurance Board regularly shares ideas for improving the assurance practice with the Assurance Board and provides feedback on the board's initiatives. Work pressure and work satisfaction is high on its agenda, just like subjects such as societal impact, quality and innovation. The Young Assurance Board also aims to participate in the public debate around the audit profession. That is why the young professionals also provided input, in its public consultation, to the Commission for the Future of the Accountancy Sector (Commissie Toekomst Accountancysector).

It’s up to every one of us to set a good example

Influence of leadership
Shortly after I returned to PwC, I started writing my MBA thesis. I knew that PwC’s aim is to be a values-driven organisation and I, too, am driven by values. So it was only natural that I chose ‘being a values-driven organisation’ as the subject of my thesis.

I wanted to examine how a specific department at PwC can actually become values-driven and, in particular, how leadership would influence this process. The common denominator that emerged from my interviews with partners and employees was that people want managers to set an example by living up to the values themselves and putting them into practice. There should also be enough freedom to take a personal approach to the organisation’s values, both at work and elsewhere.

The bottleneck is putting it into practice
It’s up to every one of us to set a good example. The bottleneck is putting all this into practice. People need support, especially when it comes to the real work of meeting deadlines and generating revenue. I believe that anyone can become a transformational leader as long as you open yourself up and have faith in your team’s strengths. You have to be brave enough to open up and to show your vulnerability. If you do, I’m convinced that being values-driven can go hand in hand with financial success.

Room for revitalisation
I returned to PwC precisely because of our culture and how people here treated me – even when I was no longer their colleague and during a turbulent time in my private life. I appreciate that enormously and at the same time realise that sometimes you have to take the first step yourself by opening up about certain things. How else can you have a good conversation with someone?

It’s very important for me to feel revitalised by my work and to be myself. So I make it clear that I want to have room for personal growth and revitalisation. As soon as I notice my energy flagging, I look for ways to make the job more fun or more efficient. Within our small team, we try very hard to leverage our individual strengths in our work and we invest a lot of time in one another, both professionally and personally. I think this is a good example of leadership. Everyone, even managers and coaches, needs to identify their strengths and added value and work from there. That’s what makes us strong.

Name Lisanne Verhoeven
Job title Project Manager for Network Management
Age 29
Joined PwC I worked as a senior consultant for five years starting in 2011, left in 2016, and returned in 2017.
What drives you? ‘Act with integrity’ comes naturally to me. When my gut feeling tells me that something’s wrong, I always listen.

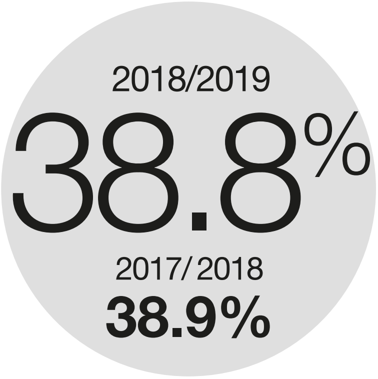
Delivering the PwC Culture

by sharing our skills and knowledge with society and minimising our negative environmental impact

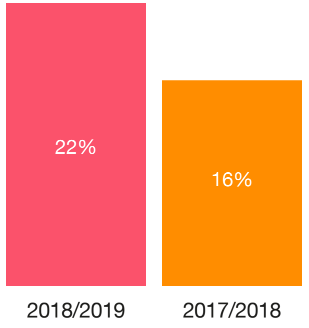
For us, corporate responsibility is a catalyst for becoming a purpose-led and values-driven organisation. It is related to the impact of our services and operations and about demonstrating responsible social and environmental behaviour. This is in line with the guiding principles of the United Nations on business and human rights and the UN's Sustainable Development Goals, which we have embraced and incorporated into our strategy (see page 28). 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.

Critical success factors
- An impactful CR approach
- Knowledge sharing and thought leadership

Circular 2030 (SDG)



Percentage of people involved in CR-projects



Main outcomes of 2018/2019
- An estimated 3,500 people visited our 'SDG Dome', a virtual reality experience around the Sustainable Development Goals.
- Our Chief Economist Office published a wide range of research, mainly focused on talent, innovation and the international business context.
- 22% of our people participated in CR projects, mainly for the social enterprise sector.
- Our CO_2 emissions per FTE decreased from 3.9 to 3.7 tons.

Our approach

We share our knowledge, skills and competencies with society, on a pro bono basis by doing engagements, conducting research and providing masterclasses, particularly for social enterprises. We believe in the power of social enterprises as they combine their ambition of maximising societal impact with a healthy business model. It is our ambition to help them grow and professionalise.

Through both traditional and new (social) media and other public platforms, we regularly express our views and opinions and publish research (on technical, social and topical issues). We are associated with a variety of societal and professional organisations. By putting extra focus on fulfilling our tax thought leadership role we also give substance to Sustainable Development Goal 16 concerning the development of effective, accountable and transparent institutions.

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

Number of hours dedicated to Chief Economist Office

We launched the SDG Dome to engage people with the SDGs

Helping people grasp the urgency of the Sustainable Development Goals (SDGs) while simultaneously showing them how new technology can offer solutions to major global issues; that was our goal for the SDG Dome we developed and thereafter built in our Amsterdam office. We have linked (a selection of) the Sustainable Development Goals (SDGs) to our strategy (see page 28) and the SDG Dome proved itself as a great conversation starter and an effective and innovative way to engage clients and our people with the SDGs.

The SDG Dome, a space with screens all around, is an interactive thirty-minute virtual reality experience and game around the Sustainable Development Goals. It educates visitors in an immersive way about the most pressing global sustainability issues. At the same time, the SDG Dome highlights that new technologies offer pathways to solutions and that everyone can play a part in making a positive change. The game challenges participants to accomplish the ultimate mission: the co-creation of a sustainable world by the year 2030.

An estimated 3,500 people visited the SDG Dome, including clients and other external visitors. This led to a positive buzz both inside and outside the organisation.

Other ways to further engage people and clients on the SDGs

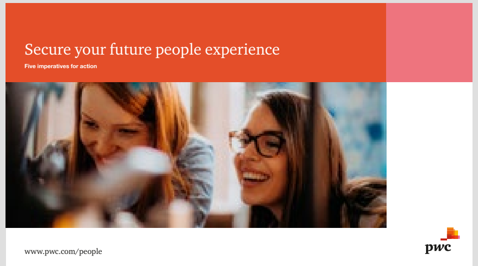
We launched an e-learning – the SDG Quickstart - to familiarise our people with the SDGs, which was designed by us to give our people a broad overview of the SDGs and how they link to our operations and service delivery and offerings.

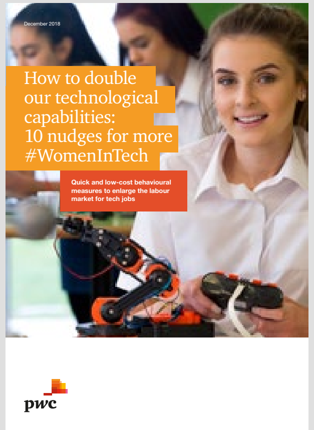
For the second year, we did research into the way different sectors in the Netherlands are integrating the SDGs in their strategy. We launched this research at our so-called SDG Booster event with the goal to enhance and facilitate knowledge sharing between companies, governmental organisations, social enterprises and non-governmental organisations on best practices and relevant developments regarding the SDGs. For the second time we also published the results of our international SDG Challenge that focuses on the way organisations are reporting about their contribution to achieve the SDGs.

We continued initiatives aimed at building trust in taxation

In the context of a public consultation of the Dutch Ministry of Finance on the reform of the Dutch ruling policy, we made a plea for increasing transparency around the rulings issued by the Dutch tax authorities to multinationals. We are a strong advocate for rulings as such as they provide companies with clarity and certainty on the application of tax laws and regulations in their specific cases. However, we are in favour of more transparency on rulings, as this will probably contribute to improving the public opinion about these rulings. Hence, we applaud the measure of the Dutch State Secretary to publish rulings in summarised and anonymous form as of July 2019.

On other occasions, we have taken or continued initiatives that underline the importance of building trust in taxation. For example, together with Tilburg University we organised a conference in February for the second year, which aimed to start a dialogue with all parties involved to develop sustainable tax. Together with the Dutch Association of Investors for Sustainable Development VBDO, we published the Tax Transparency Benchmark for the fifth time, an investigation into the way listed companies report on their tax policy. Moreover, we formulated and published our own tax strategy (see page 35).





We are pleased that our plea for a national tax governance code is gaining broader support. In its policy agenda 2019 the Ministry of Finance supports the idea of introducing such a code.

Chief Economist Office

Our Chief Economist Office is also conducting research for internal and external use on a wide range of topics that are high on the agenda of our clients and society. Last year, our people spent 11,259 hours (2017/2018: 9,341 hours) on research and support for the Chief Economist Office. The research conducted this year by the Chief Economist Office mainly related to talent, innovation, sustainability and the international business context.
We also provide some of our people with the opportunity to do a PhD. This year we had 13 people working on their dissertation research. Several of our colleagues lecture at universities. Twelve of them hold a professorship.

We have become a partner of World Press Photo
This year we have become a partner of World Press Photo, whose mission it is to connect the world to the stories that matter. For six decades, the World Press Photo Foundation has been working from its home in Amsterdam as an independent, non-profit organisation. In that time, the world has changed continuously, and new developments in the media and technology have transformed journalism and storytelling. World Press Photo has expressed the ambition to guide journalists, storytellers, and audiences around the world through this challenging landscape.

We share knowledge and experience in the field of social entrepreneurship, responsible business and circularity with other organisations and learn from them as well. For example, together with internal and external stakeholders, we organised a conference on the future of car mobility this year. We also did research into the factors that determine the success of the Dutch social enterprise sector and presented this on the international SOCAP meeting in San Francisco.

We have partnerships with a wide range of societal organisations. We work, amongst others, 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. We have partnerships with Ashoka and Social Enterprise NL in the context of our work for social enterprises.

Furthermore, we 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.

22% of our people participated in projects for mainly social enterprises

Our people can participate – pro bono and during working hours – in research, engagements, masterclasses and workshops to contribute to the social enterprise sector. About 22% (2017/2018: 16%) of our people participated in our CR projects, the majority of them being projects for the 152 social enterprises we supported this year. Together they spent 39,164 hours (2017/2018: 28,888 hours), equating to an investment of about € 4.1 million. We think that the increased number of people involved in CR projects is linked with the growing attention in society for the impact companies (can) make, which also resulted in a large number of visitors for our SDG Dome.

PwC's Social Impact Lab had Dutch and Turkish winners

One of our notable projects to support the development of the social enterprise sector is our Social Impact Lab, a challenge for start-ups and scale-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. Other member firms of our PwC Europe collaborative association also participated in this challenge, which was initiated in the Netherlands.

194 social enterprises from the Netherlands, Germany, Austria and Turkey submitted their business plans, which were reviewed by PwC colleagues from all participating countries. In September 2018, the jury selected five winners from Turkey and the Netherlands: Coolfinity (NL), GiantLeaps (NL), Kodluyoruz (TK), Active Cues (NL) and MUMO (TK).

Results people survey corporate responsibility index

	2018/2019	2017/2018
The people I work for acknowledge and appreciate employees that are involved in Corporate Responsibility projects.	58%	54%
PwC drives positive societal change through the work we do every day	70%	63%
PwC drives positive societal change through our community initiatives	76%	72%
PwC drives positive societal change through our environmental initiatives.	74%	66%
Total people survey corporate responsibility index	**70%**	**64%**

Social Impact Lab winners

Coolfinity has developed a fridge that needs only 6 hours of power to cool 24 hours per day to keep medication, dairy, food and drinks cold under harsh tropical conditions in upcoming markets.

GiantLeaps created the GiantLeaps Impact Calculation Tool, which is an automated tool for (corporate) restaurants that reports, manages and reduces the climate impact of the food served.

Kodluyoruz first identifies socio-economically disadvantaged, but driven and talented youth and then prepares them to succeed in the tech sector through two main strategies: boot camps and the Alumni Club.

Active Cues develops games for specific target groups, such as people living with dementia, learning disabilities and autism. Their product 'Tovertafel' turns any surface into an interactive environment using light projections.

MUMO offers an affordable, reusable, natural and respectful alternative to plastic. MUMO is reusable up to 100 times and it helps people to realise the effects of single use plastics.

Circularity did not improve due to procurement integrated in indicator and increase in long business flights

Our circularity has slightly decreased from 38.9% in prior year to 38.8% in 2018/2019. This is explained by the development of a circular procurement indicator, which we integrated in the total circularity indicator.

Although we changed our policy regarding short-distance flights (see page 129), our total CO_2 emissions increased this year to 18,833 tons (2017/2018: 18,551). This is mainly due to the growth of our workforce and the increase of (long) flights our people made in the business class that count for more emissions than other flight classes. Moreover, there were adjustments in so-called conversion factors, which form the base for the calculation of CO_2 emissions. However, the total CO_2 emissions per FTE reduced from 3.9 tons in 2017/2018 to 3.7 tons this year. This is a reduction of 25% compared to our baseline year 2014/2015 (see for an overview next page).

We are satisfied with the progress we made in the area of the electrification of our car fleet, the use of energy and the re-use of building materials in our offices. One of the focus areas for next year is implementing new measures to further reduce our emissions in air mobility that are clearly not yet on the level where we would like them to be.

We invested € 2.0 million in new sustainability measures

As of 2017/2018 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 (which differs from the current market price) of emitted carbon in 2030 of 100 euro per ton of CO_2. We use this money for measures to reduce our negative environmental impact, investments in sustainable innovations and in offset programmes.

This year we invested € 2.0 million in sustainability. One of these investments is our commitment to the development and purchase of sustainable aviation fuel. In June we signed an agreement with SkyNRG on a guaranteed off-take in the years 2021-2025. SkyNRG is building a plant for the production of these biofuels in Delfzijl. The off-take will gradually increase over the years, starting with a minimum of 10% and increasing up to 50% of our expected kerosene use in 2025. We also continued investing in the acceleration of our transition to an electric car fleet by facilitating early lease break options for cars that run on fossil fuels.

Next fiscal year we will have a sustainability budget of a minimum of € 1.88 million. For an extensive overview of all measures taken, we refer to page 129-130.

Circularity

We have formulated a circularity KPI to monitor our progress towards our 2030 goal
The methodology defines what circularity means for each impact area. This year we added our circular procurement indicator.

The KPI quantifies the average of five areas (2017/2018: 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
- Procurement: Percentage circular purchases of total purchases

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	8,304	1.7	17.8
Air & train mobility	8,908	1.8	18.2
Energy	1,296	0.3	73.5
Waste	325	0.1	65.7
Procurement	-	-	18.6
Total	**18,833**	**3.7**	**38.8**

Please refer to pages 129-130 for an extensive overview of all the measures we have taken this last year.

Impact areas	Environmental indicators	2018/2019	2017/2018
Car mobility	Business kilometres driven (per FTE)	13,895	14,353
	CO_2 emissions cars (in metric tons)	8,304	8,715
	Car Mobility Circular (in %)	17.8	9.6
Air & train mobility	Number of kilometres flown (per FTE)	5,627	5,768
	Number of business kilometres travelled by train (per FTE)	1,255	787
	CO_2 emissions air travel (in metric tons) **	8,905	7,841
	CO_2 emissions train (in metric tons)	3	4
	Air and Train Mobility Circular (in %)	18.2	12.0
Energy	Renewable electricity consumption (in %)	88.8	89.0
	CO_2 emissions electricity (in metric tons) *	544	561
	CO_2 emissions gas (in metric tons) *	455	642
	CO_2 emissions thermal energy (in metric tons) *	296	394
	Energy Circular (in %)	73.5	72.8
Waste	Waste in kgs (per FTE) *	183	191
	CO_2 emissions waste (in metric tons) *	325	354
	Waste Circular (in %)	65.7	61.2
Procurement	Percentage of circular spend	18.6	-
Total	**CO_2 emissions (in metric tons)** **	**18,833**	**18,511**
	Circular (in %)	**38.8**	**38.9**

* Extrapolated from actual measurements
** The changes are mainly caused by the growth of our workforce, increasing flights in business class and adjustments in the conversion factors of the international standard DEFRA

Investing in strategic competencies

Innovation of our service offerings and the way we deliver them is essential if we want to add more value and remain relevant to our clients and society in solving important problems. Even in an increasingly digitally-driven world, wherever we go professionally, it is what makes us human that will make the difference. Therefore, we focus on building a workforce that is digitally savvy. For us this means that our people need to know the possibilities of new technologies and how to apply them. Moreover, they need to adapt to a way of working and thinking that is fit for a digital world. Becoming technology-enabled is an integral part of our transformation (see page 75).

Critical success factor
- Innovating our service offering

Embrace PwC's default market approach called BXT

BUSINESS	EXPERIENCE	TECHNOLOGY
The knowledge to transform...	...from the perspective of the user	...enabling new solutions and create scale.
B	X	T
The Business change required to shift the way an organization operates and generates profit	The human-physical-virtual interface required to create a useful and engaging experience	The Technology required to embed the new solution, unlock the data potential and create scale

Main outcomes of 2018/2019
- We have appointed a Chief Digital Officer who coordinates all efforts on digital transformation.
- We are training our people on using our BXT approach, which allows us to look at every client issue through multiple lenses (Business, eXperience and Technology).
- We opened our new Experience Center that supports the BXT approach.
- We have made important steps in the digital upskilling of our people.
- PwC Europe acquired ABSI to strengthen our proposition for front office transformations.

Our approach

We invest significantly in the ability to help clients effectively and efficiently with their business questions in the digital age as well as their complex digital transformations. We do that amongst others by investing in the digitalisation of our service offerings and delivery, collaboration with technology-partners and the recruitment of people with a so-called STEM-profile. We also have an extensive programme to upskill the digital competencies of our current workforce. This contributes to the goals we have set in the context of Social Development Goal 8 that aims at globally achieving a higher level of productivity through diversification, technological upgrade and innovation.

We have appointed a Chief Digital Officer

In recent years we have seen a lot of initiatives emerge within our firm in the area of digital innovation. We have decided to manage these initiatives more centrally by appointing a Chief Digital Officer (CDO). This officer has been assigned to bring the initiatives together to connect and coordinate them. A more central management enables us to develop a central policy to anticipate on new developments faster and more effectively. The Chief Digital Officer also plays a role in promoting and clarifying the necessity of changing our ways of working, culture and behaviour. The transformation we are in as a firm (see page 75) has different angles and we consider it very important that people understand how the digital angle fits into it.

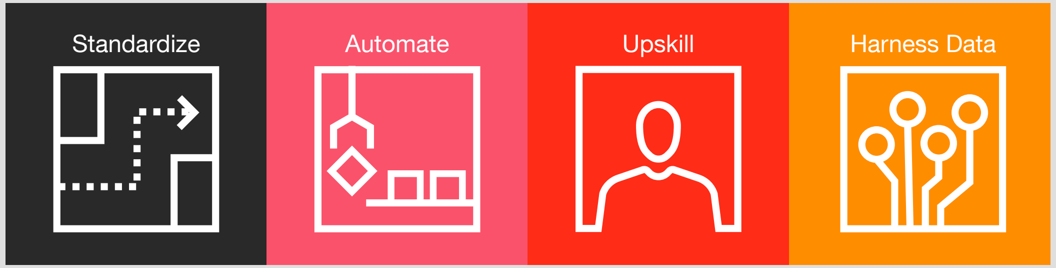
We want all people to adopt our BXT approach

BXT (Business, eXperience, Technology) is the approach we want all our people to apply when working in co-creation with our clients on the solution of their problems. This approach entails exploring the real issue our client is facing (what is the question behind the question) and looking at the issue from three perspectives: business, experience and technology. We need the Business perspective for changing the way an organisation operates and creates profit. The eXperience perspective is required to ensure the solution is seamlessly linked to the needs of the clients' end-user and thus creates a useful and engaging experience. The perspective of Technology guarantees the new solution is future-proof, unlocks the data potential and creates scale.

Your Tomorrow

We have brought together all our initiatives to digitalise our firm and clients under 'Your Tomorrow'. Your Tomorrow is structured in four building blocks and aims to accelerate the digitalisation of our service to clients, our existing business and our own processes and infrastructure. The programme initiates, supports and facilitates innovations in the area of standardising and automating (non-judgemental) work and unlocking and analysing data. Digital upskilling is an integral part of Your Tomorrow.

For us digitalisation is not only about technology and tools, but also about cultural and behaviour change. That is why 'Your Tomorrow' is one of the programmes that supports our transformation.



Our digital transformation relates to three aspects:
- Digitalising our clients: we help our clients with their challenges in the digital age and enable them to become more digital by assisting them in their transformation, from strategy through to execution.
- Digitalising our (existing) services: this is about the use of technology to raise the quality of our current service delivery and offerings and make them more relevant and efficient. For example, we automate standardised work by applying robotic process automation, and we use data analysis and artificial intelligence to improve insights.
- Digitalising our processes and infrastructure: this relates to the digitalisation of our own organisation, for example to the implementation of systems that support our processes and operations (see page 65) and the way we make use of these systems. It also relates to our new, agile ways of working and the way we collaborate with each other.

Depending on the issue, we gather experts from various disciplines who together represent the BXT angles. They may range from business and transformation specialists and fiscalists to customer experience designers, experience consulting experts, data analysts, cybersecurity experts and technology consultants. They work together with the client to analyse the problem and to develop step-by-step innovative solutions.

We are convinced that we add the most value for our clients when we work along the lines of BXT and that in this way we can help them transform successfully with solutions that are adaptable to an ever-changing environment. That is why, as of 2019/2020, we require our professionals to adopt BXT as our standard approach for our (complex) client issues.

BXT implies a fundamentally different way of working. Historically, clients came to us with their problems and expected us to come back to them with solutions. With our BXT approach we work together with the client, starting by exploring the issue together. And instead of coming up with a specific point solution, we try to develop – also in co-creation with the client – integrated solutions that take into account the transformational agenda of this client.

Big projects are increasingly replaced by working along the agile or lean principles derived from start-ups. This will require a behavioural change. That means we need to facilitate our people to get used to this way of working and way of thinking. In 2019/2020, all our staff will be required to take our BXT training, which is part of our comprehensive programme to upskill our digital capabilities (see page 56).

We opened our new Experience Center

Our Experience Center is specially designed to bring the perspectives of Business, eXperience and Technology together. A team of so-called experience consultants focuses on the 'X' of our approach to make sure the solutions we develop in co-creation with clients meet the actual needs of the end-user. Experience - how 'lovable' is a service? - is decisive for the success of the introduction of new systems or applications. It answers the question whether or not the end-users will use a new application or system, or in other words, whether or not the solution is meeting their needs. For that reason, our experts build quick prototypes, mock-ups and simulations which can be tested with the end-users and thereafter adjusted to their needs.

We have made steps in the digital upskilling of our people

We don't expect all of our people to become information scientists or programmers, but we need a workforce that knows the opportunities that technology offers, is able to discuss and share knowledge about them and is able to formulate technology-enabled solutions. As a firm we have not yet sufficiently developed these skills. We are recruiting people with (for us) non-traditional backgrounds in scientific, technological, engineering and mathematical studies (STEM) and we will continue to do so. To realise our ambitions however, our current workforce also has to become digitally savvy and embrace the new ways of working that come with technology. This requires a different mindset and behavioural change, which for some of us is more difficult than for others.

In this context, and as an important part of our 'Your Tomorrow' programme (see page 56), we have developed a foundation level programme that aims to upskill all our people (including support staff) in the area of capabilities, tools, technologies and ways of working. This programme includes the use of our 'Digital Fitness app' that provides easy access to short, 'bite sized' pieces of learning that help our people to feel more confident and makes them aware of what we offer as a firm. We registered 3,264 people doing a 'digital fitness assessment', which measures someone's 'digital' knowledge. Based on the outcome of this assessment (average score 195 out of 420) the app recommends (the intensity of) the training programme needed for improvement. Our people can do the assessment again to measure their progress.

A mandatory online training on the use of data and analytics is also part of the foundation level, just as a training on our BXT approach, which focuses not on technology as such, but on the way we approach the issues our clients bring to us (see page 56). Our Learning and Development programme is supported by our Vantage tool that gives people access to a personal learning

Continuous Monitoring Platform

To stimulate the development of new ideas that can be further developed or scaled up we regularly organise an Innovation Challenge within PwC Europe. One of the Dutch innovations submitted to this challenge and that will be further scaled-up is the Continuous Monitoring Platform. This tool is an example of new technology-enabled solutions our Assurance practice developed.

The Continuous Monitoring Platform simplifies the monitoring of transactions that are processed by different systems within an organisation. The software monitors all transactions (not only samples) and identifies inconsistent data and issues. The great advantage of the Continuous Monitoring Platform is that organisations are getting insight in the way their transactions are processed and whether they are in accordance with internal standards or laws and regulations, thereby spending less time on compliance and documentation requirements. The Continuous Monitoring Platform does not require the implementation of a new system but instead is easily integrated with existing software systems and connects these with a dashboard.

environment and knowledge solutions that fit their personal interests and needs.

For our people who already have an advanced level of digital knowledge (including the so-called STEM profiles) we offer external training possibilities. Moreover, we have initiated communities or organise meetings and events where these 'frontrunners' share knowledge and learn from each other.

PwC Europe acquired ABSI N.V. to strengthen our service delivery on front office transformations

On the level of PwC Europe collaboration, we closed a deal whereby PwC Belgium has acquired all shares of the Belgian consultancy firm ABSI N.V. ('ABSI'). In fiscal year 2019/2020 the shares of the former Dutch branch of ABSI (which are now held by a separate Belgian entity of PwC Belgium) will be acquired by PricewaterhouseCoopers Advisory N.V.

With this acquisition, we have strengthened our service delivery and offerings on transformations in the area of marketing, sales and customer services (so-called front office transformations). ABSI is a Salesforce specialist, one of the leading software providers for customer relation management and one of our global technology partners. ABSI has its main offices in Belgium and the Netherlands.

We see a rising demand for our services around front office transformations. The way in which organisations are in contact with their clients – independent from time and place and through every channel – changes profoundly. The acquisition of ABSI is another example of combining business and industry expertise with technological knowledge. The deal underlines our ambition to service clients from strategy to execution.

We keep searching for new technological 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. We have already teamed up with technology partners, such as Google, Workday, Microsoft, SAP, Oracle and Salesforce. We combine our business expertise with their technological experience to develop service offerings that support businesses with their digital transformation. Our acquisition of ABSI can also be seen in this light. Furthermore, we are looking for joint business relations with start-ups and scale-ups who have knowledge linked with specific areas of our service delivery. This year we worked together with amongst others One Up 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.

The knowledge of hundreds of auditors in a single control application

GL.ai is an AI-enabled application that has packaged the ability and knowledge of auditors to recognise deviating journal entries into a single tool. GL.ai raises the quality of the audit, improves and deepens trust and offers better insights for the auditors as well as the audited entity. It is a great example of how human knowledge and AI-technology enhance each other. We have started to apply GL.ai in a couple of audit engagements.

An essential part of the audit is checking the general ledger for journal entries. The auditor checks journal entries for inaccuracies, fraud or entries outside the scope of the normal business operation. Experienced auditors know the characteristics of deviations and tend to focus on those elements of the financial statements that have the most risk of errors and/or fraud. We have gathered the expertise and experience of thousands of PwC auditors into the algorithm of GL.ai, combining that with machine learning technology. GL.ai examines every uploaded transaction, every user, every amount and every account to find unusual transactions (indicating potential error or fraud) in the general ledger, without bias or variability. This tool also offers undeniable advantages to the audited entity. GL.ai reveals the formation and realisation of the general ledger and the activity patterns of its users, creating insights in processes and possibilities for improvement.

With the algorithm's overview of the enormous amount of data, the objective audit of data and by freeing up time for our auditors to do what machines can't, GL.ai improves the overall quality of the audit. And because the tool translates its findings in clear visuals, we are much better able to show our clients why we want to investigate or test certain journal entries. Simply put: it helps our clients to gain a better understanding of the audit.

We facilitate promising ideas and stimulate an innovative culture

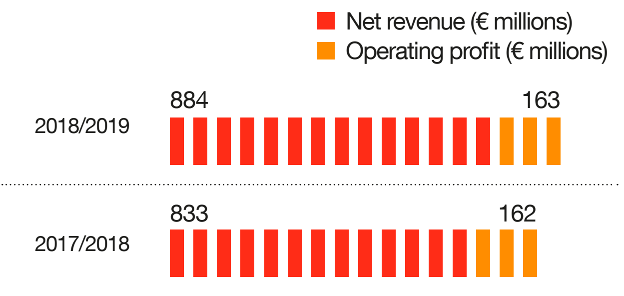
We encourage everybody in PwC to come up with ideas for new services or opportunities to further automate. We want to combine this bottom-up ('citizen-led') innovation with our top-down ('business-led') innovation, which relates for example to the availability of the right technological infrastructure or facilitating time for the development and testing of promising ideas. We further stimulate an innovative culture by organising sessions and meetings to share knowledge, best practices and success stories and to increase appetite for innovation. ■

Understanding our clients to create long-term value

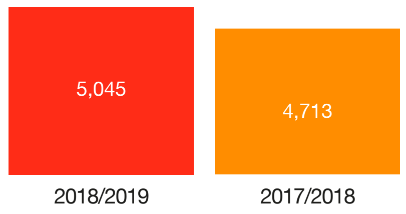
The world around us is changing fast. Industry borders blur and megatrends such as shifts in economic and political power, climate change and technological breakthroughs, challenge the way we do business. Organisations are facing changing demands and expectations of their customers, employees and other stakeholders. Emerging technologies can make things real that we previously thought impossible, which leads to disruption and at the same time open up a wide range of new opportunities. Our clients challenge us to come up with integrated and innovative solutions for their complex issues. It is our ambition to help them with their transformations, from strategy to execution, thereby making them resilient and trustworthy for their stakeholders.

Critical success factors
- Multidisciplinary service offering and delivery that addresses our clients' key issues
- Robust dialogue that matches our clients' strategic agenda
- Profitable growth, to generate funds for investment

Financial results



Average number of FTE



Client satisfaction

Recommendation

Net promotor score

Main outcomes of 2018/2019
- We have started focusing on cross-industry business themes to organise our service delivery and offerings and innovation.
- Client satisfaction remained high, but we need to ask for more feedback.
- All Lines of Service have grown, benefiting from higher demand for our services and large projects.

Our approach

The issues our clients face have different aspects and angles and we believe we can only solve them by fully understanding these issues and by (co-)creating solutions that cover multiple specialisms, skills and competencies (our BXT approach, see page 55). Working together in teams with diverse backgrounds and competencies within our firm and with our clients is therefore crucial and an important value in our work.

We can only get a real and thorough understanding of our clients' issues when they have trust in our skills and know-how and in the way we act and behave. The feedback of our clients tells us whether we succeed in building these trust-based relationships, where we can make improvements and how we can learn.

We invest, often within the context of our collaborative association PwC Europe, heavily in the development of innovative, integrated solutions and new ways of working. We aim for profitable growth to enable these investments.

We focused on cross-industry business themes

We are in the midst of an unprecedented era of digital disruption, one that is characterised by the blurring of boundaries between traditional industries. New companies enter seemingly unrelated industries and challenge industry conventions that have been in place for decades. At the same time, we see almost all organisations face issues that go beyond their own sector or industry and that relate to big societal issues, such as the sustainable deployment of people or the energy transition. For this reason we have started focusing on themes around which to organise our innovation and service offerings, which is also in line with our ambition to solve important problems. The themes we have defined are Digital, Cyber, Privacy & Risk, Future of Finance, Workforce of the Future, Responsible Business and Owner's Agenda (Private Equity & Family Business). A theme-focused approach also stimulates the internal collaboration between colleagues from different industries and Lines of Service, and the development of integrated solutions.

We are receiving more qualitative client feedback via client conversations

Over the past years, we regularly discussed the quality of our work with our clients in personal meetings, in addition to requesting feedback on individual engagements and projects via online surveys. This year, we kept on sending (much shorter) surveys to clients while at the same time focusing even more on face-to-face client conversations, especially with those clients we have long relationships with and/or where we deliver cross-competence services. We consider it very important to capture their views on our service delivery and have assigned independent review partners to conduct these conversations. This has resulted in more qualitative feedback from our clients on how they perceive the quality of our work as well as on the way in which our people interact and behave. The conversations provide us with more concrete suggestions as to where we can improve our service delivery. They also enable us to better anticipate our clients' needs and get a more thorough insight into their strategic agendas. Our ultimate goal is to make client feedback conversations an integral part of our way of working with clients. In the next fiscal year, our aim is therefore to increase the number of these conversations.

This year for the first time, we asked our clients whether they think our behaviour is in line with our values. In general, our clients see our value 'working together' as most prominent in our work with them. We could improve on the value 'reimagine the possible'.

Future of Finance

The role and tasks of the CFOs and 'their' financial functions are changing in every organisation. The traditional financial function is evolving to a data-driven 'control centre' that can provide information when it is needed and supports decision making with predictive analytics. This development is enabled by technological solutions that make continuous monitoring and analysing available. It is driven by a volatile environment that makes business and tax forecasts more uncertain while at the same time compliance requirements increase.

Regardless of their industry or sector, we see CFOs and financial functions preparing for their new role and responsibilities. That is why we have brought together our solutions in 'The Future of Finance', which allows us to serve our clients better with a multi-disciplinary approach.

Number of job reviews and conversations

	2018/2019	2017/2018
Number of job reviews	475	614
Number of conversations	121	90
Total	**596**	**704**

The satisfaction scores in the surveys show that our clients' appreciation of the work we do (8.1) remains high. We are pleased with this but at the same time we see that the Net Promotor Score, an indicator that measures client loyalty, has fallen from 38 to 25. Further analysis reveals that this is not explained by an increase in the number of detractors (unsatisfied clients) but mainly by a decrease of the number of promotors (clients that are inclined to recommend us to others). The figures provide no satisfactory explanation for this, but emphasise the importance of more qualitative feedback.

Developments in our external environment

SDGs are driving changes in client needs - The global issues that are addressed in the UN's Sustainable Development Goals have a major impact on the issues our clients are facing and therefore also on our service delivery. Previously our processes were aimed mainly at the functional processes dealt with by the functional officers responsible. Now we find ourselves more often in the boardroom of our clients where strategies are being set and a wider range of stakeholder interests is being addressed. We expect that this shift in service delivery and offerings, where we assist clients from strategy through execution, will 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 will we be trusted and can we live up to our purpose of building trust in society and solving important problems. This means that public interest must be reflected in what we do and what we decide in terms of the innovation of and the investments in our service delivery and offerings.

Impact of technology - The rapid pace of technological developments has a huge impact on our clients, our business and our professions. To maintain and improve our market position we continually invest in technology-enabled client solutions and transform our way of working.

The battle for talent - Because of solid economic conditions the labour market is highly competitive. We put a lot of effort in the recruitment and retention of talent, including people with for us non-traditional backgrounds in science, technology, engineering and mathematics (STEM).

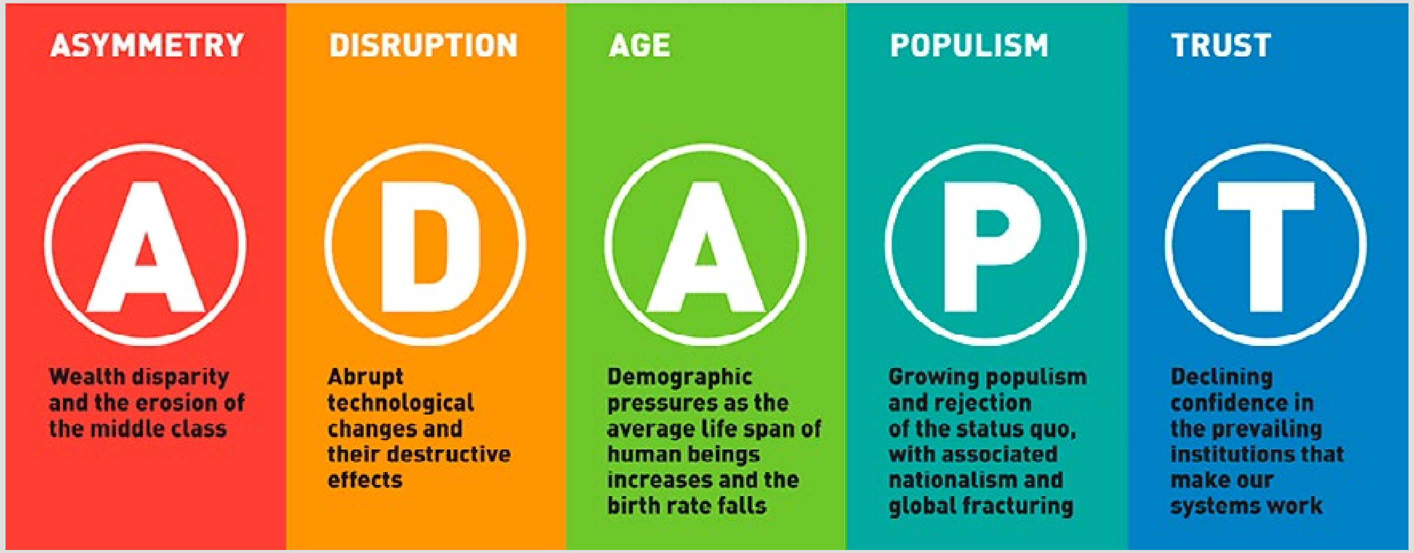
Volatile environment - We face a volatile market and environment. In a globalised world with increasing populism and nationalism, events and circumstances like uncertainties in the regulatory environment, cross border trade conflicts, the outcome of elections, Brexit, the threat of terrorism, refugee flows and geopolitical challenges can have a major impact on business confidence.

ADAPT

Shift in global economic power, rapid urbanisation, demographic shifts, climate change and resource scarcity and technological breakthroughs. These are the megatrends PwC identified in 2013 that would change the business environment. These megatrends have transformed our world even faster than we predicted.

The megatrends have caused second order effects that we have called ADAPT. As a result of ADAPT organisations are faced with immediate challenges. For example, 'Age' may lead to changing customer needs but also to shortages on the labour market, 'Trust' requires different views on transparency, and 'Populism' can lead to rethinking the role an organisation plays locally.

ADAPT touches all subjects on the agenda of our clients. Therefore, we use ADAPT often as a starting point for client conversations and as input to assess our own strategy.



We are looking back on a solid financial year

We can look back on a solid financial year. Revenue increased by 6.2% to € 884.1 million (2017/2018: € 832.7 million). Although macro-economic growth has slowed down slightly, all Lines of Service have shown a growth in revenue, benefiting from a higher demand for our services and due to large projects.

Costs have increased, following the growth of our headcount

As a result of the growth of our headcount in all Lines of Service, our costs have increased. The pace of growth in people is in line with the growth of our business. It also reflects our quality agenda, especially in Assurance.

We continue to invest in the quality and innovation of our services

All Lines of Service have invested in technology. Part of these technology investments is aimed at the effectiveness and efficiency of processes within our own organisation, such as the automation of standardised work in Tax & Legal and Assurance. The other part is aimed at innovating our service offerings and delivery (page 55-60).

Investment as a % of revenue

2018/2019	2017/2018
5%	-

New indicator, so we have no comparative information for the prior year. The investments are supporting the growth agenda of PwC NL and include investments in technology, innovation and our way of working.

Hours spent on clients/hours spent on firm, innovation, CR

2018/2019	2017/2018
63%/37%	63%/37%

Percentage (billable) client hours versus hours non-billable of working hours

Revenue changes in %

	2018/2019	2017/2018
Financial Services	10%	23%
Technology, Media and Telecom	12%	-13%
Consumer Markets	2%	0%
Industrial Manufacturing and Automotive	2%	8%
Government and Public Sector	7%	-3%
Health Industries	-10%	-5%
Energy, Utilities and Resources	10%	29%

Financial results

		2018/2019	2017/2018
Assurance:	Net revenue	€ 349.1M	€ 332.2M
	Operating profit	€ 46.3M	€ 54.8M
Tax & Legal:	Net revenue	€ 280.9M	€ 278.1M
	Operating profit	€ 71.1M	€ 65.8M
Advisory:	Net revenue	€ 253.1M	€ 222.4M
	Operating profit	€ 50.9M	€ 44.7M

Trends differ across industries

Looking at our industries, we see revenue growth in particularly Financial Services, Energy, Utilities and Resources, Technology, Media and Telecom and Government and Public Sector. In general, industry-based revenue fluctuations compared to last year result from the project (non-recurring) nature of large elements of our services.

Assurance continued its investment focus

The revenue of Assurance has increased due to a higher demand for Assurance services and extension of some large projects. Revenue has grown with 5% but profit decreased by 16%. We have once again expanded Assurance headcount, also in order to limit the workload of our people and to facilitate further investments in quality (see also page 34). We also hired temporary colleagues for several large projects and during the peak season. Investments in technology also increased to realise our digital strategy.

As digitalisation moves forward, we are seeing a greater need in the market for assurance and advice around systems and non-financial information, which explains the strong growth of our Risk Assurance practice.

Cash flows and financing
Cash and cash equivalents amounted to € 12 million at year-end (30 June 2018: € 17 million) and our solvability ratio was 16.5% (30 June 2018: 16.1%).

When assessing financing needs, we also take into account contributions from partners, which at year-end aggregated € 189 million (30 June 2018: € 179 million), representing some € 681,000 per partner (30 June 2018: € 661,000).

Our investments in clients (work in progress and accounts receivable) have gone up to € 210 million. The Group has no debt to financial institutions and our capex investments are funded from operational cash flow.

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 (see page 84).

Also CMAAS, dealing with complex accounting transformation projects, has continued to perform well. However, as expected, revenue generated from the implementation of new IFRS standards for listed companies decreased.

Tax & Legal has sustained a solid performance

Tax & Legal saw a solid year. Its revenues increased by 1% and its profit by 8%. Instrumental in this are a number of large assignments in which an integrated approach and digital solutions have turned out to be distinctive. Tax & Legal focuses 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. The shift from traditional tax services to technology-enabled tax consulting and compliance has continued and this requires significant investments which are already paying off.

The pressure to reduce the cost of delivery was met by, among other things, a considerable increase in the hours outsourced to delivery centres within the PwC network, as a result of which the profitability remained at the right level. Furthermore, the export of technology developed by PwC NL in the PwC network has had a positive impact on the result. Growth potential lies in a further diversification of our services and in the Legal and P&O practice.

Advisory did well in both Deals and Consulting

Advisory's revenue (14%) and profitability operating profit (14%) have again increased, following good results in both its business units Deals and Consulting. The average headcount of Advisory has been expanded by 10%.

Advisory (including Strategy&) responds to the needs of organisations to transform themselves as their environment is changing continuously and the life cycle of business models becomes shorter.

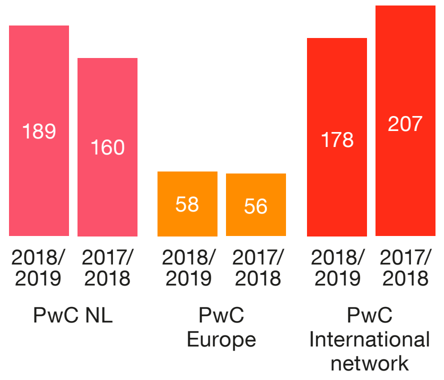
The growth of Consulting has been achieved particularly in the Commercial and the Financial Services sector, supported by new technologies, teaming up with technology partners and data analytics tooling. Growth in the Public Sector has been more moderate. Strategy&, our strategy consulting practice, has also realised strong growth in both revenue and profitability.

Deals benefitted from a merger & acquisitions market that is still flourishing due to low interest rates, abundant liquidity, a reasonable economic outlook and transformation processes. The growth of Deals has been realised across the business unit, particularly in our Business Restructuring Services practice and our Deals Strategy practice. And we see our investments in Corporate Finance starting to pay off. This growth reflects an increasing demand from clients for advice on their M&A strategy, as well as from organisations who need to restructure their operations or financing amid a changing environment.

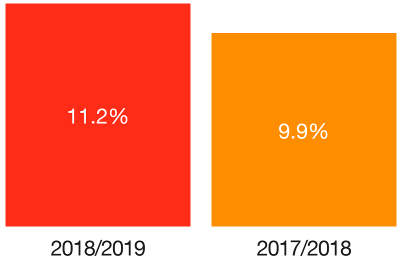
Prior year, we grouped all our cyber-related services in a new business unit called Cyber Security, Privacy & Forensics. Revenue and profitability of this business unit are developing positively. The need for these services has grown in recent years in all sectors and industries. Starting 2019/2020 this business unit will be part of Advisory. ■

Transforming our organisation

Mobility PwC NL



Percentage outsourced work to delivery and competence centres (audit)



Fast changing circumstances require an organisation that is agile and resilient to (un)expected developments and has the ability to respond quickly to new client issues. This requires a change in culture and behaviour: as an organisation we need to learn to deal with continuous change (see also page 61). Furthermore, we strive to make our systems, procedures and way of working more effective, efficient and fit for working in an international context. In this way our customers can count on the same quality of service everywhere in the world.

Critical success factors
- Continuous improvement of our workflows
- Building an agile and resilient organisation

Main outcomes of 2018/2019
- We have invested in and are implementing new global, cloud-based systems.
- The member firm of Switzerland has joined PwC Europe.
- We have outsourced 11.2% of our audit work to delivery centres within the global PwC network.
- Our people mobility has remained stable.

Our approach

We are focusing on developing a more one way of working across our PwC Europe and global network, because this improves our cross-border service delivery. Moreover, it allows us to utilise our people and their specific expertise better on (international) engagements. We 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 continuously looking for ways to deploy our people in such fashion that they add most value for our clients and society. That is also the reason why we are standardising parts of our work, automate it where possible or outsource it to delivery centres within our network. It enables us to work faster and better by freeing up time for the more complex aspects of client issues.

The PwC network is moving all core platforms to the cloud

We are investing on a global level in cloud-based systems that standardise the processes within our global network and make accessing data (independent from place and time) easier. This year we finished the implementation of a new HR system, together with our technology partner Workday. Workday enables easy access to data on all devices and will make our people less dependent on the Human Capital department. We have also implemented Salesforce as our only global customer relationship management system to support international client teams and improve accessibility to information. We are now in the process of preparing the implementation of a global cloud-based system for engagement management and financial information (SAP4Hana).

Of course, new systems only add value when people make optimal use of it, which (almost always) requires a new way of working. Adopting a new way of working is not easy for everyone, so this needs more attention. This is why the introduction of new systems is accompanied by change management, communication and trainings.

We have outsourced 11.2% of our audit work to delivery and competence centres

With a view to creating more flexibility in our workforce and increase the quality of our work, we have invested further in outsourcing work to delivery centres and competence centres in the Netherlands, Poland, India and South Africa. Delivery centres are organisations within our global PwC network performing standardised (non-judgemental) work efficiently and to a high standard of quality. This year, Assurance outsourced 11.2% of its audit work in this way (2017/2018: 9.9%).

Also for reasons of increasing quality and lowering the workload in Assurance, we formed at 1 July 2018 a separate department Audit Support. This department brings together support activities, together with specialised capabilities and expertise. We have developed a special training programme for employees joining this new department: the Bachelor Traineeship.

Tax & Legal and Advisory are also outsourcing routine work to delivery centres and automating standardised work. As mentioned before, standardising work and automating or outsourcing it contributes strongly to the quality of our work because it is freeing time for difficult, judgemental issues. Moreover, the likelihood of errors decreases when everyone works in the same standardised way and even more when it is automated.

Our people mobility has remained stable

We encourage our people to work across borders. Developing a mindset that transcends geographic and cultural boundaries is an important element of our PwC Professional leadership framework. This year we saw our overall people mobility remain largely the same as prior year. We also see that people, supported by technology, are working more cross-border, without actually moving between countries.

Mobility within PwC Netherlands (in people)*

	2018/2019	2017/2018
Assurance	97	67
Tax & Legal	46	44
Advisory	19	24
Firm Services	27	25

Mobility within PwC Europe (in people)**

	2018/2019	2017/2018
Assurance	20	27
Tax & Legal	26	13
Advisory	12	14
Firm Services	0	2

Mobility within International network (in people)***

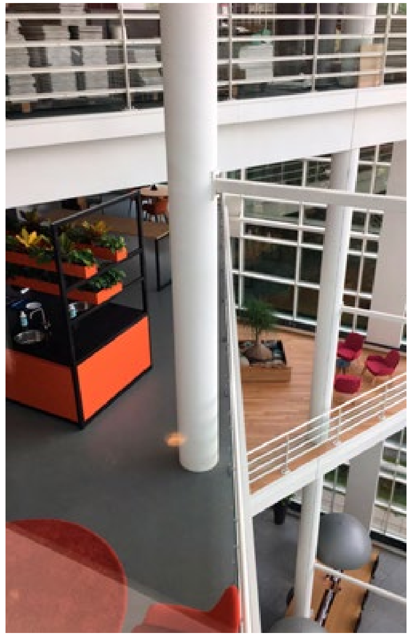
	2018/2019	2017/2018
Assurance	93	140
Tax & Legal	51	39
Advisory	33	25
Firm Services	1	3

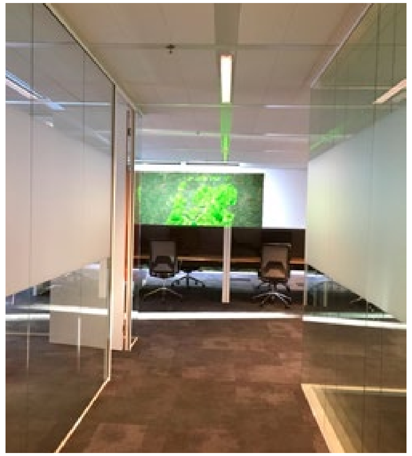
* Mobility between business units, including business units in other Lines of Service
** Incoming and outgoing secondments with Germany, Austria, Belgium and Turkey
*** Incoming and outgoing secondments with other territories (including Germany, Austria, Belgium and Turkey), including temporary incoming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

The PwC Europe collaboration has been expanded with Switzerland

As of 1 July 2018, the PwC member firm of Switzerland has joined the PwC Europe collaboration of the Netherlands, Germany, Austria, Belgium and Turkey. The driving force behind this collaboration is to achieve better cross-border client service and to leverage our investment and innovative power. 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. ■

After two years, we have finished the transformation of our offices along the principles of Activity Based Working. This is an office layout with no dedicated personal workspace, but where people can find a space that best suits what they are working on at the time, whether that is for example concentration zones for individual work, casual corners for a quick one-on-one conversation or a big room dedicated to project groups. The key aim here is to encourage greater levels of collaboration within the workforce, increased work efficiency by optimising the workspaces to fit different needs and to facilitate and grow the digitalisation of our work processes and deliverables. Last but not least, our people find ABW offices enjoyable spaces to work in.





How we safeguard value

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.

Network Standards and Risk Management Policies

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, and financial reporting, and 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 responsibilities, they are supported by various internal (technical) consultations, risk management, IT, legal, and other functions.

Risk Appetite

The risk appetite describes the extent to which PwC NL is accepting risks in realising its strategic objectives. As of this year, the risk appetite is integrated in the business planning cycle and is evaluated and adopted annually by the Board of Management.

In general, PwC NL chooses a prudent approach. Considering the societal impact of our services, we consider a moderate risk appetite appropriate. However, our risk appetite differs per impact area, which are defined as Quality, Compliance and integrity, Reputation and brand, Clients, Financial and People. The risk appetite per impact area is decisive for how we react to risks and how we mitigate and monitor them. Our risk appetite in general and per impact area has been translated into operational procedures and processes.

Enterprise Risk Management session

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 and Independence), the Board of Management and the Line of Service Boards discuss the key risks in the so-called Enterprise Risk Management (ERM) sessions. These sessions address the main (strategic) 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.

Furthermore, we had a session with our Supervisory Board to discuss their views on the identified Enterprise Risk Management risks by our Management Board and Line of Service Boards. The outcome of this session resulted in the conclusion that the views of the Supervisory Board and the Management Board are broadly aligned.

Other risk assessments

Our Internal Audit Department, (independent) review teams from PwC NL and the PwC Network, and our Compliance Officer periodically review the design and the operational 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 123-125.

We assessed our risk management and control framework against the Dutch Corporate Code of Governance 2016 and the principles of COSO ERM 2017 at the end of 2017/2018. The result of this assessment was that we can improve by better integrating our ERM process into our business planning cycle. Therefore, as from this year, we will link the outcome of the ERM sessions (including risk appetite) with the business planning process.

Overview of risks

The accompanying table summarises our gross main risks as determined during the Enterprise Risk Management process 2018/2019, links them to our strategic focus areas, 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 prior year. Net risk is the residual risk after reflecting the impact of the (mitigating) measures taken. The heat maps reflecting the net risk per main risk are attached at the end of this table.

Foreword

Highlights

Report of the
Supervisory Board

**Report of the
Board of Management**
- About the report of the Board of Management
- PwC in the Netherlands
- What stakeholders consider most relevant for us
- Dilemmas we face
- How we create value
- Our strategy and achievements
- **How we safeguard value**
- Governance & remuneration
- Outlook

Financial statements Holding PricewaterhouseCoopers Nederland B.V.

Information about PwC

Appendices

Focus areas	Main risk areas	Description	Gross risk	Response to mitigate the risk	Net risk and change compared to FY18
Building on the quality of our service offerings and delivery	(New) regulation potentially seriously impacting our business	• Given the regulatory climate, the ongoing public discussions and press coverage on the audit profession, and on the role and responsibilities of tax advisors in the context of the societal debate of tax avoidance, the risk of additional regulatory actions and /or further business restrictions remains high.	High	• Active participation - at the level of PwC NL as well as at network level - in sector initiatives and in active stakeholder dialogue • Dialogue with members of parliament, regulators and clients	High ↑
	Quality	• The importance of delivering quality across PwC NL is and remains crucial. We define quality as compliance with legislation and professional standards, meeting the needs of society and managing the professional development of our people.	High	• Firm-wide Quality Management System, policies and procedures • Participation in the public debate on so-called performance and expectation gap	Medium =
	Information protection and security	• The potential reputational and financial risks and consequences of IT security issues, cyberattacks, data leakages and other causes of non-compliance with client confidentiality and data protection requirements are very high. • Investing in adequate 'state of the art' preventative, detective and corrective measures (incl. training, policies, procedures and controls) is considered crucial to protect PwC (NL) as best as possible.	High	• Information Protection Committee and network/NL IT security • PwC NL Cyber Resilience Plan being implemented • PwC NL GDPR project • Revised PwC NL Data Retention (and Data Deletion) Policy • Code on ICT behaviour • Access controls to PwC NL buildings • Clear desk policy	Medium to high =
	Economic and political developments, destabilising environment, Brexit	• Unexpected/sudden economic changes • Serious geopolitical issues	Medium	• Continuous monitoring of developments by both PwC Global and PwC NL • European cooperation within PwC Europe and EMEA	Low to medium (new)
	Claims (culture)	• The number of claims initiated by receivers/bankruptcy trustees is increasing in the context of the public debate on audit quality. Also in Tax & Legal and Advisory the inherent risk of claims is growing.	High	• Continue to manage existing claims • Quality initiatives should result in lower risks of claims arising	Medium to high (new)

Focus areas	Main risk areas	Description	Gross risk	Response to mitigate the risk	Net risk and change compared to FY18
Delivering the PwC Culture	Ensure/maintain license to operate	• In the long term we run the risk of losing our license to operate if we do not transform into a purpose-led and values-driven organisation.	High	• Continued focus on our transformational journey and maintain focus on embedding the PwC purpose and values in our DNA • Ongoing awareness; leading by example • PwC Code of Conduct and mandatory e-learning ('Living the Code') • Values Survey update and actions to further anchor our values into our organisation and behaviours • Engaging people on issues such as the SDGs	Medium to high =
	People – changing skill sets, diversity, advisors of the future	• PwC's ability to attract and retain top talent in a fast changing world, bringing in the required and desired diversity (gender, skills, background, technical expertise, etc.) requires ongoing attention.	Medium to high	• Diversity and Inclusion policies and actions • Global People Survey actions	Medium =
Investing in strategic competencies	Innovation/digitalisation (incl. embedding 'tech enabled' into existing and new services)	• The PwC Network and PwC NL want to be(come) the leading tech-enabled professional services firm. The risk is that the market does not perceive PwC as such, that the speed of our innovation is too slow and that new (disruptive) parties enter the assurance and tax market.	Medium to high	• Large-scale investments on the level of PwC NL, PwC Europe and global network • 'Your Tomorrow' plan Europe (including NL), which brings together all digital initiatives • (More) accountability for owners and drivers for main (Network) tech alliances • Cooperation with/participation in 'high tech innovation' initiatives (e.g. Tilburg Data Science Park) • Installation of a Chief Digital Officer • Manage and monitor 'time-to-market' of strategic tech initiatives	Medium to high ↑
Understanding our clients to create long-term value	Global collaboration with differences in size, maturity of markets, culture, macroeconomics, politics and societal context	• Multiple dimensions to manage: Clients & Markets (Global Relationship Partners), Industries, Priority Services, internationalisation, cultural differences, channel choice, (global) contracting versus PwC Europe and other network changes.	Medium	• Global alignment on purpose, vision 2020 and strategic priorities • Network and regional organisation leading and supporting territories in strategy execution • Clear catalogue of collaboration in PwC Europe focussed on markets, business and operational synergies	Medium =
	Financing of investments/ acquisitions and liquidity planning	• Acquisition Strategy NL, Europe, Group. • Tight liquidity planning. • Availability of sufficient funds to invest.	Medium	• Planning and monitoring of liquidity position • European cooperation to have larger base for investments	Low to medium (new)
Transforming our organisation	Transformation and change	• Risk of doing (too) many things at the same time (risk of change overload, lack of focus and priorities, partner and staff 'fatigue').	Medium	• Communication about phasing of priorities (short term, medium and longer term)	Medium =

The heat maps for 2017/2018 and 2018/2019 reflect the change in risk during the year, and the net risk in the year after planned mitigating activities. The heat map reflects the effectiveness of our response to this risk (in other words: the extent to which we can mitigate the risks). We concluded the net risk in 2018/2019 increased. The main reasons for this increase are the uncertain conclusions and recommendations of the Commission for the Future of the Accountancy Sector ('Commissie Toekomst Accountancysector').

PwC NL main risk areas and change in net risk
1. Ensure/maintain license to operate, 2. (New) regulation potentially seriously impacting our business, 3. Quality, 4. Innovation/digitalisation, 5. People – changing skill sets, diversity, advisors of the future, 6. Information protection and security, 7. Transformation and change, 8. Complexity of the network (including non execution risk), 9. Economic and political developments, destabilising environment, Brexit, 10. Financing of investments/acquisitions and liquidity planning, 11. Claims (culture).

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 and financial reporting, and the financial, regulatory and compliance risks, as discussed in the 'How we safeguard value' section on pages 68-69 of this Annual Report; and
- the design and operating effectiveness of the internal risk management and control system as discussed on pages 123-125 of this Annual Report.

The results of this review and analysis were shared with the Audit Committee and the Supervisory Board and 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 2018/2019 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 2018/2019 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 & remuneration

Governance

Board of Management

As of 1 July 2018 we have a new Board of Management in place, comprising Ad van Gils (chair, Territory Senior Partner), Agnes Koops-Aukes (Assurance), Jolanda Lamse-Minderhoud (Risk & Quality and CFO, COO), Maarten van de Pol (Advisory), Marc Borggreven (Human Capital), Marc Diepstraten (Tax & Legal) and Renate de Lange-Snijders (Clients & Markets and Corporate Responsibility). The members of the Board of Management who are responsible for Assurance, Tax & Legal and Advisory chair the respective LoS Boards. Short résumés are included on pages 120-121).

Supervisory Board

As a result of the step down of Nout Wellink at 30 June 2018 and the appointment of Carel van Eykelenburg (as from 12 November 2018) and Jan Sijbrand (as from 1 January 2019 and as from 5 February chair of the Public Interest Committee), our Supervisory Board comprised six to eight external members during this financial year. In accordance with the Supervisory Board's rotation schedule, Jan Maarten de Jong, stepped down as its chair on 30 June 2019. Carel van Eykelenburg succeeded him as chair as from 1 July 2019.

Remuneration

Clawback

We have a clawback scheme in place for audit partners who are external auditors, with a clawback period of six years. Under this scheme the pay out of one sixth of each individual partner's annual remuneration after corporate tax is deferred and held during the deferral period in a bank 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 finally withheld from the partner and invested in measures to improve quality in PwC NL. The proposal to withhold remuneration is subject to approval by the Supervisory Board. There were no clawback withholdments last year.

Sanctions for the violation of independence requirements

Any instance of non-compliance with external and internal (independence) requirements can ultimately result in a sanction (written warning or reprimand) being imposed. Any reprimand is reflected in the evaluation process and can have a negative effect on remuneration. Sanctions in case of violation of independence requirements are dealt with by the Independence Sanction Committee. This committee does not impose sanctions itself, but submits its proposals to the Board of Management.

	2018/2019	2017/2018	Δ%
Management fee, salary and emoluments			
Available for distribution to partners (€ millions)	160.8	158.1	1.7
Average partner management fee * (€'000)	586.7	583.2	0.6
Staff bonuses (€ millions)	28.8	26.4	9.1
Average salary cost per FTE (€'000)	77.5	76.6	1.1
Average bonus per FTE (€'000)	6.0	6.0	-

* 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.

	2018/2019	2017/2018
Relationship of the highest remuneration within PwC NL to the median of the total remuneration within PwC NL (including partners) *		
Factor	32.2	32.1
Ratio **	1.0	67.5
Relationship of the highest remuneration within PwC NL to the average of the total remuneration within PwC NL (including partners) *		
Factor	20.8	20.7
Ratio ***	1.0	9.3

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

** The percentage change in the highest remuneration paid (3.5%) divided by the percentage change in the median (3.4%) excluding the highest remuneration.

*** The percentage change in the highest remuneration paid (3.5%) divided by the percentage change in the average (3.4%) excluding the highest remuneration.

The rise in the highest remuneration is proportional to the rise of the median and the average remuneration.

During the past year, based on input from the Independence Sanctions Committee, 14 sanctions (2017/2018: 15) were imposed for independence infringements. All of them were written warnings (2017/2018: ten written warnings and five reprimands).

Sanctions in case of unacceptable behaviour are dealt with by the Complaints Committee and the Business Conduct Committee, both emanating from the Code of Conduct. 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. The Complaints Committee and the Business Conduct Committee submit (possible) proposals for sanctions to the Code of Conduct partner (see page 36 and 122). ■

Quality at the heart of our remuneration policy
Given the public importance of our work, our remuneration policy for partners and directors is designed in such a way 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 SB.

Partner remuneration varies with the financial performance of PwC NL and 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 (Assurance and Advisory) or Firm/Strategy (Tax & Legal). An individual partner rating of unsatisfactory on quality can therefore significantly affect the amount of the remuneration.

We also reward quality positively. A rating of above average on quality can result in additional remuneration.

'Regular' conduct (i.e. the behaviour that we at least expect from 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. The SB 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 SB within the context of the organisation's societal role. The SB is responsible for determining the remuneration and bonus (or, based on audit quality deficiencies in the role of external auditor, malus) of the members of the BoM. As from 1 July 2018 also the remuneration of the members of the Assurance Board is determined by the SB in accordance with the policy for the BoM.

Evaluation of staff based on performance and behaviour
The remuneration process for staff is based on two elements: impact and progression. 'Impact' (which is the basis for the bonus) reflects the business and behavioural impact someone has made during the performance year and is linked to the goal setting that was agreed at the start of the year. It relates to aspects such as contribution to quality, business development and innovation and personal aspects such as commitment, flexibility, team spirit, proactivity and sense of responsibility (both to colleagues and to PwC) or some other unusual achievement. 'Progression' (which is the basis for salary increase) relates to someone's growth and development as a person and professional in relation to our competency framework (the PwC Professional).
Along the same lines as for the partners and directors, our staff set out their objectives for the coming year with their immediate superior. Half way through the year, based on individual appraisals and other feedback, they determine the progress to date. At the end of the year, they assess to what extent the objectives have been met.

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 the terms of employment for our staff. Where pension arrangements are concerned, both the Works Council and our Human Capital 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. Quarterly, the BoM carries out 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 constantly report on our strategic objectives and make adjustments where necessary. We use for that 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 focus areas. One of the members is specifically tasked with responsibility for quality and risk management. This member leads the Risk & Quality Platform, 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 chair of) the Supervisory Board and (the chair of) the BoM. The Independence Officer reports to the BoM.

We have an Information Protection Committee chaired by the Chief Information Officer that meets monthly regarding informational aspects of our business. It includes representatives from our Legal team, Data Protection and the Chief Information Security Office, X-LoS Risk & Quality, and ITS, the department responsible for our technology infrastructure.

All Line of Service Boards and business units also have a partner or member of management tasked with Human Capital responsibilities. Our departments, Human Capital and Learning & Development and Finance, report monthly to the Line of Service Boards and/or to the BoM.

In a number of specific strategic areas such as corporate responsibility, diversity, innovation, integrity (Code of Conduct), IT, and business transformation, the BoM is supported by teams that further develop and execute the strategy and plans. These teams report directly to the (portfolio holder in the) BoM and, as part of the annual business planning cycle, they present a plan to the BoM and periodically report back on progress. In addition, we have an environmental 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. We strive for profitable growth to generate the investment funding necessary to be able to invest in the digitalisation of our services and operations and to attract and retain talent. Our focus areas for the coming year are set out below.

The Commission for the Future of the Accountancy sector has been established

This year, a ministerial committee ('Commissie Toekomst Accountancysector', CTA) has been assigned to investigate whether new government policy or legislation may serve to improve the quality of the statutory audit in the long term (see page 25 and 32). The scope of the committee includes proposals for possible interventions in the structural models of the accountancy sector. The committee is expected to submit its findings and recommendations to the government by end 2019. We have, in the context of its public consultation, submitted our response to the committee. Our Supervisory Board and Young Assurance Board did that as well.

Continued working on restoring trust

The appointment of the CTA by the Ministry of Finance is a clear illustration of the challenge that we face in proving the effect of our quality investments to society. We are in the middle of a transformation process aimed at building a culture that is purpose-led and values-driven and aimed at quality assurance. We are starting to see the results of this transformation. The Values Survey we carried out this year indicates that the values we currently perceive move closer to the values we desire. Researchers of the Dutch Authority for the Financial Markets (AFM) and Maastricht University provided positive feedback on the behaviour of our partners and directors in our Assurance practice. However, we saw besides these positive developments, also a small decline in the outcomes of our internal review of audit files, but these are satisfying compared to the years before.

We fully realise that improving quality is a continuous process and will never be a 'job done'. That is why quality remains a top priority and we expect our investments in it to continue.

Accelerating the digitalisation of our firm

Becoming digital is an essential part of our transformation process. For us 'digital' does not refer to technology as such, but to the ways of working and the mindset that this digital area requires. To enable to assist our clients in their digital transformations, we need to accelerate ours, and we continue to invest in this. In our 'Your Tomorrow' programme, we brought together all our initiatives for digitalising our services, operations and the upskilling of our people (see page 56). We will further rollout this programme this year, amongst others by making considerable hours available for innovation and an extensive mandatory training programme.

Building up ecosystems

The issues our clients face follow the fast changing environment they work in. For us this means that we will constantly need other and new competencies and skills to be able to deliver the services and assistance they need. That is why we team up with larger and smaller technology partners. We keep looking for new alliances with start-ups and scale-ups to build ecosystems that enable us to integrate new technological insights and knowledge with our solutions (see page 58).

Integrating the Sustainable Development Goals in our service delivery and offerings

We have embraced the SDGs and – completely in line with our purpose – have integrated a selection of them into our strategy and operations. This year we took several initiatives to familiarise our people and clients with the SDGs and create engagement on these goals, our SDG Dome being the most notable of them. However, we make the biggest impact when we integrate the SDGs in our service delivery and offerings. That is why we, from strategy to execution, assist organisations in integrating the SDGs with their strategies. We encourage our people to raise the subject with clients and their supervisory bodies when discussing their strategies.

Revenues from digital assets

A still (very) modest, but growing part of our revenue is from new, mainly digital-driven, propositions that have a revenue model that is not based on hourly invoice. These services, for example tools or platforms that clients can use for analysing fiscal or financial data, are for example subscription-based. We expect that the revenue generated by these digital assets will increase in the coming years.

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 2019/2020

Our revenue from clients is dependent on macro-economic, industry and client specific developments. The global environment in which we operate is volatile; events and circumstances, such as the outcome of elections, Brexit, (potential) international trade conflicts, unprecedentedly low interest rates, the threat of terrorism and geopolitical challenges are all affecting business confidence.

Notwithstanding the volatile environment we are facing, we foresee a continued demand for our services during the current year, with some modest growth of revenues and somewhat lower financial results, due to continued investments in quality and our digital transformation.

Amsterdam, 20 September 2019

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 2019 (before appropriation of result) (in €'000)

		30 June 2019		30 June 2018	
Fixed assets					
Intangible fixed assets	[1]				
Goodwill		8,380		10,899	
Software		1,111		1,090	
			9,491		**11,989**
Tangible fixed assets	[2]				
Leasehold improvements		16,791		11,879	
Office furniture		9,861		7,914	
Office equipment		9,837		11,430	
Fixed assets under construction		751		1,219	
			37,240		**32,442**
Financial fixed assets	[3]				
Other participating interests		5,957		5,957	
Deferred tax assets		2,542		3,676	
Other receivables		10,704		6,457	
			19,203		**16,090**
Current assets					
Work in progress	[4]		**45,095**		**44,511**
Receivables					
Receivables from clients	[5]	193,579		184,378	
Taxes and social security charges	[6]	628		982	
Other receivables	[7]	12,229		15,047	
Prepayments and accrued income	[8]	11,974		22,728	
			218,410		**223,135**
Cash and cash equivalents	[9]		**11,726**		**17,190**
Total			**341,165**		**345,357**

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

		30 June 2019		30 June 2018	
Equity and liabilities					
Group equity	[10]		**10,260**		**10,260**
Provisions	[11]		**21,099**		**26,275**
Long-term liabilities					
Subordinated loans	[12]	46,066		45,340	
Accrued expenses and deferred income (long-term)	[13]	8,060		10,498	
			54,126		**55,838**
Current liabilities					
Liabilities to suppliers	[14]	14,388		21,130	
Liabilities to shareholders	[15]	84,831		83,500	
Taxes and social security charges	[16]	45,051		44,774	
Other liabilities	[17]	85,717		79,276	
Accrued expenses and deferred income (current)	[18]	25,693		24,304	
			255,680		**252,984**
Total			**341,165**		**345,357**

[..] 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 2019 (in €'000)

		2018/2019		2017/2018	
Net revenue	[19]		**884,142**		**832,685**
Cost of work contracted-out and other external costs	[20]	100,311		98,052	
Salaries		300,891		278,906	
Social security charges	[21]	68,225		62,052	
Amortisation and depreciation of fixed assets	[1,2]	12,494		12,086	
Other operating costs	[22]	238,906		219,951	
Total operating costs			**720,827**		**671,047**
Operating profit			**163,315**		**161,638**
Interest and other financial income		263		146	
Interest and other financial expenses	[23]	-1,363		-5,036	
Profit on ordinary activities before tax			**162,215**		**156,748**
Taxes	[24]	-1,428		-458	
Results of participating interests		-		1,676	
Management fee Coöperatie PricewaterhouseCoopers Nederland U.A.	[25]	-160,787		-158,145	
Profit after tax			**0**		**-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 2019 (in €'000)

		2018/2019		2017/2018	
Cash flow from operating activities					
Operating profit			163,315		161,638
Adjustments for:					
Amortisation and depreciation and other impairments	[1-3]	12,494		16,779	
Movements in provisions	[11]	-5,176		-2,592	
Movements in accrued expenses and deferred income (long-term)	[13]	-2,438		-1,134	
			4,880		**13,053**
Changes in working capital					
Receivables	[5-8]	3,420		-19,279	
Work in progress	[4]	-584		658	
Current liabilities	[14-18]	2,095		28,836	
			4,931		**10,215**
Cash flow from business operations			**173,126**		**184,906**
Dividend received	[3]	-		244	
Interest*	[23]	-801		-4,290	
Taxes	[24]	-123		-1,201	
			-924		**-5,247**
Management fee Coöperatie PricewaterhouseCoopers Nederland U.A.	[25]		-160,787		-158,145
Cash flow from operating activities			**11,415**		**21,514**
Cash flow from investing activities					
Additions to intangible fixed assets	[1]	-876		-790	
Additions to tangible fixed assets	[2]	-14,479		-14,830	
Disposals of tangible fixed assets	[2]	561		534	
Additions to financial fixed assets	[3]	-4,247		-8,239	
Disposals of financial fixed assets	[3]	1,134		3,576	
Cash flow from investing activities			**-17,907**		**-19,749**

		2018/2019		2017/2018	
Cash flow from financing activities					
Subordinated loans	[12]	726		-1,000	
Cash flow from financing activities			**726**		**-1,000**
Net cash flow			**-5,766**		**765**
Cash and cash equivalents - opening			17,190		16,298
Net cash flow			-5,766		765
Foreign currency exchange differences			302		127
Net cash and cash equivalents - closing	[9]		**11,726**		**17,190**

[..] 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 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 Wirtschaftsprüfungs-gesellschaft, 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.

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.

Coöperatie holds the sole priority share in the Company. 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. PwC Europe SE Wirtschaftsprüfungsgesellschaft concluded a cooperation agreement with the Swiss member firm, on the basis as if the Swiss member firm were a member of Konsortium PwC Europe. Coöperatie's equity share in Konsortium PwC Europe was 29.96% as of 30 June 2019 (30 June 2018: 30.2%). This interest in Konsortium PwC Europe is revised annually as of 1 July and is related to the number of the Dutch member firm professional practitioners relative to the total number of professional practitioners in the PwC member firms of the PwC Europe consortium.

Basis of reporting

The consolidated financial statements have been prepared in accordance with the requirements of Part 9, Book 2 of the Dutch Civil Code and 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 the above-mentioned consolidated entities form

a fiscal unity for value-added tax purposes with Holding PricewaterhouseCoopers Nederland B.V.

All the above-mentioned 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 amount, 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 Reporting Formats Decree ('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.

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.

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 reflecting 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 based on 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, based on 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 2.0% (30 June 2018: 2.5%) and reflecting staff turnover probability. The provision for long-term unemployment benefit top-ups is carried at its present value using a discount rate of 2.0% (30 June 2018: 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 several 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 several 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 costs). 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 2019 (in € '000)

[1] Intangible fixed assets

The movements are as follows:

			2018/2019	2017/2018
	Goodwill	Software	Total	Total
Balance as at 1 July				
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**
Movements				
Additions	-	876	876	790
Disposals	-	-	-	-6,332
Amortisation	-2,519	-855	-3,374	-3,628
Accumulated amortisation on disposals	-	-	-	5,873
	-2,519	**21**	**-2,498**	**-3,297**
Balance as at 30 June				
At cost	16,215	5,042	21,257	20,381
Accumulated amortisation	-7,835	-3,931	-11,766	-8,392
Carrying amount	**8,380**	**1,111**	**9,491**	**11,989**
Amortisation percentages	10-20	20-33		

Goodwill of € 9,018 was recognised on the acquisition of PricewaterhouseCoopers Consulting Services Holding B.V. (previously Everett) 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.

[2] Tangible fixed assets

The movements are as follows:

					2018/2019	2017/2018
	Leasehold improvements	Office furniture	Office equipment	Fixed assets under construction	Total	Total
Balance as at 1 July						
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**
Movements						
Additions	8,041	3,333	3,573	-468	14,479	14,830
Disposals	-18,237	-7,122	-1,092	-	-26,451	-12,394
Accumulated depreciation on disposals	17,965	6,905	1,020	-	25,890	11,860
Depreciation	-2,857	-1,169	-5,094	-	-9,120	-8,458
	4,912	**1,947**	**-1,593**	**-468**	**4,798**	**5,838**
Balance as at 30 June						
At cost	56,529	16,456	29,802	751	103,538	115,510
Accumulated depreciation	-39,738	-6,595	-19,965	-	-66,298	-83,068
Carrying amount	**16,791**	**9,861**	**9,837**	**751**	**37,240**	**32,442**
Depreciation percentages	10-25	10	10-35			

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	2018/2019 Total	2017/2018 Total
Balance as at 1 July	**5,957**	**3,676**	**6,457**	**16,090**	**14,229**
Additions	-	-	4,247	4,247	8,239
Share of profit of participations	-	-	-	-	559
Charge to the profit and loss account	-	-1,134	-	-1,134	-2,000
Dividend received	-	-	-	-	-244
Impairment	-	-	-	-	-4,693
Balance as at 30 June	**5,957**	**2,542**	**10,704**	**19,203**	**16,090**

Other participating interests

Other participating interests include several 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

Deferred tax assets

Deferred tax assets relate to temporary tax differences of € 11.6 m (30 June 2018: € 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 € 0.9 m (30 June 2018: € 1.0 m) of the deferred taxes balance is expected to be recoverable within one year.

Other receivables

Other receivables as at 30 June 2019 consist of four 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 2019 to 31 August 2019 interest has been set at 0.75%. The principal, together with any unpaid interest, is repayable in full on 31 August 2022.

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. As at 7 December 2018 an additional amount of $ 1.3 m (€ 1.2 m) was paid. For the period from 1 September 2018 to 31 August 2019 interest has been set at twelve-month LIBOR plus 0.75%. The total of these loan notes of $ 6.9 m (€ 5.9 m) 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 this receivable following lower expected repayments.

The fourth receivable concerns a loan note of € 3.1 m to PricewaterhouseCoopers Enterprise Advisory CVBA. Interest has been set at 3.5%. This loan note will be repaid in five instalments with a final instalment on 30 September 2024.

[4] Work in progress

Work in progress at 30 June 2019 is stated net of on account billings aggregating € 74.7 m (30 June 2018: € 49.7 m).

[5] Receivables from clients

Receivables are due within one year and are not interest bearing. A provision for doubtful debts of € 8.0 m was carried at 30 June 2019 (30 June 2018: € 8.5 m).

[6] Taxes and social security charges

	30 June 2019	30 June 2018
Corporation tax	628	982
Total	**628**	**982**

[7] Other receivables

Other receivables are as follows:

	30 June 2019	30 June 2018
Receivables from related parties	5,863	9,529
Receivables from PwC international network	2,845	-
Receivables from personnel	538	539
Other	2,983	4,979
Total	**12,229**	**15,047**

Receivables from related parties comprise receivables from several PwC entities that are not part of the Group. Receivables from the PwC international network consist of reimbursable costs.

[8] Prepayments and accrued income

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

	30 June 2019	30 June 2018
Prepaid rental costs	5,233	6,858
Prepaid car lease cost	2,154	1,956
Prepaid insurance premiums	56	7,746
Prepaid business development contribution	-	1,313
Other	4,531	4,855
Total	**11,974**	**22,728**

[9] Cash and cash equivalents

Of the cash and cash equivalents, € 3.2 m (30 June 2018: € 3.0 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 (2017/2018: the same).

[11] Provisions

The movements are as follows:

	Personnel	Pensions	Other	2018/2019 Total	2017/2018 Total
Balance as at 1 July	**4,038**	**42**	**22,195**	**26,275**	**28,867**
Additions	1,250	3	3,365	4,618	5,515
Utilisation	-503	-28	-6,130	-6,661	-5,153
Other	-	-	-	-	130
Releases	-285	-	-2,848	-3,133	-3,084
Balance as at 30 June	**4,500**	**17**	**16,582**	**21,099**	**26,275**

Approximately € 18 m (30 June 2018: approximately € 20 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 € 6.6 m (30 June 2018: € 11.4 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 € 1.5 m (30 June 2018: € 1.4 m); this provision is recognised evenly over the lease period.

Other provisions also include professional liability provisions of € 8.3 m (30 June 2018: € 9.1 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 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 € 46,066 (2017/2018: € 45,340) in the form of a loan subordinated to all 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.

	2018/2019	2017/2018
Balance as at 1 July	**45,340**	**46,340**
Net movement from new and terminated association agreements with partners	1,000	-1,000
Other	-274	-
Balance as at 30 June	**46,066**	**45,340**

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

Long-term accrued expenses and deferred income include the long-term element of incentives received under several 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 2019/2020 is included in short-term accrued expenses and deferred income in current liabilities.

The deferred rental incentives are being released as follows:

	30 June 2019	30 June 2018
From 1-5 years	8,060	9,462
> 5 years	-	1,036
Carrying amount	**8,060**	**10,498**

[14] Liabilities to suppliers

Liabilities to suppliers are all due within one year.

[15] Liabilities to shareholders

The liability to the shareholder, Coöperatie, has a remaining term of less than one year and is interest bearing. The average interest rate for 2018/2019 was 0.338% (2017/2018: 0.388%).

[16] Taxes and social security charges

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

	30 June 2019	30 June 2018
Value-added tax	31,037	31,584
Wages, taxes and social security charges	14,014	13,190
Total	**45,051**	**44,774**

[17] Other liabilities

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

	30 June 2019	30 June 2018
Work in progress for which on account billings exceed the project revenue earned	28,798	21,490
Bonuses payable	27,941	25,645
Accrued leave entitlements and holiday allowances	21,181	19,881
Amounts due to related parties	7,623	12,091
Other	174	169
Total	**85,717**	**79,276**

[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 several office lease agreements.

	30 June 2019	30 June 2018
Invoices to be received	22,351	21,375
Current portion of incentives received under lease agreements for office premises	2,439	2,450
Other	903	479
Total	**25,693**	**24,304**

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 2018/2019, the payments amounted to € 0.6 m (2017/2018: € 0.7 m). The payments are due for the lifetimes of the individual beneficiaries.
- Guarantees provided in relation to lease and other obligations total € 3.2 m as at 30 June 2019 (30 June 2018: € 3.0 m), with the longest running guarantee expiring on 30 September 2029.
- The Group has undertaken, in certain circumstances, to assume an obligation of up to $ 14 m (30 June 2018: $ 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 of 30 June 2019 the Group's share in capital expenditure commitments made by PwC Europe is € 11 m.
- PricewaterhouseCoopers Advisory N.V. has entered into an agreement to acquire, no later than 30 June 2020, all the shares of PricewaterhouseCoopers Technology Consulting (Netherlands) B.V. from PricewaterhouseCoopers Technology Consulting Belgium B.V. (formerly Advanced Business System Integration N.V.).

The Group has long-term rental contracts, other operating lease obligations and facility services insourcing obligations totalling € 263 m (30 June 2018: € 212 m).

These obligations mature as follows:

in € millions	**30 June 2019**	**30 June 2018**
< 1 year	61	57
From 1-5 years	127	127
> 5 years	75	28
Total obligations	**263**	**212**

1.6 Notes to the consolidated profit and loss account for the year ended 30 June 2019 (in € '000)

[19] Net revenue

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

	2018/2019	2017/2018
Assurance	349,077	332,207
Tax & Legal	280,970	278,050
Advisory	253,082	222,428
Other	1,013	-
Total	**884,142**	**832,685**

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:

	2018/2019	2017/2018
Social security charges	44,248	38,928
Pension premiums	23,977	23,124
Total	**68,225**	**62,052**

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:

	2018/2019	2017/2018
Travel	67,218	62,149
Other personnel costs	55,370	49,101
Occupancy costs	29,957	29,246
Technology	28,844	20,530
Sales and business development	10,993	11,948
External consultants' fees	2,890	3,151
Other costs	43,634	43,826
Total	**238,906**	**219,951**

Travel costs increased due to an increase in the workforce. The increase in other personnel costs arises as a result of increased temporary hires. Technology costs increased due to the Company's share in the global investments in cloud applications. 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:

	2018/2019	2017/2018
Interests payable to PwC Europe SE	575	484
Exchange differences	299	600
Interests payable to Coöperatie	178	155
Impairment loans	-	3,515
Other interest expense	311	282
Total	**1,363**	**5,036**

[24] Taxes

Taxes are as follows:

	2018/2019	2017/2018
Profit on ordinary activities before tax	162,215	156,748
Management fee Coöperatie PricewaterhouseCoopers Nederland U.A.	-160,787	-158,145
Book/tax differences		
- Non-deductible items	2,730	4,634
- Temporary differences	-2,787	-5,786
Taxable profit	**1,371**	**-2,549**
Tax thereon	332	-637
Adjustments relating to prior year deferred tax	1,049	1,446
Correction of previous years	47	-351
Corporation tax due	**1,428**	**458**

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] 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 96.

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 Wirtschaftsprüfungs-gesellschaft 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:

	2018/2019	2017/2018
Management fee to Coöperatie	160,787	158,145
Results Coöperatie	2,173	-101
Profit available for allocation	**162,960**	**158,044**
Management fee payable by Coöperatie to its members	-156,243	-151,476
Return on capital contributions paid to members of Coöperatie	-6,717	-6,568
	-	-
Average number of partners (FTE)	278	271
Average management fee per partner*	586.7	583.2

* Includes return on members' capital contributions.

In addition to their management fee, the members of Coöperatie also receive car and expense allowances, aggregating € 8.5 m (2017/2018: € 8.3 m), and interest on their current accounts, aggregating € 0.2 m (2017/2018: € 0.3 m). These interest expenses are recognised as an expense by Coöperatie and are not included in the Company's 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:

	2018/2019	2017/2018
Audit of the financial statements	237	250
Other audit engagements	43	38
Other non-audit engagements	-	31
Total	**280**	**319**

Operating leases

The Group charged € 44.5 m (2017/2018: € 44.6 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 2019, there were no contracts outstanding (30 June 2018: no contracts outstanding).

At 30 June 2019, receivables in US dollars and other currencies amounted to € 6.1 m (30 June 2018: € 4.6 m) and € 1.3 m (30 June 2018: € 1.6 m), respectively. Liabilities in US dollars and other currencies amounted to € 6.5 m (30 June 2018: € 6.0 m) and € 1.2 m (30 June 2018: € 2.1 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 € 46,066 (2017/2018: € 45,340) payable to PwC Europe SE Wirtschaftsprüfungsgesellschaft, with interest accruing at a maximum of 12% per annum depending on profitability.
- Loan of € 1,733 (2017/2018: € 1,733) receivable from Lifeguard Finance B.V. with interest, receivable semi-annually, set at the end of August each year at six-month Euribor plus 0.75% (for the period from 28 February 2019 to 31 August 2019: 0.75%).
- Loan of € 5.9 m receivable from PwC Business Solutions B.V. with interest, receivable annually, set at the end of August each year at twelve-month LIBOR plus 0.75%.

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

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

Liquidity risk
Liquidity risk is mitigated by the fact that the cash flow from operating activities generates sufficient liquidity to meet ongoing obligations. Furthermore, the Group has access to a revolving credit facility of € 25 m (30 June 2018: € 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)

2018/2019	Assurance	Tax & Legal	Advisory	Other [1]	Eliminations	Total
Net revenue from external clients	349,077	280,970	253,082	1,013	-	884,142
Net internal revenue	2,117	6,812	5,233	182,495	-196,657	-
Total net revenue	**351,194**	**287,782**	**258,315**	**183,508**	**-196,657**	**884,142**
Costs of work contracted-out and other external costs	25,048	31,495	48,961	201	-5,394	100,311
Staff costs	138,311	93,035	80,040	57,730	-	369,116
Amortisation and depreciation of fixed assets	-	-	2,520	9,974	-	12,494
Other operating costs	141,582	92,116	75,878	120,593	-191,263	238,906
Total operating costs	**304,941**	**216,646**	**207,399**	**188,498**	**-196,657**	**720,827**
Operating profit	**46,253**	**71,136**	**50,916**	**-4,990**	**-**	**163,315**
Net financial income and expenses	-1,156	-982	-746	1,784	-	-1,100
Taxes	-570	-504	-354	-	-	-1,428
Management fee Coöperatie	-	-	-	-160,787	-	-160,787
Profit after tax	**44,527**	**69,650**	**49,816**	**-163,993**	**-**	**-**
Carrying amount of total assets as at 30 June 2019	**122,154**	**116,682**	**92,086**	**2,606**	**7,637**	**341,165**

[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 2018/2019					
- Partners	111	98	69	-	278
- Other professionals	1,879	1,123	895	-	3,897
- Support staff	48	18	14	790	870
Total	**2,038**	**1,239**	**978**	**790**	**5,045**

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

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.

2. Company financial statements

2.1 Company balance sheet as at 30 June 2019 (before appropriation of result) (in €'000)

		30 June 2019		30 June 2018	
Fixed assets					
Financial fixed assets					
Participating interests	[26]	171,174		172,362	
Receivables from group companies	[27]	43,225		40,463	
Deferred tax assets		2,542		3,591	
			216,941		**216,416**
Current assets					
Receivables					
Receivables from group companies	[27]	1,950		3,575	
Taxes and social security charges		628		1,196	
Other receivables		-		1,813	
			2,578		**6,584**
Cash and cash equivalents			**28**		**243**
Total			**219,547**		**223,243**

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

		30 June 2019		30 June 2018	
Equity and liabilities					
Shareholders' equity					
Issued capital	[28]	6,750		6,750	
Share premium		3,510		3,510	
			10,260		**10,260**
Long-term liabilities					
Subordinated loans	[12]	46,066		45,340	
			46,066		**45,340**
Current liabilities	[29]				
Liabilities to shareholders	[15]	84,831		83,500	
Liabilities to group companies		77,367		79,929	
Taxes and social security charges		-		215	
Other liabilities		1,023		3,999	
			163,221		**167,643**
Total			**219,547**		**223,243**

[..] 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 2019 (in €'000)

	2018/2019		2017/2018	
Results of participating interests	162,700		162,557	
Other income and expense after tax	-162,700		-162,736	
Profit after tax		**-**		**-179**

2.3 Notes to the company financial statements

Basis of preparation

The company financial statements are prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code and 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 the abovementioned consolidated entities form a fiscal unity for value added tax purposes with Holding PricewaterhouseCoopers Nederland B.V.

All the above-mentioned 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 2019 (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:

	2018/2019	2017/2018
Balance as at 1 July	**172,362**	**157,266**
Less: Dividend distribution	-163,888	-147,461
Add: Results of participating interests	162,700	162,557
Balance as at 30 June	**171,174**	**172,362**

[27] Receivables from group companies

Receivables from group companies are as follows:

	2018/2019	2017/2018
PricewaterhouseCoopers Accountants N.V.	17,875	17,388
PricewaterhouseCoopers Belastingadviseurs N.V.	16,088	15,925
PricewaterhouseCoopers Advisory N.V.	11,212	10,725
	45,175	**44,038**
Due within one year	-1,950	-3,575
Balance as at 30 June	**43,225**	**40,463**

The Company has provided subordinated loans aggregating € 45,175 (2017/2018: € 44,038) 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 based on the 15-year external capital market interest rate plus a risk premium. The rate for 2018/2019 is 6.25% (2017/2018: 6%).

[28] Issued capital

The Company's authorised share capital amounts to € 20,000 at 30 June 2019, 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 (2017/2018: 270 ordinary shares and 1 priority share).

[29] 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 2019, there were no contracts outstanding (30 June 2018: 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 2018: € 25 m).

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

	2018/2019	2017/2018
Members of the Board of Management	6,099	6,063
Members of the Supervisory Board	490	478
	6,589	**6,541**

Members and former members of the Board of Management

The remuneration of the Board of Management, comprising the statutory director and the six authorised executive directors, amounted to € 6.1 m for 2018/2019 (2017/2018: € 6.1 m for the statutory director and the five authorised executive directors).

Members and former members of the Supervisory Board

The Company has had a Supervisory Board since 1 May 2015. The Supervisory Board currently has seven members.

Reference is made to the Remuneration Report of the Supervisory Board included on pages 133-137 of this Annual Report.

Amsterdam, 20 September 2019

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:
Dr. Ir. C. van Eykelenburg (Chair as of 1 July 2019)
Prof. dr. N. Ellemers
A. Jorritsma
Mr. F.W. Oldenburg
Mr. drs. C.J.M. van Rijn
Mr. Y.C.M.Th. van Rooy
J. Sijbrand (as of 1 January 2019)

* 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 of Management 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 of more than € 25 m
- Initiation of any legal action, in addition to those set out above, that involves a value of more than € 25 m, 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 auditor's report

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

Summary
We have summarized our opinion and main features of our audit of Holding PricewaterhouseCoopers Nederland B.V. below. The full text of the independent auditor's report, which includes the assurance report on the financial statements and the highlights, the Report of the Board of Management (excluding 'Outlook' on pages 75-76 and 'Responsibility statement' on page 71), on Information about PwC and the appendices to this Annual Report (excluding 'Remuneration Report') (hereafter: the audited components of the annual report)., has been included in the following pages.

	Financial statements	Our opinion
Opinion	Unqualified opinion on financial statements	Unqualified opinion on audited components of the annual report
Materiality	• Materiality of € 8,841,000 • 1,0% of reported revenues	• Based on our professional judgement we determined materiality levels for each relevant part of the sustainability information and for the sustainability information as a whole.
Key audit matters	• Valuation work in progress • Completeness and accuracy of provision for professional liability	• Fair view on material theme quality

A. Report on the audit of the financial statements and audited components of the Annual Report 2018/2019

Our opinion
We have audited the financial statements and components of the Annual Report for the year ended 30 June 2019 Holding PricewaterhouseCoopers Nederland B.V. (hereinafter 'PwC'), based in Amsterdam.

Basis for our opinion
We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing and the Dutch Standard 3810N 'Assurance-opdrachten inzake maatschappelijke verslagen' (Assurance engagements relating to sustainability reports), which is a specified Dutch standard that is based on the International Standard on Assurance Engagements (ISAE) 3000:

We have audited	Our opinion
Financial statements The financial statements comprise: 1. the consolidated and company balance sheet as at 30 June 2019; 2. the consolidated and company profit and loss account for the year then ended; and 3. the notes comprising a summary of the accounting policies and other explanatory information.	*Financial statements* In our opinion, the accompanying financial statements give a true and fair view of the financial position of PwC as at 30 June 2019 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.
Audited components of the Annual Report 4. Highlights, Report of the Board of Management (excluding 'Outlook' on pages 75-76 and 'Responsibility statement' on page 71), on Information about PwC and the appendices to this Annual Report (excluding 'Remuneration Report') (hereafter: the audited components of the annual report). The audited components of the Annual Report include prospective information such as ambitions, objectives, targets ad 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.	*Audited components of the Annual Report* In our opinion the audited components of the Annual Reports presents, in all material respects, a reliable and adequate view of: • the policy and business operations with regard to corporate responsibility; and • the thereto related events and achievements for the year ended 30 June 2019 in accordance with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) (Comprehensive option) and the supplementary internally applied reporting criteria as disclosed on page 18 and 131.

'Assurance Engagements other than Audits or Reviews of Historical Financial Information'. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the Annual Report' section of our report.

We are independent of PwC in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Reporting criteria financial statements
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.

Reporting criteria audited components of the Annual Report
The criteria used for the preparation of the audited components of the Annual Report are the GRI Standards (Comprehensive option) of the Global Reporting Initiative (GRI) guidelines and the supplemental reporting criteria developed by PwC as disclosed on page 18 and 131. We consider the reporting criteria used relevant and suitable for our assurance engagements.

Materiality financial statements
Based on our professional judgement we determined the materiality for the financial statements as a whole at € 8,841,000. The materiality is based on a benchmark of revenues (representing 1,0% of reported revenues) which we consider to be one of the principal considerations for shareholders 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 the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of € 442,050, 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.

Materiality audited components of the Annual Report
Based on our professional judgement we determined materiality levels for each relevant part of the sustainability information and for the sustainability information as a whole. When evaluating our materiality levels, we have taken into account quantitative and qualitative considerations as well as the relevance of information for both stakeholders and the company.

We agreed with the supervisory board that misstatements which are identified during the audit and which in our view must be reported on quantitative or qualitative grounds, would be reported to them.

Scope of the group audit
PwC is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of PwC. The audited components of the Annual Report incorporates the consolidated information of this group of entities.

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.

We have:
- performed audit procedures ourselves at group entities:
  - PricewaterhouseCoopers Accountants N.V.;
  - PricewaterhouseCoopers Belastingadviseurs N.V.;
  - PricewaterhouseCoopers Advisory N.V.;
  - PricewaterhouseCoopers 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:

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 on the consolidated financial statements.

Our key audit matters
Key audit matters are those matters that, in our professional judgement, 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 *Refer to not 4 of the financial statements*	**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.

Fair view on material theme quality	**Our audit approach**
According to the materiality matrix one of the most material themes in the Annual Report is Quality. As a result this theme is the most important part of our audit of the audited components of the Annual Report.	We determined which information in the audited components of the Annual Report refer to the material theme Quality. We made a distinction between the information into numbers and textclaims. With respect to this information we determined the design of the internal control framework regarding this theme. Regarding the figures, we reconciled the figures with information from underlying databases. We determined the reliability of the information in these databases by reconciling the information with supporting external and internal information. For the textclaims, we examined a selection, based on professional judgement, of the texts and made a reconciliation with supporting external and internal information.

Completeness and accuracy of provision for professional liability *Refer to note 11 of the financial statements*	Our audit approach
Completeness and accuracy 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.	We determined the effective operation of the internal control framework which secures the completeness of the provision for professional liability. 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 reconciled this overview with the financial statements. We assessed the collectability of receivables towards the insurer, amongst others by means of validating that claims fall within the scope of insurance agreements. We received lawyers letters from the lawyers engaged by PwC informing us about any significant claims against PwC. With these amongst others we determined the accuracy and completeness of claims recognized and/or disclosed in the financial statements. We assessed the completeness of registered claims by discussing the claims with the PwC claim team, validating that registered claims are consistent with the partner confirmations, internet search, a review of legal expenses, reading the minutes of meetings of the Company's executive board and supervisory board.

Limitations to the scope of our audit
The audited components of the Annual Report includes prospective information such as ambitions, strategy, plans, expectations, estimates and risk assessments. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the audited components of the Annual Report.

The references to external sources or websites in the audited components of the Annual Report are not part of the audited components of the Annual Report as audited by us. We therefore do not provide assurance on this information.

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;
- Highlights;
- Report of the Supervisory Board;
- Report of the Board of Management;
- Information about PwC;
- Appendices;
- the other information on page 105.

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 misstatements;
- 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 misstatements.

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

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

C. Report on other legal and regulatory requirements

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

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

Responsibilities of management and the Supervisory Board for the Annual Report
The Management Board is responsible for the preparation and fair presentation of the financial statements on pages 78 to 105 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 components of the Annual Report in accordance with section 2:391 of the Netherlands Civil Code and the reporting criteria of PwC, based on the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) (Comprehensive option). Furthermore, the Management Board is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements and the audited components of the Annual Report that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements as included on pages 78 to 105, 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 management 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 engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

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

Misstatements can arise from fraud or error 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 these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We apply the 'Nadere voorschriften kwaliteitssystemen)' (NVKS, regulations for Quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements.

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

Our audit of the financial statements included among others:
- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, 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 error, 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 entity'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 entity'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 a company to cease 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 among others:

- Performing an analysis of the external environment and obtaining an understanding of relevant social themes and issues, and the characteristics of the organization;
- Identifying and assessing the risks of material misstatement of the sustainability information, 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 the reporting criteria used and its consistent application, including the evaluation of the results of the stakeholders' dialogue, and the reasonableness of estimates made by management and related disclosures;
- Evaluating the overall presentation, structure and content of the sustainability information, including the disclosures;
- Evaluating whether the sustainability information represents the underlying transactions and events free from material misstatement;
- Evaluating the procedures performed by the internal audit department of PwC.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determine 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.

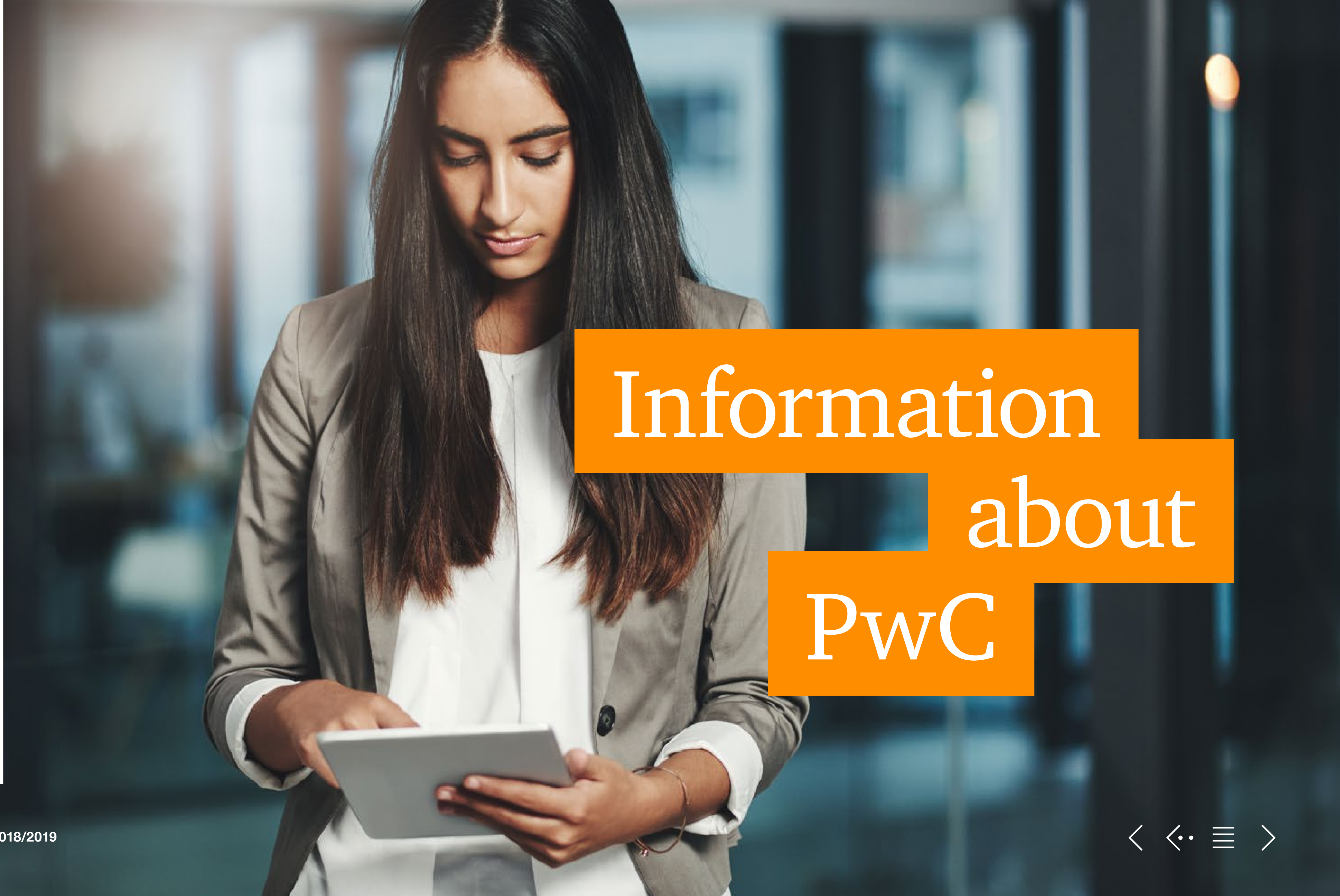
We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. 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 communicating the matter is in the public interest.

Utrecht, 20 September 2019

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').

Holding PricewaterhouseCoopers Nederland B.V. 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:

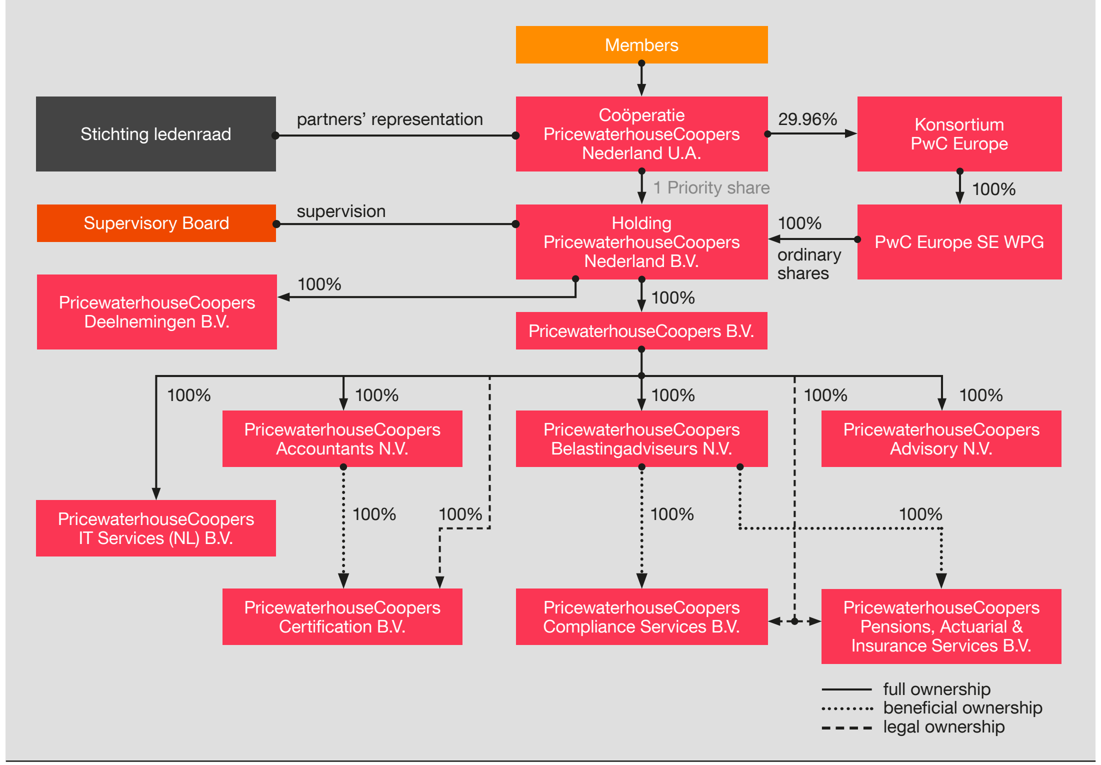
- PricewaterhouseCoopers Deelnemingen B.V.
- PricewaterhouseCoopers Accountants N.V. ('Assurance')
- PricewaterhouseCoopers Belastingadviseurs N.V. ('Tax & Legal')
- PricewaterhouseCoopers Advisory N.V. ('Advisory')
- PricewaterhouseCoopers Compliance Services B.V.
- PricewaterhouseCoopers Certification B.V.
- PricewaterhouseCoopers Pensions, Actuarial & Insurance Services B.V.
- PricewaterhouseCoopers IT Services (NL) B.V.

PwC Europe

Along with the member firms in Germany, Austria, Belgium and Turkey, PwC NL 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.

Simplified legal structure as at 30 June 2019



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 upon 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 (such as the PwC Europe collaboration). These are designed to encourage collaboration and the application of common strategies. ■

Corporate Governance

Where applicable we follow the principles of the Corporate Governance 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 27).

We comply with the Management and Supervision Act

As of the start of fiscal year 2018/2019 our Board of Management consists of three women and four men (i.e. 43% female) and the Supervisory Board has consisted of three women and four men since 1 May 2015.

An exception was this year when the Supervisory Board consisted temporarily of three women and three to five men, due to changes in the SB (see page 8). 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.

Nomination of the BoM

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.

The Chair of the BoM is appointed by the General Meeting on the basis of a binding proposal from the SB. The Membership Council may – upon request of the Supervisory Board – provide advice to the Supervisory Board with regard to the nomination.

In making its selection proposals, the Selection and Appointment Committee of the Supervisory Board also evaluates the candidates that the potential Territory Senior Partner is proposing for his/her 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.

Assessment of the members of the Board of Management

When the Chair of the Bom appoints a new member of the board, the SB evaluates this candidate 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 candidate is also screened for conflicts of interest (independence compliance screening).

On 1 July 2018 the Audit Firms Supervision Act ('Wet toezicht accountantsorganisaties') was amended. The changes entail that the Dutch 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.

Allocation of responsibilities within the BoM

The seven members of the BoM each have their own individual portfolio with specific focus areas. The allocation of responsibilities among the members of the BoM 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, Marketing and Corporate Responsibility.

Governance bodies Holding PricewaterhouseCoopers B.V.

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

- Board of Management (BoM)
- Supervisory Board (SB)
  The SB has committees: Public Interest Committee, Audit Committee, Remuneration Committee and Selection and Appointment Committee
- Line of Service Boards (LoS Boards)
- Business Units (BUs)
- Works Council

Bodies	Main powers and activities	Appointment by	Members 2018/2019
Board of Management (BoM)	• Responsible for managing the company, guided by the interests of the company and of the enterprise connected with it. • Ensuring that the company will act in accordance with the objectives as defined in the Articles of Association of the Company. • Responsible for i) defining the long-term goals and strategy of the company ii) the preparation and execution of general policies and iii) identifying and analysing risks associated with the strategy and business activities of the company. Developing policies and procedures around risks that are consistent with the company's strategy and risk appetite. • Ensuring that the company is in good standing and in full compliance with the relevant legislation, rules, standards and procedures. • Responsible for the preparation of the financial budget and annual plans for the company. The Management Board is responsible for the performance of the company.	The chair of the BoM is appointed by the General Meeting 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 additional term of up to four years. The chair of the BoM will appoint the members of his/her team (see more information below).	• Ad van Gils (Chair) • Agnes Koops-Aukes • Jolanda Lamse-Minderhoud • Maarten van de Pol • Marc Borggreven • Marc Diepstraten • Renate de Lange-Snijders All members qualify as policymakers of PricewaterhouseCoopers Accountants N.V. and Coöperatie PricewaterhouseCoopers Nederland U.A.
Supervisory Board (SB)	Supervises the BoM and the overall business affairs of Holding PricewaterhouseCoopers Nederland B.V. and its affiliated group enterprises and assists the BoM by providing advice.	The members of the SB are appointed by the General Meeting of Holding Pricewaterhouse-Coopers Nederland B.V. on the basis of a binding proposal submitted by the SB on the advice of its Selection and Appointment Committee. Members of the SB are appointed for a term of up to four years, with eligibility for reappointment for one additional term of up to four years.	• Jan Maarten de Jong (Chair, retired on 30 June 2019, in accordance with the SB's rotation schedule) • Naomi Ellemers • Carel van Eykelenburg (as of 12 November 2018, Chair as of 1 July 2019) • Annemarie Jorritsma • Frits Oldenburg • Cees van Rijn • Yvonne van Rooy • Jan Sijbrand (as of 1 January 2019)

Bodies	Main powers and activities	Appointment by	Members 2018/2019
Public Interest Committee	• Assists the SB in its decision-making processes in the area of safeguarding the public interest in the audit opinions, issued by PricewaterhouseCoopers Accountants N.V., such as the audit firms quality policy and how this is embedded in the organisation. • Assists the SB in the evaluation of learning points and measures based on the findings of the compliance officer, external supervisors and other parties.	Committee of the SB	All SB members, acting Chair from 1 July 2018 up to 4 February 2019: Yvonne van Rooy, Chair: Jan Sijbrand (as of 5 February 2019)
Audit Committee	• Assists the SB in its decision-making processes regarding financial matters such as: - (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; - design and operation of the internal risk management and control systems. • Advises the SB on the selection of the external auditor and preparation of the proposal to the General Meeting regarding the auditor's appointment and fee.	Committee of the SB	• Cees van Rijn (Chair) • Annemarie Jorritsma • Frits Oldenburg
Remuneration Committee	• Assists the SB in its decision-making processes in the area of remuneration policies and practices such as: - approval of (policies for) the remuneration of the BoM, Assurance Board partners and staff and the members of the SB; - supervision of the proper implementation of these policies.	Committee of the SB	• Annemarie Jorritsma (Chair) • Carel van Eykelenburg • Jan Maarten de Jong (retired on 30 June 2019) • Yvonne van Rooy • Jan Sijbrand
Selection and Appointment Committee	• Assists and advises the SB in its decision-making processes in the area of appointment policies and practices such as: - selection and nomination processes for the appointment of members of the SB; - selection and preparation of a binding nomination to the General Meeting with regard to the appointment of the Chair of the BoM; - approval of the appointment and dismissal of the Compliance Officer; - approval of the appointment and dismissal of external auditors within PwC NL.	Committee of the SB	• Jan Maarten de Jong (Chair, retired on 30 June 2019) • Naomi Ellemers • Frits Oldenburg • Carel van Eykelenburg (Chair as of 1 July 2019)

Governance bodies Coöperatie PricewaterhouseCoopers Nederland U.A.

Bodies	Main powers and activities	Appointment by	Members 2018/2019
General Meeting	• Approves (or dismisses) resolutions of the BoM regarding the entering into new association agreements with partners. • Appoints the Chair of the BoM. • Approves the annual financial statements, budget and overall strategy of PwC Netherlands. • Appoints the external auditor on nomination of the SB.	N/A	All members of Coöperatie PricewaterhouseCoopers Nederland U.A. ('partners')
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 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 Membership Council are appointed by the members of Coöperatie for a term of up to four years, with eligibility for reappointment for one additional term of up to four years.	• Ruud Dekkers (Chair up to 1 July 2019) • Hans Bod • Diederik van Dommelen (Chair as of 1 July 2019) • Hans Dullaert • Sander Gerritsen • Shana Laurie de Hernandez • George de Soeten (up to 1 July 2019) New members as of 1 July 2019: • Jacobina Brinkman • Jeroen Elink Schuurman • Paul Nillesen

Line of Service Boards

The members of the LoS Boards act as directors of their respective Line of Service operating company. The LoS Boards translate and implement the firm-wide strategy to their Lines of Service.
Their operational responsibilities include the day-to-day affairs and results of the LoS, the quality of the professional practice and client service, Human Capital, 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 BoM 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 executive members of such board. The SB approves the decision-making regarding the appointment of the members of the Assurance Board.

Assurance Board	Tax & Legal Board	Advisory Board
• Agnes Koops-Aukes (Chair) • Michel Adriaansens* • Wytse van der Molen* • Joris van Meijel* * Authorised executive members of the board of PricewaterhouseCoopers Accountants N.V. All members qualify as policymakers of PricewaterhouseCoopers Accountants N.V. under the Audit Firms Supervision Act.	• Marc Diepstraten (Chair) • Jeroen Boonacker* • Marcel Jakobsen* • Janet Visbeen* • Brenda Mooijekind (as of 1 July 2019)* *Authorised executive members of the board of PricewaterhouseCoopers Belastingadviseurs N.V.	• Maarten van de Pol (Chair) • Gert-Jan van der Marel* • Wendy van Tol* • Veronique Roos* • Remco van Daal* *Authorised executive members of the board of PricewaterhouseCoopers Advisory N.V.

Business Units

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

These BUs have the following responsibilities:
- Implementation of the applicable regulatory requirements for quality, risk management and conduct (Code of Conduct), the Business Unit Leader being assisted in this role by the Quality Assurance Partner who is responsible for quality aspects such as the acceptance, continuance and execution of engagements including the statutory audits.
- Operational management by objectives 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 a 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 LoS and Firm Services departments, the role of which is to represent the interests of all staff in the LoS/Firm Services department and to bring forward topics 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. ■

Foreword

Highlights

Report of the Supervisory Board

Report of the Board of Management

Financial statements Holding PricewaterhouseCoopers Nederland B.V.

Information about PwC
- Our legal structure
- Corporate Governance
- Code of Conduct
- Our quality, risk management and compliance framework

Appendices

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. In 2012 he was appointed to the board of PricewaterhouseCoopers Advisory N.V. From 1 July 2013 up to 1 July 2018, he was an authorised executive director of the Board of Management of PwC.

As authorised executive director, up to 1 October 2016, he was responsible for Advisory and Chair of PricewaterhouseCoopers Advisory N.V. During this period, he was also responsible for the CFO portfolio and, from 1 July 2015, for the COO portfolio. From 1 October 2016 up to 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:
- Chair of the Board of Management
- 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

Agnes Koops–Aukes
Agnes Koops–Aukes (born 1969) joined one of the legacy firms of PwC in 1992 as an auditor and became partner on 1 July 2007. 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)

Jolanda Lamse–Minderhoud
Jolanda Lamse–Minderhoud (born 1969) joined one of the legacy firms of PwC as an auditor in 1992 and has been partner since 2006. She was appointed to the board of PricewaterhouseCoopers Accountants N.V. in 2010 and has been an authorised executive director of the Board of Management since 1 July 2013. In her role as executive director, she had various responsibilities, amongst others Human Capital and Diversity.

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)

Maarten van de Pol
Maarten van de Pol (born 1972) joined one of the legacy firms of PwC in 1996 as an auditor and became partner on 1 July 2007. He 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. In 2015, he was appointed to the board of PricewaterhouseCoopers Belastingadviseurs N.V.

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

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.

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.

As of 1 July 2018, she became an authorised executive director of the Board of Management, responsible for Clients and Markets.

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

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

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 whistleblower procedure (covering suspicions of professional misconduct).
Complaints in the personal area cover, for instance, intimidation, aggressive behaviour or discrimination and 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 BoM. The Business Conduct Committee submits recommendations to the BoM. 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 how to do this is set out on our website. ■

Our quality, risk management and compliance framework

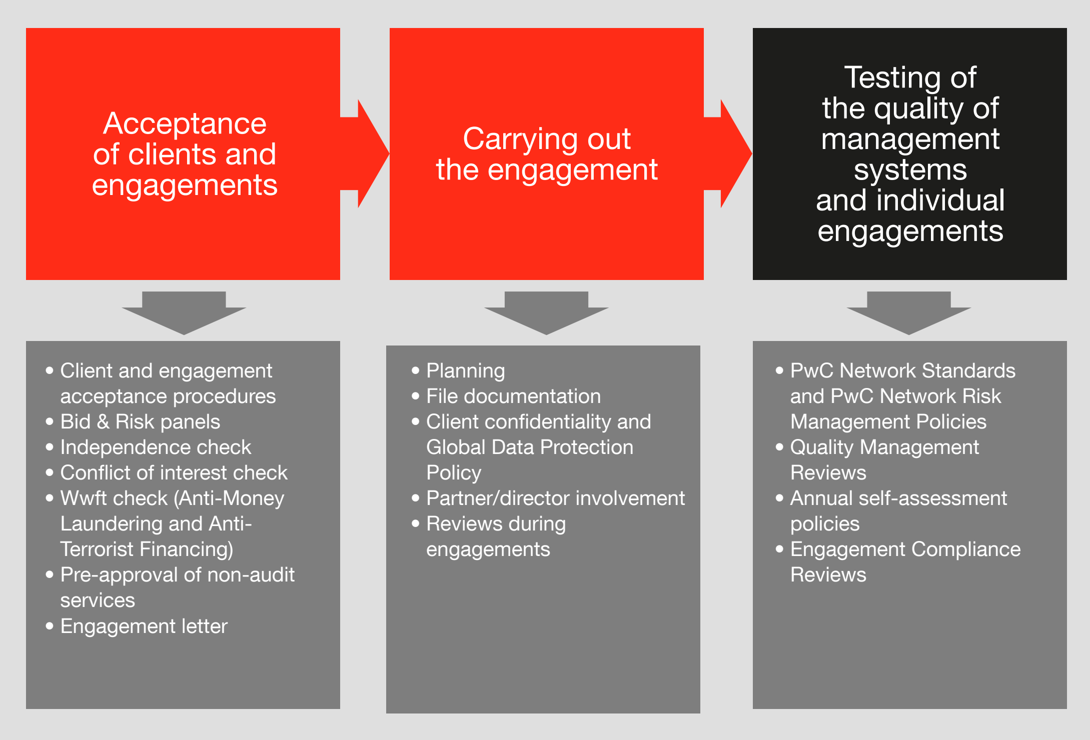
When we refer to the quality of our professional services delivery, we mean two equally very important elements: (a) the extent to which our service and deliverables comply with legislation, regulatory requirements and professional standards (which can generally be determined fairly objectively) and (b) the extent to which the service meets the expectations of society, our clients and our people. 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.

- **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 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. 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:** In this process we put together on larger engagements, set 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.

- **Real Time Reviews** are independent reviews carried out in Assurance during the engagement to support and coach the audit teams in order to ensure that audits meet the quality requirements.

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 other PwC member firms.

- **Ad hoc reviews** are carried out internally 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 CEO, the BoM, the Audit Committee and the Supervisory Board.

- **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. The Compliance Officer reports his or her findings to the Chair of the BoM, the BoM, the Public Interest Committee and 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 regulated. Statutory audits fall under the supervision of the AFM. The AFM reviews our Quality Management System 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 more 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 and PwC NL's tax strategy form 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 periodically to assess Advisory's maintenance of quality in connection with these certifications and accreditations.

Other measures

We have set out above how clients and engagements are subject to our acceptance procedures and that we have a range of quality, risk management and compliance systems and processes in place to ensure we are in compliance with applicable laws and regulations. We have also put measures in place for the prevention of fraud and corruption within our organisation including a mandatory e-learn on combatting corruption. These measures also include regular IAD testing of all expense claims on a random sample basis, and the IAD tests the operation of our financial systems for reliability and the application of and compliance with our internal control and other procedures. ■

Appendices

Breakdown of our headcount

Number of people (as at 30 June 2019)			Contract			
LoS	Gender	Level	Permanent contract	Temporary contract	Contracted in	Total
Assurance	Male	Partner	96	0	0	96
		Professional staff	1,091	123	19	1,233
		Support staff	14	2	0	16
	Male total		1,201	125	19	1,345
	Female	Partner	17	0	0	17
		Professional staff	639	99	2	740
		Support staff	31	14	0	45
	Female total		687	113	2	802
	Unknown	Professional staff	0	1	26	27
		Support staff	0	0	3	3
	Unknown total		0	1	29	30
Assurance total			1,888	239	50	2,177
Tax & Legal	Male	Partner	86	0	0	86
		Professional staff	630	52	6	688
		Support staff	4	0	0	4
	Male total		720	52	6	778
	Female	Partner	13	0	0	13
		Professional staff	477	51	3	531
		Support staff	14	0	0	14
	Female total		504	51	3	558
	Unknown	Professional staff	0	1	18	19
		Support staff	0	0	2	2
	Unknown total		0	1	20	21
Tax total			1,224	104	29	1,357
Advisory	Male	Partner	59	0	0	59
		Professional staff	555	41	12	608
		Support staff	2	1	0	3
	Male total		616	42	12	670
	Female	Partner	10	0	0	10
		Professional staff	348	23	1	372
		Support staff	10	0	0	10
	Female total		368	23	1	392
	Unknown	Professional staff	1	0	50	51
		Support staff	0	0	1	1
	Unknown total		1	0	51	52
Advisory total			985	65	64	1,114
	Male	Support staff	268	35	46	349
	Male total		268	35	46	349
	Female	Support staff	537	92	21	650
	Female total		537	92	21	650
	Unknown	Support staff	0	0	100	100
	Unknown total		0	0	100	100
Firm Services total			805	127	167	1,099
Total			4,902	535	310	5,747

Number of people (as at 30 June 2019)			Full-time/Part-time			
LoS	Gender	Level	Full-time	Part-time	Contracted in	Total
Assurance	Male	Partner	90	6	0	96
		Professional staff	1,143	71	19	1,233
		Support staff	10	6	0	16
	Male total		1,243	83	19	1,345
	Female	Partner	14	3	0	17
		Professional staff	620	118	2	740
		Support staff	18	27	0	45
	Female total		652	148	2	802
	Unknown	Professional staff	1	0	26	27
		Support staff	0	0	3	3
	Unknown total		1	0	29	30
Assurance total			1,896	231	50	2,177
Tax & Legal	Male	Partner	85	1	0	86
		Professional staff	546	136	6	688
		Support staff	2	2	0	4
	Male total		633	139	6	778
	Female	Partner	12	1	0	13
		Professional staff	323	205	3	531
		Support staff	4	10	0	14
	Female total		339	216	3	558
	Unknown	Professional staff	0	1	18	19
		Support staff	0	0	2	2
	Unknown total		0	1	20	21
Tax total			972	356	29	1,357
Advisory	Male	Partner	59	0	0	59
		Professional staff	542	54	12	608
		Support staff	1	2	0	3
	Male total		602	56	12	670
	Female	Partner	9	1	0	10
		Professional staff	302	69	1	372
		Support staff	7	3	0	10
	Female total		318	73	1	392
	Unknown	Professional staff	1	0	50	51
		Support staff	0	0	1	1
	Unknown total		1	0	51	52
Advisory total			921	129	64	1,114
	Male	Support staff	229	74	46	349
	Male total		229	74	46	349
	Female	Support staff	260	369	21	650
	Female total		260	369	21	650
	Unknown	Support staff	0	0	100	100
	Unknown total		0	0	100	100
Firm Services total			489	443	167	1,099
Total			4,278	1,159	310	5,747

Five-year summary of financial results

	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015
Revenue					
Net revenue (€ millions)	884.1	832.7	767.0	744.1	697.3
Increase	+6.2%	+8.6%	+3.1%	+6.7%	+3.8%
Net revenue per FTE (€'000)	175.2	176.8	167.0	167.6	169.7
Increase/decrease	-0.9%	+5.9%	-0.4%	-1.2%	+2.2%
External revenue per Line of Service (€ millions)					
Assurance	349.1	332.2	299.7	302.0	291.9
Tax & Legal	280.9	278.1	263.6	251.0	240.5
Advisory	253.1	222.4	203.7	191.1	164.9
Other	1.0	0.0	0.0	0.0	0.0
Total	884.1	832.7	767.0	744.1	697.3
Results					
Operating profit (€ millions)	163.3	161.6	151.2	142.3	157.7
Increase/decrease	+1.1%	+6.9%	+6.3%	-9.8%	-2.8%
Operating profit per Line of Service (€ millions)					
Assurance	46.3	54.8	43.0	43.6	55.6
Tax & Legal	71.1	65.8	67.2	62.3	63.4
Advisory	50.9	44.7	43.3	35.0	36.2
Management fee, salary and emoluments					
Available for distribution to partners (€ millions)	160.8	158.1	148.9	140.1	153.9
Average partner management fee* (€'000)	586.7	583.2	533.3	513.3	605.8
Increase/decrease	+0.6%	+9.4%	+4.0%	-15.3%	-5.3%
Staff bonuses** (€ millions)	28.8	26.4	24.0	27.7	29.3
Average salary cost per FTE (€'000)	77.5	76.6	74.6	72.6	72.2
Average bonus per FTE** (€'000)	6.0	6.0	5.5	6.7	7.6
Average number of FTEs	5,045	4,713	4,594	4,440	4,110
Partners	278	271	279	273	254
Professional staff	3,897	3,615	3,510	3,366	3,054
Support staff	870	827	805	801	802

* 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 have 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 our main (new and continued) environmental measures and policies in 2018/2019.

Air & train mobility

In 2018/2019, air mobility was responsible for 47.3% of our CO_2 emissions. We still have much to do to reach our ambition of achieving full circularity. To that end, we have introduced a wide range of measures to reduce our CO_2 footprint caused by our air travel. These measures were implemented in the last quarter of prior year and monitored during 2018/2019. Although we see the positive effects of the measures, the overall carbon impact of flying has increased, mainly due to the growth of our force, increasing flights in business class and adjustments in the conversion factors (DEFRA). We aimed for an 11.4% reduction compared to baseline year 2014/2015, but 2018/2019 resulted only in a 2.2% reduction compared to this baseline year.

- We have agreed with SkyNRG on a guaranteed off-take for biofuels in the years 2021-2025. The off-take will gradually increase over the years, from a minimum of 10% until 50% of our expected kerosene use in 2025. The biofuels will be added to Schiphol's kerosene supply.
- PwC chairs the 'Anders Vliegen' (Fly Differently) working group of the Dutch Sustainable Mobility Pledge, a network of large public and private organisations who have committed themselves to actively reducing their carbon emissions caused by travel. To support sustainable aviation in the Netherlands, the working group has developed an airtravel benchmark to compare the organisation's carbon impact and a best practices booklet.
- The measures of 2017/2018 (amongst others mandatory train travel to Paris and Frankfurt, preferred direct flights, stricter rules for business class travel) have been monitored, and additional measures are in development.
- We have upgraded all NS Business cards to 1st class as from September 2018. This has resulted in a strong increase in train travel.

Car mobility

The number of fully electric vehicles in our car fleet continues to grow. In 2018/2019, 17.8% of our car fleet was fully electric. Together with our other green car measures this led to a carbon footprint reduction of 35.4% per FTE compared to our base year 2014/2015.

- We have created incentives (financial and other) for using electric vehicles and for promoting efficient driving.
- We have introduced an early break option for fossil car lease contracts; leading to 200 cars being swapped to full electric this year.
- We have shared electric bicycle service at our Amsterdam office.

Energy

The average energy use per FTE continued to decrease in 2018/2019; compared to baseline year 2014/2015 the reduction is 51.2%.

- We extensively monitor the use of energy in our buildings and look for new opportunities together with the building owners. We initiated research for 'zero natural gas' and 'large scale solar'.
- We optimised our heat-cold storage for our Amsterdam offices which led in one of the buildings to a four month period of using no natural gas in the summer of 2018.
- Phase Changing Materials (PCMs) are introduced in the server rooms to reduce the energy use. PCMs can store thermal energy in high density and thereby passively cool the server rooms.
- In 2017/2018 we received BREEAM certification for all our buildings and achieved excellent scores on our operational usage. Our new offices (Breda, Groningen, Maastricht and Eindhoven) started their certification process in 2018/2019.
- Our electricity is generated sustainably in the Netherlands, with 88.8% of our entire electricity usage coming from sustainably generated energy.

Waste

Our waste generation increased, following the redesign of our offices. The percentage recycled waste has further increased to 65.7% and although this is a step in the right direction, we still need additional measures.

- We introduced closed loop recycling for our coffee cups. The cups are collected separately, and made into paper towels, these are also collected separately and made into toilet paper.

- We started collecting plastic, metal and drink cartons (PMD) separately for recycling purposes.
- We took first steps on circular catering: reduce food waste and plastic packaging and provide healthier food options.
- During the relocation of our offices (Breda, Groningen, Maastricht and Eindhoven), many of the existing materials from the old location were re-used in our new office.

Procurement

Environmental care is a standard requirement in our requests for proposals. 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. Our aim is to have all our suppliers meet our circular and social criteria by 2030. Currently 18.6% of our spending on suppliers meet this criteria. Especially the smaller suppliers have not yet a sustainability policy in place.

- The CR office is 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 larger than € 25,000.
- The circular indicator for procurement has been implemented in our reporting.
- Suppliers with a framework contract or long-term contracts have been proactively asked to respond to our circular/social criteria and have been rated accordingly. ■

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 regarding 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).

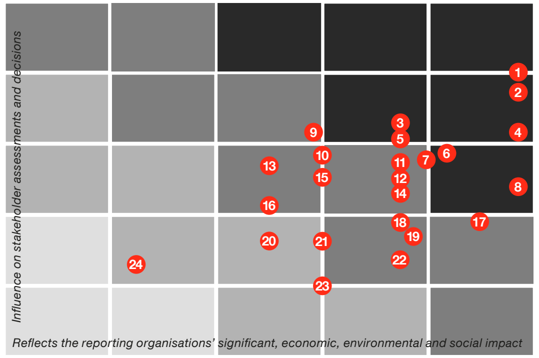
CO_2 emissions waste (in metric tons)
Total kilograms of non-recycled waste times its carbon emission factor for waste incineration.

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

Procurement circular (in %)
Percentage of the total spend that has been measured against our circular and social criteria times the supplier scoring on those criteria (MVI-score).

How we put together a materiality matrix

A materiality matrix is a representation of the themes (and their relative importance) that are crucial (‘material’) to our strategy. Prior year we composed a new materiality matrix followed by a validation this year. In this appendix we explain how this works.



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 indicate the relative importance of themes?
Every two years we put together a so-called materiality matrix: a graphic representation of the relative importance that we and our stakeholders place on themes that we have identified as strategically material. We did this in 2017/2018, mainly by surveying a large group of stakeholders with the request to rank the importance of a number of themes relating to our strategy. This year we reconfirmed the materiality matrix, both in- and externally.

This did not result in any significant change to the existing matrix and we concluded that our stakeholders view the same themes as strategically material as in prior year. These are the themes they expect us to address in our strategy and in this annual report.

How did we validate the materiality matrix?
- By conducting a sector analysis in which we looked at how our stakeholders and competitors view relevant themes and recent developments.
- By conducting a media analysis of the topics that the media reported on last year regarding PwC 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, advisory, tax and diversity.
- Through meetings with so-called focus groups (professionals with intermediate education backgrounds, owners of small businesses and millennials) organised and facilitated by an external bureau.
- Through meetings with PwC Works Council and PwC colleagues.
- By discussing the material themes in one-on-one conversations with our key stakeholders. These were led and attended by a member of the Board of Management 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 • Internal survey on the relative importance of strategic themes to PwC
Clients	• Conversations with clients, including social enterprises for whom we carried out (pro bono) client assignments • Completion by them of a survey on the relative importance of strategic themes to PwC
Society	• Conversations with representatives of institutional investors, shareholders, sustainable businesses, NGOs, government, political parties, employers organisations. • Meetings with so-called focus groups • Completion by these stakeholders of a survey on the relative importance of strategic themes to PwC

Holding PricewaterhouseCoopers Nederland B.V. - Remuneration Report for the financial year ended 30 June 2019

This Remuneration Report was prepared by the Remuneration Committee of the Supervisory Board on 20 September 2019 and adopted by the Supervisory Board on 20 September 2019. 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. The professional practitioner with whose partner BV an association agreement has been concluded is authorised to use the title 'partner' vis-à-vis third parties.

Introduction

The responsibilities of the Remuneration Committee 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 2018/2019 remuneration of the partners, staff, Board of Management and Supervisory Board. As from this financial year 2018/2019, the role of the Supervisory Board regarding the remuneration of the policymakers of PwC NL's audit firm has been set out in the Law on the Supervision of Audit Firms. The Annual Report's section 'Governance and remuneration' (pages 72-74) provides further information regarding the remuneration framework of PwC NL.

Partner remuneration

Given the public importance of PwC NL's services, the remuneration policy for partners is designed in such a way that quality – in the widest sense – has a proportionately more significant effect on remuneration 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 is in line with PwC's ambition to become a purpose-led and values-driven organisation (the PwC journey). Individual quality outcomes (such as internal and/or external quality reviews) and quality behaviours (such as attitude to quality, personal behaviour and other important compliance matters) are assessed within the PwC NL partner evaluation and income system.

Governance
The Supervisory Board was installed as of 1 May 2015 and consists 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's rotation schedule is included in this Remuneration Report. The Supervisory Board consists of seven members. For parts of 2018/2019, the Supervisory Board comprised six or eight members.

Regarding the Board of Management, the Supervisory Board submits a binding nomination to the General Meeting for 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 nominated Territory Senior Partner proposes for his/her team as authorised executive directors (also known as the Territory Leadership Team). On the advice of its Selection and Appointment Committee, the Supervisory Board then submits its binding nomination after due consideration of 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 2018/2019, the Board of Management comprised seven members.

1 The Articles of Association prescribe that only a professional practitioner can be a member of the Board of Management.

The evaluation and remuneration methodologies for partners are set out in the Annual Report on page 73. 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 supervise the partner evaluation and remuneration process, with special attention for quality. In general terms, quality is more than compliance with legislation and professional requirement. It also relates to meeting the needs of society, adding value for our clients and their stakeholders, and managing the professional and personal development of staff.
Quality has a significant influence on performance scores (both positively and negatively). More specific, the role of quality is considered in all three of the annual evaluation components: Clients, People and Firm/Strategy.

For instance, the effects of internal and external client engagement reviews are reflected in performance scoring (positively and negatively) for the Clients component.
For the People component, quality is assessed for aspects such as coaching, diversity, feedback, development and teamwork and, for the Firm/Strategy component, for aspects such as compliance with internal and external regulations (e.g. risk management procedures and (personal) independence rules, as set out in this annual report on page 72).
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 interaction 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 may result in a downward remuneration adjustment when a file review results in a non-compliant conclusion, generating a negative rating in the performance evaluation component Clients or in 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 clawback scheme. The clawback period has been set at six years. Under this

scheme, one sixth of each individual partner's annual management fee is reserved into an independent foundation set up for this purpose. If it transpires that the external auditor has issued an incorrect opinion for which the auditor is culpable and which has resulted in societal damage, the auditor loses entitlement to this deferred remuneration and the amount is then invested by PwC NL into its quality improvement measures. In 2018/2019, no clawback was made under the scheme.

On the advice of its Remuneration Committee, the Supervisory Board has approved policy-related changes and updates to the financial regulations for partners. One of the changes is the obligation for partners to have their and their partner BVs' corporate income tax, personal income tax and payroll tax returns prepared and submitted by PwC's partner advisory group.

Annually the Remuneration Committee and the Supervisory Board evaluate the recommendation that the Board of Management receives from 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.

The Remuneration Committee has also 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 process are reflected in the evaluation and remuneration of Assurance partners and directors who act as external auditors.

The changes in the legal framework concerning audit firms as from 1 July 2018 affected, amongst other things, the remuneration of the members of the Assurance Board. The members of both the Board of Management and the Assurance Board qualify as policymakers of PricewaterhouseCoopers Accountants N.V. under the Law on the Supervision of Audit Firms. As it was decided to apply the approach for the remuneration of the members of the Board of Management also to the members of the Assurance Board, the Supervisory Board also determines the remuneration of the members of the Assurance Board in accordance with established policy as set out below in the paragraphs with regard to the remuneration of the members of the Board of Management. PricewaterhouseCoopers Accountants N.V.'s Transparency Report provides further insight regarding the remuneration of the Assurance Board, partners and staff (website PwC NL).

Staff remuneration

The evaluation and remuneration process for staff is set out in the Annual Report on page 73. Following the annual revision of the primary and secondary conditions of employment, the Remuneration Committee and the Supervisory Board discussed the distinctive features of the PwC NL salary structure. The proposed changes in the remuneration policies and conditions of employment for staff and directors were assessed as well, resulting in approval of an employment package with focus on flexibility, responsible mobility, appropriate remuneration, well-being and sustainable employability, reflecting PwC's ambition to be an attractive employer.

Remuneration of the Board of Management

As of 1 July 2015, the members of the Board of Management are remunerated on a fixed, non-profit related basis, in line with the NBA's 'In the Public Interest' report.

Table I

In €[1]		2018/2019[4]	2017/2018
Marc Borggreven [2]		800,000	797,934[3]
Marc Diepstraten		914,500	914,500
Ad van Gils	Chair	1,070,000	914,500
Agnes Koops-Aukes [2]		800,000	747,030[3]
Jolanda Lamse-Minderhoud		914,500	914,500
Renate de Lange-Snijders [2]		800,000	679,103[3]
Maarten van de Pol [2]		800,000	865,861[3]

1 Total remuneration before the obligatory Foundation Verrekenfonds deductions and before the amounts withheld annually in connection with any clawback for members of the Board of Management who have been authorised by the Supervisory Board to act as external auditor.
2 As from financial year 2018/2019, Marc Borggreven, Agnes Koops, Renate de Lange and Maarten van de Pol were appointed Board Member for the first time.
3 No fixed remuneration applicable prior to appointment as Board Member.
4 The Board of Management 2017/2018 comprised six members and the Board of Management 2018/2019 comprised seven members (i.e. an additional policymaker), with the aggregate remuneration amount remaining broadly equal.

Remuneration of individual members

The Supervisory Board determines the remuneration of the individual members of the Board of Management in compliance with the Dutch Audit Firms Supervision Act 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 respective Board. 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, as do all PwC NL partners.

Fixed remuneration

As set out in the Report of the Supervisory Board, 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 board members in their various roles. The Supervisory Board has determined the remuneration of the individual members of the Board of Management in 2018/2019 as set out in Table I.

Last year the Remuneration Committee and Supervisory Board carried out a periodic assessment of the fixed remuneration. This resulted in no changes to policy, and the remuneration of the members of the Board of Management was determined accordingly. The Supervisory Board provided the General Meeting with an explanation of the background to both the periodic assessment and the remuneration of the members of the Board of Management and the Assurance Board (now that the remuneration policy also applied to the latter).

Benchmarks

Because of the fixed non-profit related basis for the remuneration, scenarioanalyses as mentioned in the Dutch Corporate Governance Code do not apply, however, when reviewing the remuneration framework, the Supervisory Board compares the framework for the Board of Management to several remuneration benchmarks such as CEOs, other audit and advisory organisations, other PwC member firms, and relative remuneration levels within PwC NL and other organisations. In determining the fixed remuneration levels, the Supervisory Board also considers 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, together with the responsibilities and portfolios of the individual board members.

Variable remuneration

The Supervisory Board is empowered to determine a bonus of up to 20% of fixed remuneration based on the achievement of long-term goals set by the Supervisory Board within the context of PwC’s societal role, with the bonus only being awarded where the goals set have been exceeded, i.e. for exceptional achievement. The Supervisory Board is also empowered to levy a remuneration penalty on a member of the Board of Management, up to a maximum of 20%, where the quality aspects of the performance as professional practitioner justify this. With regard to the financial year 2018/2019, no such bonus or penalty was determined.

Clawback 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 clawback for partners who act as external auditor also applies to members of the Board of Management who act as external auditor as agreed with the Supervisory Board. No clawback was made relating to the financial year 2018/2019.

Table II Remuneration for the Supervisory Board for 2018/2019 (€)

	Remuneration for chairmanship or membership of the Supervisory Board	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 Supervisory Board and its committees for 2018/2019	Total remuneration for chairmanship or membership of the Supervisory Board and its committees for 2017/2018
N. Ellemers	45,000			7,500	7,500	60,000	60,000
C. van Eykelenburg[1]	28,479		4,747	4,747	4,747	42,720	n.a.
J.M. de Jong[2]	70,000		7,500	10,000	7,500	95,000	95,000
A. Jorritsma	45,000	7,500	10,000		7,500	70,000	70,000
F.W. Oldenburg	45,000	7,500		7,500	7,500	67,500	67,500
C.J.M. van Rijn	45,000	10,000			7,500	62,500	62,500
Y.C.M.Th. van Rooy[3]	45,000		7,500		9,000	61,500	60,000
J. Sijbrand[4]	22,315		3,719		4,720	30,754	n.a.

1 Appointed as from 12 November 2018
2 Stepped down as of 30 June 2019
3 Interim chair Public Interest Committee up to and including 4 February 2019
4 Appointed as from 1 January 2019 and chair Public Interest Committee as from 5 February 2019

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 members of the Supervisory Board for their periods of office in 2018/2019 is set out in Table II. The members of the Supervisory Board are also entitled to claim expenses incurred.

The time allocations agreed for roles and responsibilities are set out in the Supervisory Board Regulations, 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 Regulations require that remuneration be proportionate to the responsibilities involved 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 Regulations, and the individual member's 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 arrangements for the members of the Supervisory Board were evaluated by the Remuneration Committee. As no reason or need for modification arose, the Supervisory Board proposed to the General Meeting that the remuneration levels for the members of the Supervisory Board remain unchanged from prior years.

Table III Rotation schedule for the members of the Supervisory Board as at 30 June 2019

	Jan Maarten de Jong (Chair)	**Carel van Eykelenburg**	**Naomi Ellemers**	**Annemarie Jorritsma**	**Frits Oldenburg**	**Cees van Rijn**	**Yvonne van Rooy**	**Jan Sijbrand** (Vice-chair)
Age as at 30 June 2019	74	67	56	69	58	72	68	65
Initial appointment in	2015	2018	2015	2015	2015	2015	2015	2019
Reappointment	n/a	n/a	2019	2019	2019	2019	2019	n/a
End of term FY	2019	2023	2023	2023	2023	2021	2023	2023
Available and eligible for reappointment	n/a	Yes	No	No	No	No	No	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 (re)appointment of a Supervisory Board member for the position in question is placed on the agenda.

Rotation schedule

The Supervisory Board has set up a rotation schedule indicating when members are expected to step down from the Supervisory Board, whether they are eligible for reappointment for a new term, and/or whether Supervisory Board members have made themselves available for reappointment if eligible. Table III sets out the rotation schedule; this is also published on our website. In July 2019, the rotation schedule was amended following the retirement of Jan Maarten de Jong. ■

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		113
102-2	Activities, brands, products, and services	PwC in the Netherlands, Our strategy and achievements (Understanding clients to create long-term value)		19-20, 61-62
102-3	Location of headquarters	Acknowledgements		144
102-4	Location of operations	PwC in the Netherlands		19
102-5	Ownership and legal form	Our legal structure		113
102-6	Markets served	PwC in the Netherlands, Our strategy and achievements (Understanding clients to create long-term value)		19-20, 59, 61-62
102-7	Scale of the organisation	Financial statements, Breakdown of our headcount		77, 127
102-8	Information on employees and other workers	Breakdown of our headcount	The number of self-employed workers is not material, hence not reported. There is no seasonality in our employment numbers.	127
102-9	Supply chain	Our sustainability measures by impact area	Our suppliers deliver goods and services that are critical to our organisation. This is further secured by our procurement department. To safeguard independence towards our clients Risk & Quality is always involved in major procurement processes. We aim to have a positive impact through our procurement and prevent negative (in-)direct side effects.	129-130
102-10	Significant changes to the organisation and its supply chain	About the report of the Board of Management, Our legal structure	No significant changes	18, 113
102-11	Precautionary Principle or approach		We address our potential environmental impact 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, Our strategy and achievements (Delivering the PwC Culture)		18, 49-52
102-13	Membership of associations	Our strategy and achievements (Delivering the PwC Culture)		49, 51
Strategy				
102-14	Statement from senior decision-maker	Foreword		3-4
102-15	Key impacts, risks, and opportunities	How we create value, How we safeguard value, Outlook		26-28, 67-71, 75-76
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 offerings and delivery), Governance & remuneration, Code of Conduct		3-4, 26-28, 36, 42, 72, 122
102-17	Mechanisms for advice and concerns about ethics	Our strategy and achievements (Building on the quality of our service offerings and delivery), Code of Conduct		35, 122

General standard disclosures

Nr	Disclosure title	Reference	Omission/not included/scope	Page
Governance				
102-18	Governance structure	How we manage the execution of our strategy, Corporate Governance		74, 115-119
102-19	Delegating authority	How we manage the execution of our strategy, Corporate Governance		74, 119
102-20	Executive-level responsibility for economic, environmental, and social topics	How we manage the execution of our strategy, Corporate Governance	Sustainability falls under the responsibilities of our Chief Operations Officer who is a member of the Executive Board.	74, 115
102-21	Consulting stakeholders on economic, environmental, and social topics	What stakeholders consider most relevant for us, How we put together a materiality matrix		21-23, 132
102-22	Composition of the highest governance body and its committees	Governance & remuneration, Corporate Governance, How we put together a materiality matrix		72, 116-119, 132
102-23	Chair of the highest governance body	Governance & remuneration, Corporate Governance		72, 115, 119
102-24	Nominating and selecting the highest governance body	Corporate Governance		115-119
102-25	Conflicts of interest	Governance & remuneration, Corporate Governance		72, 115
102-26	Role of highest governance body in setting purpose, values, and strategy	How we manage the execution of our strategy, Corporate Governance		74, 115-116
102-27	Collective knowledge of highest governance body	How we manage the execution of our strategy		74
102-28	Evaluating the highest governance body's performance	Governance & remuneration, Corporate Governance		72, 115
102-29	Identifying and managing economic, environmental, and social impacts	What stakeholders consider most relevant for us, How we create value, How we safeguard value, How we manage the execution of our strategy, Our quality, risk management and compliance framework, How we put together a materiality matrix		21-23, 26, 67-71, 73, 123-125, 132
102-30	Effectiveness of risk management processes	How we safeguard value, How we manage the execution of our strategy, Our quality, risk management and compliance framework		67-71, 74, 123-125
102-31	Review of economic, environmental, and social topics	How we safeguard value, How we manage the execution of our strategy, Our quality, risk management and compliance framework		67-71, 74, 123-125
102-32	Highest governance body's role in sustainability reporting	About the report of the Board of Management, Corporate Governance		18, 115
102-33	Communicating critical concerns	Our strategy and achievements (Building on the quality of our service offerings and delivery), Code of Conduct		35, 122
102-34	Nature and total number of critical concerns	Our strategy and achievements (Building on the quality of our service offerings and delivery)		35
102-35	Remuneration policies	Governance & remuneration		73
102-36	Process for determining remuneration	Governance & remuneration		73
102-37	Stakeholders' involvement in remuneration	Governance & remuneration		73
102-38	Annual total compensation ratio	Governance & remuneration		72
102-39	Percentage increase in annual total compensation ratio	Governance & remuneration		72

General standard disclosures

Nr	Disclosure title	Reference	Omission/not included/scope	Page
Stakeholder engagement				
102-40	List of stakeholder groups	How we put together a materiality matrix		132
102-41	Collective bargaining agreements		Not applicable	
102-42	Identifying and selecting stakeholders	What stakeholders consider most relevant for us, How we put together a materiality matrix		21, 132
102-43	Approach to stakeholder engagement	What stakeholders consider most relevant for us, Our strategy & achievements (Delivering the PwC Culture), How we put together a materiality matrix		21, 49, 132
102-44	Key topics and concerns raised	What stakeholders consider most relevant for us, Dilemmas we face, How we put together a materiality matrix		21-23, 24-25, 132
Reporting				
102-45	Entities included in the consolidated financial statements	Notes to the consolidated financial statements		83-87
102-46	Defining report content and topic boundaries	About the report of the Board of Management, How we put together a materiality matrix		18, 132
102-47	List of material topics	What stakeholders consider most relevant for us		21
102-48	Restatements of information	Our strategy and achievements (Delivering the PwC Culture)	Restatement HR indicators due to implementation of a new HR system	44
102-49	Changes in reporting	About the report of the Board of Management	No changes	18
102-50	Reporting period	About the report of the Board of Management		18
102-51	Date of most recent report	About the report of the Board of Management	27 September 2018	18
102-52	Reporting cycle	About the report of the Board of Management		18
102-53	Contact point for questions regarding the report	Acknowledgements		144
102-54	Claims of reporting in accordance with the GRI Standards	About the report of the Board of Management, Global Reporting Index		18, 138-142
102-55	GRI content index	See table below		138-142
102-56	External assurance	About the report of the Board of Management, Other information		18, 105-111

Overview link material topics to GRI aspects

In 'What stakeholders consider most relevant for us' we describe what stakeholders consider most relevant for us. In this paragraph we describe why these topics are material for us and in 'About the report of the Board of Management' we give the boundaries of the report. For all material topics the boundaries are the same, unless otherwise explained. The material aspects mentioned are linked to the GRI aspects where applicable. In 'How we manage the execution of our strategy' we describe how we approach in general our strategy and at the start of every paragraph of 'Our strategy and achievements' we give our specific approach on the topics.

Material topic	(GRI) aspect	DMA	(GRI) indicators	Page
Integrity				
	Anti-corruption	Our strategy and achievements (Building on the quality of our service offerings and delivery), Code of Conduct, Our quality, risk management and compliance framework	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	36, 122, 123-125
	Ethics & Integrity	Our strategy and achievements (Building on the quality of our service offerings and delivery), Code of Conduct	102-17: Mechanisms for advice and concerns about ethics People survey ethical standards	36, 122
Quality				
	Socio-economic Compliance	Our strategy and achievements (Building on the quality of our service offerings and delivery), Governance & remuneration, Code of Conduct, Our quality, risk management and compliance framework	419-1: Non-compliance with laws and regulations in the social and economic area	36, 72, 122, 123-125
	Building quality	Highlights 2018/2019, Dilemmas we face, Our strategy and achievements (Building on the quality of our service offerings and delivery), How we safeguard value, Our quality, risk management and compliance framework	Outcomes of external and internal quality reviews (Assurance) Outcomes of internal quality reviews (Tax & Legal and Advisory) Turnover rate top talent (%) % STEM intake	5, 24-25, 32-33, 38, 67-69, 123-125
	Client satisfaction	Highlights 2018/2019, Dilemmas we face, Our strategy and achievements (Understanding our clients to create long-term value), How we safeguard value	Client recommendation Net promoter score Client satisfaction	5, 24-25, 59, 67
	Knowledge development and sharing	Our strategy and achievements (Building on the quality of our service offerings and delivery, Delivering the PwC Culture)	Training hours per FTE Hours invested in Chief Economist Office	33, 37, 49, 51
	Innovation	Highlights 2018/2019, Our strategy and achievements (Investing in strategic competencies, Understanding clients to create long-term value, Transforming our organisation), How we safeguard value		5-6, 55-59, 67
	Agility	Our strategy and achievements (Transforming our organisation)	Mobility and transfers Percentage outsourced work to delivery and competence centres (audit)	64-65
(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	24-25, 35, 67, 123-125

Material topic	(GRI) aspect	DMA	(GRI) indicators	Page
Long-term value creation				
	Long-term value creation	How we create value, Our strategy and achievements, Code of Conduct	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.	26, 30-66, 122
Independence				
	Independence	Our strategy and achievements (Building on the quality of our service offerings and delivery), Governance & remuneration, Code of Conduct, Our quality, risk management and compliance framework	Number of independence sanctions	36, 72, 121, 122, 123-125
Impact of our services on society				
	Circular economy	Highlights 2018/2019, Our strategy and achievements (Delivering the PwC Culture), Our sustainability measures by impact area	Circular in operations (%)	5, 52-53, 129-130
			CO_2 reduction	
	Social involvement	Our strategy and achievements (Delivering the PwC Culture)	People involved in CR projects (%)	52
	Role in the public debate	Highlights 2018/2019, Our strategy and achievements (Building on the quality of our service offerings and delivery, Delivering the PwC Culture)	We are in the process of developing KPIs to measure our role in the public (tax) debate	6, 35, 50
	Employment	Our strategy and achievements (Understanding clients to create long-term value), Breakdown of our headcount, Five-year summary of financial results	Number of FTE	127, 128
	Economic Performance (financial results)	Highlights 2018/2019, Our strategy and achievements (Understanding our clients to create long-term value), How we safeguard value, Outlook, Five-year summary of results	201-1: Direct economic value generated and distributed	6, 62-63, 67-69, 75, 128
			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*	
			Net revenue and operating profit	
Culture and behaviour				
	Ethics & Integrity	How we create value, Our strategy and achievements (Building on the quality of our service offerings and delivery, Delivering the PwC Culture), Code of Conduct	102-16: Values, principles, standards, and norms of behaviour	26-28, 36, 42, 122
	Employee satisfaction	Highlights 2018/2019, Our strategy and achievements (Delivering the PwC Culture), How we safeguard value	People Engagement Index	6, 41-42, 67
	Diversity	Highlights 2018/2019, Our strategy and achievements (Delivering the PwC Culture), How we safeguard value, Breakdown of our headcount,	Intake, turnover and promotions gender/cultural	5, 43-44, 67, 127
			Percentage of women in new partner/director appointments	
Stakeholder management				
	Stakeholder management	Our strategy and achievements (Delivering the PwC Culture)	102-40: List of stakeholder groups	49
			102-41: Collective bargaining agreements	
			102-42: Identifying and selecting stakeholders	
			102-43: Approach to stakeholder engagement	
			102-44: Key topics and concerns raised	

Glossary

AFM	The Dutch 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 & Legal 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'
Membership 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
LoS	Line of Service, one of three divisions in which PwC offers and delivers its services: Assurance, Tax & Legal 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 2018/2019

Board of Management	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/jaarbericht2019.html*
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 5,000 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 250,000 people in 158 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’.