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Our system of quality management

Focus on quality

Delivering quality is our number one priority. It touches on our reason for existence and improving the quality of our audits is essential within a culture that puts serving the public interest first. That's why we invest continuously and in a wide variety of areas, including training (professional technical training and behavioural and ethical training), and the development of methodologies and technologies. It is important that we are transparent both in what we do and deliver in terms of quality improvement and our cultural change as well as in the results and impact of these endeavours.

Compliance with standards and policies

As a member firm of the global PwC network, we are required to comply with the PwC Network Standards and the PwC Network Risk Management Policies. These are designed to assure consistency of service quality across the PwC network.

Our policies and procedures for quality are consistent with these international frameworks and are naturally also focussed on compliance with the applicable legislation and regulation in The Netherlands. The framework of standards that is applicable in the Netherlands for statutory audit can be divided into different levels (see table below).

The audit firm

The Audit Firms Supervision Act (Wet toezicht accountantsorganisaties (Wta)), the Decree on the Supervision of Audit Firms (Besluit toezicht accountantsorganisaties (Bta)), and EU Regulation set out requirements applicable to the operating

structures of audit firms that are licensed to perform statutory audits. An audit firm is required to have a SoQM (System of Quality Management) and safeguards to ensure that work is performed in a managed environment and with integrity.

The external auditor

All external auditors are required to comply with the Code of Ethics regarding professional competence (including continuing professional development training), objectivity, integrity, professionalism and confidentiality. The Audit Profession Act (*Wet op het accountantsberoep (Wab)*) gives the NBA (the Dutch professional organisation of auditors, 'Nederlandse Beroepsorganisatie van Accountants') the authority to prescribe professional requirements for auditors in the practice of their profession, and the NBA has issued

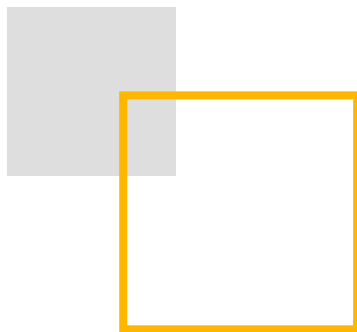
instructions regulating the auditing profession in the form of so-called Regulations and Supplementary Requirements (Verordeningen of Nadere Voorschriften) and, in particular the Regulation Code of Ethics for Professional Accountants (Verordening gedrags- en beroepsregels accountants (VGBA)), the Regulation concerning the Independence of Auditors in Assurance Engagements (Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO)), the Regulation concerning Audit Firms (Verordening accountantsorganisaties), and the Supplementary Requirements regarding Auditing and Other Standards (Nadere Voorschriften controle- en overige standaarden (NV COS)). The scope of these regulations extends beyond the statutory audit and also applies to other services provided by auditors.



The Dutch regulatory framework for the statutory audit

Who	What	Standards framework in short	Legislation and regulation
The Audit Firm	Operations	<ul style="list-style-type: none"> System of quality management Performance in a managed environment and with integrity 	Wta, Bta, EU regulations
External Auditors	Practice	<ul style="list-style-type: none"> Rules of professional conduct Independence requirements National and international auditing standards (e.g. ISAs) 	Wta, Bta, Wab (VGBA, ViO), EU regulations





Our system of quality management

The International Standards on Quality Management 1 (ISQM 1) of the International Auditing and Assurance Standards Board (IAASB) became effective 15 December 2022 and required all firms performing audits or review of financial statements, or other assurance or related service engagements to have designed and implemented a System of Quality Management (SoQM) to meet the requirements of the standard.

The PwC Network's Assurance QMSE framework was designed to enable us to meet the requirements of ISQM 1. This includes design and implementation of our SoQM to comply with ISQM 1 to meet the effective date and evaluation of the SoQM under the standard by 15 December 2023.

The quality objectives focus on having the necessary capabilities and to deploy our people consistently using our intellectual and technological resources to deliver audits in an effective and efficient manner that fulfils the expectations of our clients and other stakeholders. Put simply, designing our business and processes to deliver consistently high-quality audits. To achieve the overall quality objective, our QMSE framework is structured along fifteen so-called objectives with regards to:

- 1) Leadership and quality management process
- 2) Ethical requirements and values
- 3) Objectivity and independence
- 4) Client selectivity
- 5) Managing new services and products
- 6) Engagement acceptance and continuance
- 7) Recruit, develop and retain
- 8) Learning and education
- 9) Assignment of people to engagements
- 10) Evaluation and compensation
- 11) Technological resources
- 12) Support for engagement performance
- 13) Direction, coaching and supervision
- 14) Expert knowledge
- 15) Quality controls in performing engagements

When describing our SoQM, we use the structure of the fifteen quality objectives. On the following pages we have described per quality objective what the related risks are and how we have designed our system to meet the specific objective.

To help us achieve these objectives, the PwC network invests significant resources in the continuous enhancement of quality across our network. This includes having a strong quality infrastructure supported by the right people, underlying tools and technology at both the network level and within our firm, and a programme of continuous innovation and investment in our technology. The PwC network's Global Assurance Quality (GAQ) organisation aims to support PwC firms in promoting, enabling, and continuously improving Assurance quality through effective policies, tools, guidance and systems used to further promote and monitor quality and to build an appropriate level of consistency in what we do. These elements have been integrated and aligned by our network to create a comprehensive, holistic and interconnected quality management framework that we tailor to reflect our individual circumstances. As member firm we are responsible for utilising the resources provided by the network as part of our efforts to deliver quality to meet the expectations of our stakeholders.

Our quality management process

The achievement of these objectives is supported by a quality management process (QMP) established by our firm and Assurance leadership, business process owners, and partners, directors and staff. This quality management process includes:

- identifying risks to achieving the quality objectives
- designing and implementing responses to the assessed quality risks
- monitoring the design and operating effectiveness of the policies and procedures through the use of process-integrated monitoring activities such as real-time assurance (RTA) as well as appropriate Assurance quality indicators

- continuously improving the SoQM when areas for improvement are identified by performing root cause analyses (RCA) and implementing remedial actions and
- establishing a quality-related recognition and accountability framework (RAF) to be used in appraisals, remuneration, and career progression decisions

Our SoQM must be designed, implemented and operating on an ongoing basis to achieve the quality objectives. This ongoing process includes monitoring, evaluating, assessing, reporting, and being responsive to changes in quality risks, driven by our internal and external environment. This is our QMP. Our focus on quality management is therefore not to apply prescribed rules but rather to design and implement risk responses which are fit for purpose to manage the risks we identify in our own risk assessment and achieve the quality objective taking into consideration the conditions, events, circumstances, actions and/or inactions that may impact our SoQM.

The past several years have seen unprecedented challenges. From the global COVID-19 pandemic to the Russian government's invasion of Ukraine. Our SoQM under the QMSE framework has helped us navigate and react to the impact that identified factors had on our ability to achieve the overall assurance quality objective – to deliver quality audit engagements.

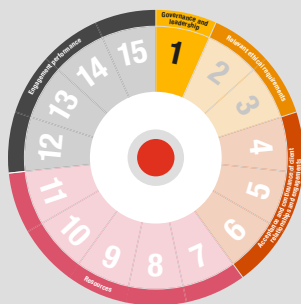
Our SoQM involves a dynamic risk assessment process that takes and analyses the information about these conditions, events, circumstances, actions or inactions which may result in:

- New or changing quality risks to achieving one or more of the quality objectives
- Changes to the risk assessment of existing quality risks
- Changes to the design of our system, including the risk responses



Governance and leadership

1. Leadership and quality management process



Objective: Leadership maintains effective Assurance quality management which forms part of the business and operations of the firm.

The most important risks that have been identified in relation to the quality objective are:

- An inadequate 'tone at the top', as a result of which the focus on quality and on the public interest are not clear enough and not sufficiently experienced by our colleagues.
- Lack of alignment between assurance leadership and one-firm leadership as it relates to messages on growth strategies and quality.
- Insufficient (clear) quality objectives as part of the evaluation system of partners, directors and employees (including the application of the recognition and accountability framework (RAF)).
- Inadequate review and monitoring of quality, deficiencies in the operating effectiveness of the system of quality management and/or subsequent follow-up.
- In addition, potential risks exist if regular communication and substantive involvement with our main stakeholders (our colleagues, society, the legislator, the regulator, the sector and our clients) is not sufficiently substantiated.

Our culture

Our tone at the top reflects what we have set as our purpose, strategy and values (see page 12), and it provides leadership to our colleagues by demonstrating behaviour that is consistent with a quality-driven culture, a learning organisation and putting the public interest first.

Our purpose and values are the foundation of our success. Our purpose is to build trust in society and solve important problems, and our values help us deliver on that purpose. Our purpose reflects 'why' we do what we do, and our strategy provides us with the 'what' we do. 'How' we deliver our purpose and strategy is driven by our culture, values and behaviours. This forms the foundation of our SoQM and permeates how we operate, including guiding our leadership actions, and how we build trust in what matters - how we do business, with each other and in our communities

When working with our clients and our colleagues to build trust in society and solve important problems, we

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

This culture is supported by appropriate tone at the top through regular communication from leadership to all partners and staff about the firm's commitment to quality. Key messages are communicated to our firm by the Board of Management and the Assurance Board and are reinforced by engagement leaders. These communications focus on what we do well

and actions we can take to make enhancements. We track whether our colleagues believe that our leaders' messaging conveys the importance of quality to the success of our firm. Based on this tracking, we are confident our people understand our quality objectives.

Delivering service of the highest quality is core to our purpose and our Assurance strategy, the focus of which is to strengthen trust and transparency in our clients, in the capital markets and wider society.

To put this strategy into effect, the international PwC network has established the QMSE framework which introduces an overall quality objective for the Assurance practice that is supported by a series of underlying quality objectives. Our SoQM must be designed and operated so that these objectives are achieved with reasonable assurance. The achievement of these objectives is supported by a quality management process established by the Board of Management, Assurance Board, business process owners, and partners and colleagues.

Tone at the top

In its communication to the practice, the Assurance Board focuses on the PwC purpose, our values and the Assurance strategy. The communication takes place through digital newsletters, dedicated intranet pages, blogs, video messages, and regular Lessons Learnt email of observations from the RTA programme. We also communicate through public appearances, opinion papers and through this Transparency Report. In addition, our technical department (National Office) communicates on professional technical matters through our weekly

Assurance-wide newsletter, and the Assurance Board is very closely involved in the design of the Summer Event, an annual multi-day training programme, and in the audit transformation programme.

The Assurance Board is in continuous dialogue with our younger colleagues, including through the so-called Young Assurance Board, a group of seven enthusiastic young colleagues, each of them representing a business unit. They are invited to attend some of the Assurance Board meetings to discuss topics such as the future of the audit profession, social expectations with regard to our sector and well-being. Once every six weeks they discuss developments within the portfolios of the individual members of the Assurance Board with them.

Partners and directors setting the right example

In addition to the Assurance Board, partners, directors, senior managers and managers play an important role in living our norms and values, particularly in demonstrating professional scepticism. Our partners and directors are responsible for the quality of each individual engagement they perform with their teams. There is emphatically room for professional judgement, but there are also clear frameworks and limits in which our colleagues must operate. Partners and directors set the tone for their team members. In our evaluation and remuneration methodologies for partners and directors, we look very specifically at how their behaviour has influenced the achievement of our strategic goals, with quality as the key driver.



Stakeholder dialogue and sector involvement

We are in constant contact with our more important stakeholders to hear from them what their key expectations are and to sound out our own ideas. We do this through a programme of stakeholder dialogues (see PwC NL Annual Report 2022-2023). The People Survey, our annual survey into staff satisfaction, provides input as to how people view aspects such as culture, behaviour and leadership within the organisation. In addition, the Public Interest Committee keeps us focused on how well we are attuned to the perceptions of society (see the 'Report of the Public Interest Committee' in the main section of this Transparency Report).

We participate in the public debate on the role of the external auditor and we contribute to the sector-wide evolution of the profession through various forums such as NBA bodies, the Dutch Accounting Standards Board, the Dutch Financial Reporting Committee of the NBA (our Dutch professional body) and at universities. PwC is also an active participant in the Public Interest Steering Committee and the related working groups, set up in January 2017 by the large and medium sized firms together with the SRA and NBA to further encourage sustainable quality improvement in the audit. In addition, we discuss developments in the profession with politicians and specifically about legislative proposals.

A vision for change, with focus on culture and behaviour

To meet the expectations of our stakeholders and to build trust in society (our purpose), quality and continuous learning and innovation are key. It is essential in the rapidly changing world of today that we get our organisation fit and ready for the future. We transform into a purpose-led and values-driven organisation.

This transformation is supported by the Assurance Culture & Behaviour team consisting of colleagues with different backgrounds in social science. The team focuses on how the four building blocks being authentic confidence, connective communication, curiosity and psychological safety build a learning organisation and foster the Assurance strategy: Together more relevant, courage and focus.

Monitoring and follow-up

Monitoring is a fundamental element of our learning organisation and continuous quality improvement. It includes our own internal monitoring as well as the monitoring by our external supervisory bodies.

Strategic quality initiatives

Four strategic quality initiatives have been defined within our worldwide network organisation that contribute to the continuous monitoring of the operational efficacy of our SoQM and of the process of quality improvement.

Aim to predict: assurance quality indicators

We have identified quality indicators (the *assurance quality indicators* (AQIs)) that support us in the early identification of potential risks to quality. This quality risk analysis is an essential part of our QMSE, and the quality indicators provide a key tool in the ongoing monitoring and improvement of our SoQM.

Aim to prevent: real time assurance

We have developed a Real Time Quality Assurance (RTA) programme designed to provide preventative monitoring that helps coach and support engagement teams get the 'right work' completed in real time during the audit. The RTA programme consists of Coaching for Quality (C4Q) and coaching through what we call Business Intelligence (BI) solutions (see also page 33). C4Q and BI help audit teams to assure audit quality throughout the execution of their audit work. Where aspects of an audit or file are noted that can or should be improved, the audit team involved is provided with coaching and the opportunity to follow up before completion of the audit.

Learn: root cause analyses

We continuously perform root cause analyses (RCA) to identify potential factors contributing to audit quality both negatively and positively

(see also page 8) so that we can take actions to continuously improve quality.

Reinforce: recognition and accountability framework

Our Recognition and Accountability Framework (RAF) reinforces quality in everything our people do in delivering on our strategy, with a focus on the provision of services to our clients and driving a high quality culture. The RAF evaluates quality outcomes and behavioural aspects, it encourages the quality-focussed culture, and it develops the frameworks for setting the evaluation and remuneration procedures (see also page 25). Our RAF considers and addresses the following key elements:

- Quality outcomes: We provide transparent quality outcomes to measure the achievement of the quality objectives. Our quality outcomes take into account meeting professional standards and the PwC network and our firm's standards and policies.
- Quality behaviours: We have set expectations of the right behaviours that support the right attitude to quality, the right tone at the top and a strong engagement with the quality objective.
- Recognition: We have put in place interventions and recognition that promotes and reinforces positive behaviours and drives a culture of quality
- Consequences/reward: We have implemented financial and non-financial consequences and rewards that are commensurate to outcome and behaviour and sufficient to incentivise the right behaviours to achieve the quality objectives

We take appropriate action based on our analysis of the underlying root causes of all the matters highlighted by these monitoring processes and we monitor whether the actions taken are effective.

Internal monitoring

Internal monitoring takes various forms. The whole set of instruments gives us continuous insight into the way in which we are in control of our quality and in which areas we can learn and improve.

Quality management process

The policymakers of the audit firm (being the members of the Board of Management and Assurance Board) are responsible for the design,

implementation and operation of the SoQM and the quality management process.

Our SoQM has been elaborated along fifteen so-called quality objectives. For each quality objective, a colleague is responsible for achieving the underlying quality objective. This so-called functional area leader draws up a bottom-up risk analysis. The risks relevant to the quality objective that emerged during the annual top-down audit quality risk assessment (AQRA) are added to this. Subsequently, mitigating procedures and controls are defined by the functional area leader and ongoing monitoring activities are carried out to determine whether the relevant quality objective can be met.



Finally, performance measures and Assurance Quality Indicators are linked to each quality objective for the purpose of analysing whether the quality objective is achieved.

The operational execution of the procedures and controls, and any findings from them, are reported quarterly to the central team that is responsible for coordinating and monitoring the coherence of the SoQM. The Assurance Board also receives a quarterly report on the main quality findings, root cause analyses performed and any risk mitigation measures and an analysis of the performance measures related to the quality objectives. The design and operating effectiveness of the SoQM is also periodically monitored and tested by an independent team. The operational effectiveness is also tested by an independent team.

Within the QMSE framework, some of the procedures and controls are delegated to the business unit leaders and their management teams (consisting of a quality assurance partner, a human capital partner, and an operations partner). They are responsible for implementing PwC's policies for quality within their respective business units. The business unit leaders acknowledge this in writing on behalf of their management team through an annual confirmation process. The functional area leaders include the business unit management teams' implementation of the policies for quality in their evaluation of the operational effectiveness of the system as it relates to the objective for which they are individually responsible. The functional area leaders also confirm in writing each year that they have taken responsibility for and followed up on any quality finding.

Monitoring through quality indicators

The Assurance Board, National Office, functional area leaders and the business unit leader (together with his/her team) periodically monitor the development of quality within our audit firm through a number of quality indicators. Strategic and policy-based steering information and operational accountability information are shared through various reports.

Periodically, the Assurance Board evaluates the more important indicators (KPIs) for quality, culture and behaviour within our audit firm. These KPIs also include those recommended in the NBA Guidance 1135 (Publication of Quality Indicators).

This report enables us to manage quality and quality improvement in an integrated manner. To assess the operational effectiveness of the SoQM and the efficacy of the measures adopted and actions taken, the quality indicators are compared to predetermined goals in order to determine how we achieve our ambition.

Our partners, directors, senior managers, and managers also have access to a dashboard. Their dashboard provides insight on a real-time basis into the management information and KPIs that are relevant to them. Information relating to their performance vis a vis our quality objectives, for instance relating to the timeliness of the completion of the client and engagement acceptance process or outsourcing of standardised work, and also relating to the financial and other aspects of their portfolio management. Our colleagues are provided with information on which they can take action and with this they are and remain in control of their own portfolio. These indicators can be influenced on an individual basis and are measured consistently across the entire (audit) organisation.

PwC Global's review of our system of quality management

The global PwC network reviews our SoQM on a periodic basis, the so-called Quality Management System Review (QMR). The review programme, which is based on prevailing professional standards relating to the SoQM (including ISQM 1), incorporates the policies, procedures, tools and requirements relating to the quality management framework that have been agreed by the member firms within the PwC network. The QMR also considers the member firm's own assessment of the effectiveness of the SoQM.

The review programme is managed centrally by the international team leaders (ITL), a group of senior partners. This monitoring by the ITL, with the ongoing involvement and support on the part of its members, ensures a consistent and effective application of the review process across the PwC network.

Review by the independent testing team

An independent testing team also performs annual testing with regards to the design, implementation and operating effectiveness of the SoQM. Twice a year, the team reports its outcomes and findings to the Assurance Board.

Engagement quality reviews (EQRs)

The objective of so-called Engagement Quality Reviews (EQRs) is to review the quality of the engagement and its compliance with the various PwC policies and procedures and to identify areas for improvement. These reviews are led by assigned partners, specifically from the international PwC network. They are supported by objective teams of partners, directors, senior managers and other specialists. EQR reviewers may be sourced from other member firms if needed to provide appropriate expertise or objectivity. Review teams receive training and utilise a range of checklists and tools developed by the international PwC network when conducting their inspection procedures. The assigned partners from the (international) PwC network have to safeguard the application of consistency in professional judgement within the PwC network of member firms.

The selection criteria of the network of member firms require that all engagements with a higher risk profile are selected at least twice every six years. The reviews cover all business units every year, with each partner and director being selected at least once every four years.

Any instance assessed as non-compliant can have an impact on the evaluation of the partner or director responsible and can lead to a (financial) penalty. A compliant with improvement required assessment does not, in and of itself, lead to an impact on the evaluation for the partner or director responsible, unless there are repeat instances or in combination with other quality issues. The guidance for this is set out in our Recognition and Accountability Framework (RAF).

In addition to the EQRs carried out by our global organisation, we also carry out other additional internal file reviews. These reviews can be carried out when specific circumstances so dictate, for instance in case of a non-compliant review by an external supervisory body or an identified error as defined in article 2:362, lid 6, BW or a material error in a set of financial statements after the auditor's report has been issued. The results of such reviews are also included in the evaluation and remuneration process of the partners and directors.





ensure consistency of ratings and evaluation for the purposes of any (financial) sanction on the external auditor involved.

AFM

In our meetings with the AFM, we update the supervisor on current developments and respond to any questions they may have. Where the AFM has questions regarding our statutory audits (based on publicly available information), we investigate as deemed necessary and to the extent we had not already started the process at our own initiative. The AFM also carries out theme-focussed reviews in addition to its regular periodic inspections of our audit engagements and SoQM.

Other external reviews

In addition to the AFM, other external bodies also conduct regular reviews. Every six years, the NBA carries out reviews of audit and other assurance engagements in the non-statutory domain. The Central Government Audit Service (ADR) carries out reviews of our files of audits in the local government sector and reports information regarding the Standards for Remuneration Act (WNT). The Inspectorate of Education carries out reviews at educational institutes, for instance of the funding and financial statement audits of the individual institutes. The Dutch Healthcare Authority (NZa - Nederlandse Zorgautoriteit) monitors health insurance companies' application of the Health Insurance Law (Zvw) and the Law on Exceptional Medical Expenses (AWBZ), and sometimes makes use of its right to review the auditor's audit files. Furthermore, ad hoc reviews can be commissioned by or on behalf of the government, primarily ADR investigations into the audit of subsidy claims.

Also the US Supervisory Body, the Public Company Accounting Oversight Board (PCAOB), carries out periodic evaluations of our files relating to audit clients with a listing in the US and of a number of aspects of our SoQM.

Root cause analyses

In addition to carrying out thematic root cause analyses during the year, PwC carries out an annual cycle to prepare the PwC Assurance root cause analysis. This process is largely carried out according to a methodology and guidelines determined by the global PwC network, the so-called Global Root Cause Analysis Framework.

Our engagement leaders are informed by the network inspection program about relevant inspection findings in other PwC member firms if needed, which enables them to consider the impact of these findings on planning and performing their audit work.

Monitoring by the Compliance Office

The Compliance Officer monitors the compliance with the SoQM on behalf of the policymakers. He is supported by the Compliance Office which deals with matters arising under the Audit Firms Supervision Act (Wta) and related laws and regulations.

The Compliance Office reports its findings three times a year to the policymakers, the Public Interest Committee and the Supervisory Board, including any findings it has regarding the internal SoQM, and it provides recommendations and monitors these. The Compliance Office is responsible for

the mandatory notifications to the Netherlands Authority for the Financial Markets (the AFM) and for the registration and deregistration of external auditors and/or members of the Coöperatie PricewaterhouseCoopers Nederland U.A. in the register of the AFM.

This Transparency Report also fulfils the function of the legally required report of infringements to PwC staff.

External monitoring

The inspections by the AFM and other supervisory and regulatory authorities contribute to continuous quality improvement. If shortcomings in our SoQM or an audit file are reported by any of them, we establish what can or must be corrected, we perform an analysis of the causes why it went wrong, and we determine whether the auditor's report issued is still valid. We also review external file review results in accordance with the EQR methodology. This helps



Input for the overall root cause analysis includes the results of the internal (EQRs) and external reviews. Both compliant and non-compliant files are included in the analysis.

In the root cause analysis process, analyses take place at various levels and layers within PwC, both at engagement level as well as at the level of the audit firm.

The root cause analysis also takes into account the current state of the quality-oriented culture within PwC, as well as transparency about quality and the learning capacity vis-à-vis the legally required quality level. In particular, the sounding sessions with colleagues from the practice and the conversations with engagement leaders and engagement managers contribute to identifying underlying causes.

The steps in the case root cause analysis process with regards to audit files are as follows:

1. Audit standards analyses

We analyse all review results against audit standards, identifying whether findings may focus on certain standards and identifying potential causes.

2. Audit engagement analyses

We identify potential causes through discussions with team members and other professionals with non-compliant files. In these interviews we jointly analyse what happened, what the circumstances were and what the possible causes are. Using the '5 x why' method in these sessions, we continue to question why until the underlying cause is identified. We also ask what learning points there are for the engagement leader and what learning points there are for the entire practice or for certain parts of the practice. The potential root cause factors are classified according to, among other things: technical knowledge, supervision, review of the audit procedures performed and professional scepticism. Not only do we discuss compliance with audit standards in more detail, but organisation-wide themes and bottlenecks are also discussed and investigated. We also have discussions with team members with compliant files. We identify potential drivers for quality on these files and consider whether the absence of these drivers on non-compliant files is the possible cause for the non-compliant judgement.

3. Analysis of file-specific data

We analyse objective data such as hours per job level, years of experience of the team members and QRP involvement. We check whether it concerns a continuous audit engagement or a first-year audit, what the nature and scope of the engagement is and whether it concerns a particular industry. We do all this to determine whether there is a possible correlation between the selected objective data and the quality of the engagement.

4. Sounding sessions

The bottlenecks and common findings from previous analyses are input for the sounding sessions with function groups. Under supervision of behavioural experts such as psychologists, various themes are analysed with various job levels through the '5 x why' method. The themes are discussed along various axes, including our colleagues, methodology and IT systems.

The outcomes of the root cause analyses are recorded in a report and discussed with and adopted by the Assurance Board. Based on this report the Quality Improvement Partner identifies the improvement measures that are integrally included in the quality improvement plan.

Quality improvement plan

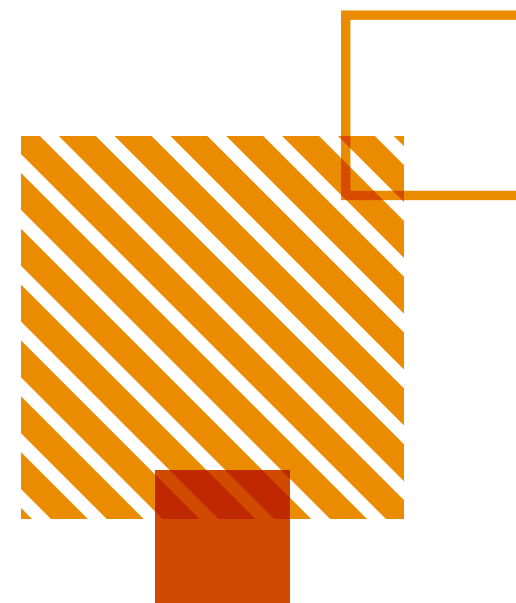
We translate lessons learnt and areas for improvement from the internal and external review processes and SoQM findings (as determined in the root cause analyses and elsewhere) into action plans. The Quality Improvement Team monitors progress on the implementation of these action plans and reports to the Assurance Board via the so-called quality improvement plan. This status update is discussed by the Assurance Board and additional actions are taken where needed.

External auditor improvement plan

For external auditors who receive a non-compliant conclusion in an Engagement Quality Review (EQR) or in a specific internal review it may be decided that he/she must prepare an individual improvement plan. The external auditor discusses the improvement plan with the business unit's quality assurance partner and with the Assurance Board member responsible for risk & quality. The plan is then submitted to the Assurance Board for approval. The improvement plan contains the factual findings, a root cause analysis and improvement actions.

A proper self-reflection by the external auditor and the desire to improve are paramount. We monitor progress in the improvement plan for a period of two years. The partner or director also receives more intensive coaching by a CRP and the C4Q team. The partner or director reports annually on the progress of the actions of the improvement plan and discusses this in the annual evaluation (BMG&D-evaluation). A review is carried out after two years by the Assurance Board member responsible for risk & quality, the business unit leader of the external auditor involved and the Compliance Officer. The results are reported to the Assurance Board with a proposal whether or not to maintain the signing authority of the auditor involved. The fully supported decision is approved by the Supervisory Board.

An engagement that is assessed in an EQR as compliant with improvement required (CWIR) meets all the requirements that apply, while indicating that there were areas where the audit work could have been performed better. A CWIR conclusion leads to a robust discussion during the annual performance evaluation meeting (BMG&D) with the auditor. He/she can receive additional support in the form of more intensive coaching by a CRP and/or greater involvement from a C4Q team.



Interaction with our stakeholders

Reporting on our activities

Reporting to the public

We expect our external auditors to be transparent regarding the audit they have performed and the matters that arose during the audit. This transparency is provided in the extended auditor's report that we issue on annual financial statements at our PIE audit clients and, among others, at large educational institutions. The extended auditor's report provides greater insight to stakeholders into the scope, materiality applied, key audit matters and audit approach. We aim to provide optimal transparency and information sharing through both the content and the layout of the reports issued by our auditors.

We stimulate our auditors not only to attend the Annual General Meetings (AGMs) and answer questions, but also provide insight in the work performed and in the auditor's report.

Reporting to the audit client

Our external auditors discuss the audit plan, the interim findings (management letter) and the board report with the Supervisory Boards of audit clients, and in particular with the audit committees. The good practice is to share our transparency report and our responses to inspection results by the supervisory authorities with the supervisory and managing directors of our audit clients. We expect our auditors to discuss the main points of our transparency report, including the results of external supervisory investigations, with the audit committees. If the file of a PwC auditor is subject to review by an external supervisor, we inform (the chair of) the audit committee. We also share the results of such a specific investigation with the relevant audit committee.

Our auditors report the actual audit hours spent on the audit for the year and the expected hours for the following year to the Supervisory Board (or equivalent) of their audit clients, which is followed by an active discussion with the board how these

hours and other audit techniques can be best deployed to achieve a high quality audit.

Providing insight into the Management Letter

We welcome organisations to provide publicly available insight into the management letter and the board report. It is up to the chair of the Supervisory Board to address highlights from the management letter or board report during the AGM. The external auditor attending the AGM ensures that the information is accurate and balanced. We also welcome the Supervisory Board audit committees of our audit clients addressing in their reports the key matters from our management letters and the key financial statement risks highlighted by the external auditor.

Legal and disciplinary proceedings

From time to time, we are faced with (potential and actual) liability claims and litigation, including disciplinary procedures arising from professional work we have performed at current or former clients. To the extent that these fall under civil law, they can involve either PwC or one or more of its partners, former partners, staff members and former staff members. Professional disciplinary proceedings always relate solely to individual professional practitioners. We are required to report disciplinary procedures to our regulator. The ongoing legal and disciplinary proceedings are reported in the PwC NL Annual Report 2022-2023.

Notifications to supervisory bodies

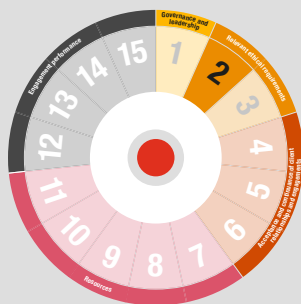
Disciplinary proceedings against external auditors and early termination of statutory audit engagements must be reported to the AFM. A notification obligation also applies to PIE audit engagements. This obligation applies to so-called 'material breaches' in the PIE's business activities, threats or doubts about the going concern of the PIE and the issuance of an adverse or qualified auditor's report or disclaimer of opinion.

We are also required to notify our external supervisory bodies of any internal incidents arising in our organisation. Any matter that might result in serious consequences for the integrity of our ongoing practice qualifies as a notifiable incident and is reported to the AFM. There are also prescribed events which we have to report to the PCAOB.

Aside from our formal notifications to our supervisory bodies, we also maintain a more informal contact with the AFM through regular quarterly meetings and on an ad hoc basis as necessary.



Relevant ethical requirements 2. Ethical requirements and values



Objective: Require and reinforce that people act in accordance with the PwC values and ethical requirements including applicable laws and regulations.

The most important risks that have been identified in relation to the quality objective are:

- The risk that we do not sufficiently ensure that our colleagues are continuously aware of, and demonstrate in the daily practice, their own responsibility and exemplary behaviour with regards to ethical behaviour in line with the Code of Conduct and our values, as well as with regards to compliance with rules and regulations.
- In addition, the risk exists that our colleagues or our clients don't feel free (enough) to report any issues of unwanted or non-conforming behaviour through the usual channels (including complaints and notification/whistleblowing procedure), resulting in inadequate follow-up of potential shortcomings with regards to compliance with the code of conduct and the PwC values.

Thinking and acting ethically

Thinking and acting ethically forms the basis for the behaviour from our partners and staff. Our reputation stands or falls with it. The PwC Code of Conduct provides our partners and staff guidance to make sure they do the right thing. In addition, we have a Complaints procedure and a Notification and Whistleblower procedure in case something goes wrong or threatens to go wrong. We also appointed a Code of Conduct partner.

Standards

At PwC, we adhere to the fundamental principles of the International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants. These principles are:

- **Integrity** – We are straightforward and honest in all professional and business relationships.
- **Objectivity** – We do not allow bias, conflict of interest or undue influence of others to override professional or business judgments.
- **Professional Competence and Due Care** – We ensure that our professional knowledge and skills are at such a level that we can advise our clients on the basis of the current state of legislation, science and technology, and in accordance with the applicable technical and professional standards.
- **Confidentiality** – We respect the confidentiality of information obtained as a result of professional and business relationships. We do not disclose any such information to third parties without proper and specific authority, unless there is a legal or professional right or duty to disclose. In any case, we do not use the information to our own advantage.
- **Professional Behaviour** – We comply with relevant laws and regulations and avoid any action that discredits the profession.

Our Network Standards applicable to all member firms of the global PwC network cover a variety of areas including ethics and business conduct, independence, anti-money laundering, anti-trust/anti-competition, anti-corruption, information protection, firm's and partner's taxes, sanctions laws and insider trading.

We take compliance with these ethical and compliance requirements seriously and strive to embrace the spirit and not just the letter of those requirements. All partners and staff undertake regular mandatory training and assessments, as well as submitting annual compliance confirmations, as part of the system to support appropriate understanding of the ethical and compliance requirements under which we operate.

The professional oath for auditors

The 'Verordening op de beroepseed voor accountants' (professional oath for auditors) requires all Dutch chartered auditors within the Assurance practice to swear the professional oath. Newly qualified chartered auditors swear the oath when they complete their studies.

Our values

The principles and guidelines on how PwC staff and partners should behave and should act in various circumstances and situations are prescribed in our global Code of Conduct. The Code of Conduct is supported by our values (refer to the figure on the next page). In practice, this means that we expect from every PwC colleague to behave in line with these values.

Periodically, a firm-wide research is conducted into the personal values of our colleagues, to what extent these are in line with our current corporate

culture and how they relate to the culture we aspire to. This is the so-called Barrett values survey. The results give direction to our culture and behaviour programme.

Code of Conduct

Our purpose and the values as set out in the Code of Conduct and the PwC Professional collectively provide guidance to our partners and staff in their behaviour and attitudes. The Code is an integral part of the contracts of employment and association signed by all staff and partners. The key basic elements of the Code are professional conduct, respect for others, contribution to society and upholding our reputation. Clients also agree to ethical conduct in accepting our terms and conditions as part of the engagement letter. The Code of Conduct, which applies throughout the entire PwC network of member firms, can be consulted on our external website.

The Code of Conduct is a mandatory element of our training and development programmes. A mandatory digital training specifically addresses dealing with dilemmas. All our colleagues have followed this training and all new joiners must also complete this training before starting their work.

To make the application of the Code of Conduct tangible, we have embedded the values in our feedback processes. Employees are asked to provide 360-degree feedback to our partners and directors. In turn, our employees receive feedback on whether their behaviour is value-driven. We also ask our clients for feedback. We explicitly ask whether they experience that we put our purpose and values first in our work and whether, and if so to what extent, we serve the public interest with our services. In this way we create an environment in

which our colleagues are aware of our values and in which desirable behaviour is encouraged and rewarded.

The Global People Survey contains a few questions related to ethics and the content in the abovementioned paragraphs, for example:

- The people I work with demonstrate conduct consistent with PwC's Global Code of Conduct.
- At PwC, I feel comfortable discussing or reporting ethical issues and concerns without fear of negative consequences.

Ethics helpline

PwC has implemented a network-wide confidential ethics helpline for the reporting of questions or concerns related to behaviours that are inconsistent with the Code of Conduct and related policies. Every PwC firm has a separate and secure tier of the ethics helpline for their confidential matters and investigations. The ethics helpline is also available for third parties, including clients. The ethics helpline allows our partners, staff and third parties to feel safe raising a question or concern without fear of retaliation.

The PwC Code of Conduct and the ethics helpline are available on-line for all internal and external stakeholders at [pwc.com/ethics](https://www.pwc.com/ethics).

Security and confidentiality of information

We guarantee the confidentiality and protection of information obtained during our daily work through, among other things, secure (digital) internal and external information carriers and archives. As a result of the General Data Protection Regulation (GDPR, in Dutch the Algemene verordening gegevensbescherming), which came into effect on 25 May 2018, the international network of PwC member firms has developed the Network Data Protection Programme (NDPP) to implement the GDPR in the countries in which it applies (and thereby the AVG in the Netherlands). The NDPP is designed to ensure day-to-day compliance with the GDPR.

In the client and engagement acceptance process, teams must answer questions about GDPR, among other things, to ensure that the correct procedures for handling personal data are used. Specialists have been appointed to support the teams in this. 'Privacy

Our values and behaviours



Act with integrity

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



Make a difference

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



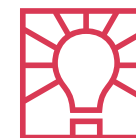
Care

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



Work together

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



Reimagine the possible

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

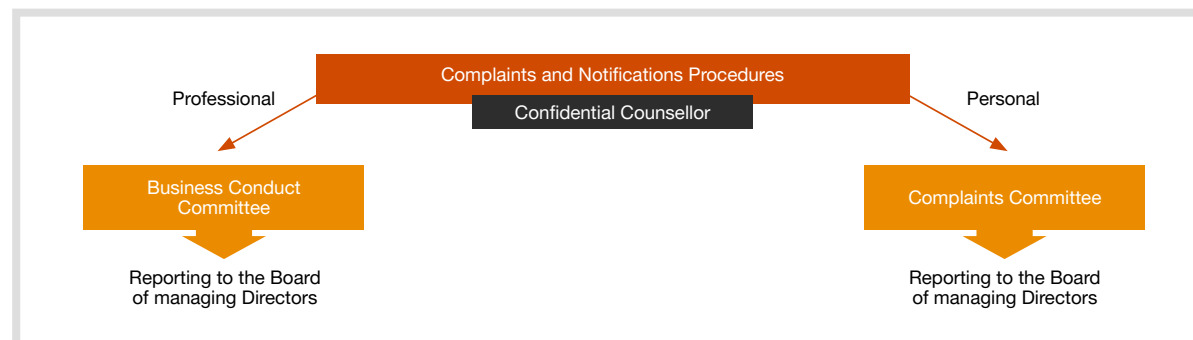
by design/default' is embedded in the procedure to develop and/or install new systems and tools. The Information Protection Committee (IPC) has been expanded with the Data Protection Committee (DPC). Under the chairmanship of the data protection officer, the DPC addresses matters related to personal data. The NDPP acts as a working group with representatives from the international network of PwC member firms to ensure compliance with the GDPR.

Our ICT Code of Conduct addresses how PwC handles data protection. Proper use of information and of the equipment and facilities that PwC provides, and their security, are critical in our organisation. Improper use can result in reputational damage. The ICT Code of Conduct is a translation of the do's and don'ts for staff and partners dealing with IT, the internet and social media. This code is an integral part of the terms of employment, and partners and staff are required to confirm annually that they have acted in accordance with the Code for the entire period covered by the confirmation.

Complaints procedure and Notification and Whistle-blower procedure

The Complaints procedure and Notification and Whistle-blower Procedures are governed by our Code of Conduct. These procedures are both for complaints in the personal arena and for suspicions of professional misconduct or other incidents. Notifications in the personal arena may include intimidation, aggressive behaviour or discrimination. Those who file a complaint are referred to the Complaints Committee. The Business Conduct Committee (BCC) deals with any notifications of suspected professional misconduct (for example, improper acceptance of gifts or deliberate mis-invoicing) and with any other suspected incidents. There is also a confidential reporting option on our [website](#).

Staff who experience undesirable behaviour in a personal environment or who suspect professional misconduct, have access to the confidential counsellors. An outside party with a suspicion of professional misconduct or an incident may report this to the BoM or to the Assurance Board, both of which will report to the BCC. After due investigation, the BCC submits its advice on the matter to the BoM. Both the BCC and the Complaints Committee report on an annual and anonymous basis to the Code of Conduct partner. Neither the Complaints Committee nor the BCC may issue sanctions. They submit advice to the Code of Conduct partner respectively BoM, who is ultimately responsible for the final decision on the matter. The advice submitted can also take the form of a proposal for disciplinary or other action, which can at worst lead to, for example, dismissal.



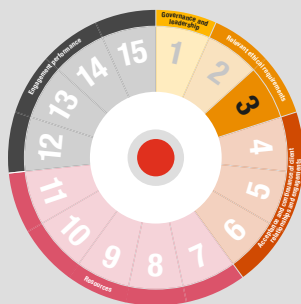
OECD Guidelines

Finally, the Organisation for Economic Co-operation and Development (OECD) provides guidance, including the OECD Guidelines for Multinational Enterprises (the OECD Guidelines), by way of non-binding principles and standards for responsible business conduct when operating globally. The OECD Guidelines provide a valuable framework for setting applicable compliance requirements and standards. Although the PwC network consists of firms that are separate legal entities which do not form a multinational corporation or enterprise, PwC's network standards and policies are informed by and meet the goals and objectives of the OECD Guidelines



Relevant ethical requirements

3. Objectivity and independence



Objective: Bias, conflicts of interest and undue influence of others do not override professional or business judgments and independence requirements are met.

The most important risks that have been identified in relation to the quality objective are:

- Not timely and adequately performing the required independence assessment when accepting new assurance clients or engagements and/or when assembling the team.
- In addition to adequate communication and mandatory training, data quality, the availability of adequate supporting systems and the application of effective procedures are crucial to the prevention of independence breaches. Risks in these areas could lead to violations of the independence regulations applicable to the relevant client. This could include the required independence of the persons involved in the audit client or the independence of PwC as a firm. For example due to existence of a (commercial) relationship with the relevant client, which is not allowed if the client wants to engage into an audit/assurance relationship with PwC; or the existence of a conflict of interest if PwC was asked by multiple clients with conflicting interests to provide services that are related to those conflicting interests. Moreover, under the various independence regimes substantial restrictions have been set to the kind of services PwC is allowed to offer audit clients. It is so very important that - before starting an engagement - it is perfectly clear which service PwC is asked to provide and that it has been approved by the external auditor and in many cases also by the Supervisory Board of the client.
- There is also a risk that the original agreed-upon services change during the engagement, with the risk that this changed service becomes a restricted service (scope creep).

Objectivity and independence

As auditors of financial statements and providers of other types of professional services, PwC firms and their partners and staff are expected to comply with the fundamental principles of integrity, objectivity, and professional behaviour. In relation to assurance clients, independence underpins these requirements. Compliance with these principles is fundamental in serving our clients. Being independent and being seen as independent are important aspects of the principle of objectivity in issuing opinions on financial statements or other forms of assurance relied on by third parties. Consequently, our procedures for the acceptance of clients and continuance of engagements contain mandatory steps regarding both personal independence and the independence of PwC as an organisation.

Independence requirements and procedures

The PwC Global Independence Policy (GIP), which is based on the IESBA Code of Ethics for Professional Accountants, contains minimum standards with which PwC member firms have agreed to comply, including processes that are to be followed to maintain independence from clients, when necessary.

The independence requirements of the United States Securities and Exchange Commission (SEC) are, in certain instances, more restrictive than the Global Independence Policy. Given the reach of

these requirements and their impact on PwC firms in the network, the Policy identifies key areas where an SEC requirement is more restrictive. Provisions that are specifically identified as applicable to SEC restricted entities must be followed in addition to, or instead of, the Policy in the associated paragraph.

In addition to the specific independence requirements of the US Securities and Exchange Commission (SEC) and the PCAOB, the Dutch and EU independence regulations are also included in the GIP.

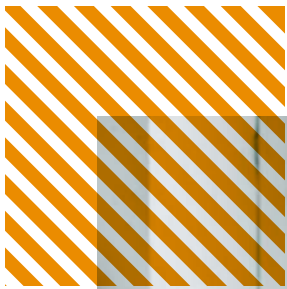
The PwC Global Independence Policy covers, among others, the following areas:

- Personal and firm independence, including policies and guidance on the holding of financial interests and other financial arrangements, e.g., bank accounts and loans by partners, staff, the firm and its pension schemes;
- Non-audit services and fee arrangements. The policy is supported by Statements of Permitted Services (SOPS), which provide practical guidance on the application of the policy in respect of non-audit services to audit clients and related entities;
- Business relationships, including policies and guidance on joint business relationships (such as joint ventures and joint marketing) and on purchasing of goods and services acquired in the normal course of business; and

- Acceptance of new audit and assurance clients, and the subsequent acceptance of any non-assurance services to be provided to those clients.

In addition, there is a Network Risk Management Policy governing the independence requirements related to the rotation of key audit partners. These policies and processes are designed to help comply with relevant professional and regulatory standards of independence that apply to the provision of assurance services. Policies and supporting guidance are reviewed and revised when changes arise such as updates to laws and regulations, including any changes to the Code or in response to operational matters.





perspective. JBR is used to facilitate PwC firms' compliance with JBR requirements for new and existing joint business relationships. It assists independence specialists in gathering information to assess, from an independence perspective, the permissibility of proposed joint business relationships and in monitoring the continued permissibility of previously approved existing joint business relationships; and

- Global Breaches Reporting System which is designed to be used to report any breaches of external auditor independence regulations (e.g., those set by regulation or professional requirements) where the breach has cross-border implications (e.g., where a breach occurs in one territory which affects an audit relationship in another territory). All breaches reported are evaluated and addressed in line with the Code.

We also have a number of local systems which include:

- A rotation tracking system which monitors compliance with the rotation policies for engagement leaders and other senior team members involved in an audit
- A database in which all external appointments of partners and staff are recorded. All possible external appointments have to be approved in advance. The Independence Office provides (binding) advice on any independence restrictions before the business unit leader (for staff) or the BoM (for partners and directors) approves.

Rotation of senior team members and audit firms

The Regulation regarding the Independence of Auditors in Assurance Engagements ('Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten', ViO) includes a requirement that, unless there is no question of unacceptable risk of undue familiarity or self-interest, action needs to be taken as and when the more senior partners, directors or other team members in an audit team have been involved in a client for seven years. Our internal rotation policy requires that, for all assurance clients, partners, directors and senior team members who have had a 'senior engagement role' on a client must rotate after a maximum of seven years' involvement on that client. For public interest entities (PIEs), the requirement is that the partner responsible for the engagement (the key audit partner) must rotate after five years.

The law requires that all PIEs rotate audit firms after a maximum of ten years. Our internal procedures ensure that we comply with the independence

Independence related systems and tools

As a member of the global PwC Network, the firm makes use of a number of tools which support us as a member firm, our partners and staff, in executing and complying with our independence policies and procedures. These systems include:

- The Central Entity Service (CES), which contains information about corporate entities including all PwC audit clients and their related entities (including all public interest audit clients and SEC restricted entities) as well as their related securities. CES assists in determining the independence restriction status of clients of the PwC firm and those of other PwC firms before entering into a new non-audit service or business relationship. This system also feeds Independence Checkpoint and the Authorisation for Services (AFS) system;
- Independence Checkpoint, which facilitates the pre-clearance of publicly traded securities by all partners and practice managers before

acquisition and is used to record their subsequent purchases and disposals. Where a PwC firm wins a new audit client or there is a change in the restriction status of a security, this system automatically informs those holding relevant securities of the requirement to sell the security where required;

- Authorisation for Services (AFS) which is a global module that facilitates communication between a non-audit services engagement leader and the audit engagement leader, regarding a proposed non-audit service, documenting the analysis of any potential independence threats created by the service and proposed safeguards, where deemed necessary, and acts as a record of the audit partner's conclusion on the permissibility of the service;
- Joint Business Relationships (JBR) which is a global module used to clear joint (close) business relationships from an independence



requirements for new audit clients in a timely manner and that our independence is safeguarded until the date of issue of the last auditor's report on the financial statements of PIEs that are going to change audit firms.

Conflicts of interest

In the event of a genuine conflict of interest between several PwC clients, the risk with regard to objectivity and independence will be assessed – in accordance with the existing PwC Network Risks Management Policy – and whether the risk can be mitigated by obtaining the explicit consent of the clients involved or taking additional measures (for example by setting up ethical walls between the teams involved).

Independence confirmation

Every year, all partners and staff are required to confirm their compliance with the policies regarding investments, external appointments, personal relationships and the use of ICT in the Annual Compliance Confirmation (ACC). In addition, all partners and directors confirm that all non-audit services and business relationships they are responsible for comply with the GIP and the SOPS contained therein, and that the required processes have been followed in accepting these engagements and relationships. These annual confirmations are supplemented by (re)confirmations on engagement level when partners and staff charge hours to client engagements.

Independence Office

PwC has appointed a Partner Responsible for Independence (PRI), responsible for the implementation of the GIP including managing the related independence systems, processes and procedures supporting the business. A team assists the PRI, in the role of an independent specialist supporting and advising staff on decisions concerning services to individual clients and the permissibility of services. The PRI reports to the risk & quality leader of the BoM.

Training and communication about independence

We provide all partners and staff with relevant training and communication on the subject of independence. Particular attention is given to personal independence and updating CES. New colleagues must complete a digital training on the key aspects of the independence requirements, as included in the GIP, before they start.



Personal independence testing

In addition to the confirmations referred to earlier, the Independence Office carries out several reviews to determine whether our staff and the audit firm comply with the independence requirements. These include a sample of partners and directors being tested annually on their personal independence. Newly appointed (Supervisory) Board-members, partners and directors are subject to the test prior to appointment, and any partner or director who receives a written warning or reprimand is automatically re-tested the year thereafter. Infringements are reported to the Independence Sanctions Committee, and this body is responsible for proposing to the BoM the sanction to be levied within the context of the (financial) sanctions policy.

Investment policy for partners

The investment policy on private investments by partners within the framework of our Code of Conduct has been approved by the Supervisory Board. We have published the investment policy on our external website.

Follow-up of breaches

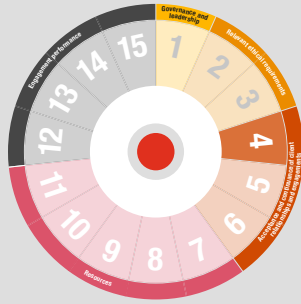
PwC Netherlands has an Recognition and Accountability Framework and supporting disciplinary policies and mechanisms in place that promote compliance with policies and procedures, and that require any breaches of independence requirements to be reported and addressed.

Our procedures are designed to promote that our employees comply with the independence requirements. Our employees are expected to notify the Independence Office of any breaches of the requirements, and the external auditor for the client in question is required to discuss the independence breach with the client's audit committee, including the nature of the breach, an evaluation of the impact of the breach on the independence of our audit firm and/or of our partners and staff, and the need for mitigating safeguards to maintain objectivity vis-à-vis the audit client. Although most breaches have little or no impact, all breaches are taken seriously and investigated appropriately. Results of the root cause analyses are used to strengthen our processes and procedures and to provide our people with tailored training.



Acceptance and continuance of client relationships and engagements

4. Client selectivity



Objective: Enter into and continue with client relationships only when PwC wants to be associated with the client and when potential conflicts of interest and sensitive situations can be appropriately managed.

The most important risks that have been identified in relation to the quality objective are:

- The risk that systems and information processes are not adequate to support the identification and assessment of business and quality risks of new and existing clients.
- The risk that client acceptance processes are not followed or only formally applied. The risk that the selectivity programme to assess whether PwC still wants to be associated with existing clients is inadequate.
- The risk that clients do (no longer) meet PwCs values and integrity standards.
- The risk that Assurance leadership has insufficient information to assess whether the client selectivity process is performed adequately and to take appropriate measures to properly manage the portfolio risk.

Client research

A successful client relationship begins with mutual trust between the client, its stakeholders and us as the auditor. To ensure this trust is in place from the start, we have developed robust client acceptance processes and systems. This includes an independence assessment, where any existing relationships between the client and PwC are identified, as well as the completed and ongoing engagements for this client (and its affiliated companies) in the past period. Emphasis is also placed on identifying the (ultimate) owners of our clients in the context of the know your client (KYC) process.

Through those processes and systems we can identify the risks inherent for the client and ensure that we fully understand them. This information enables us to accept only those clients that we believe fit in our acceptance criteria and where we expect to be able to comply with the fundamental principles of objectivity, integrity and professional behaviour, including independence.

Client acceptance

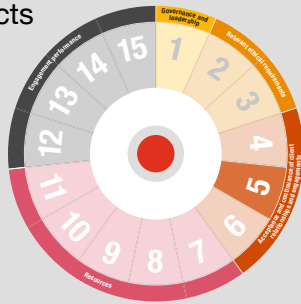
We also have acceptance and risk panels for referral of potential clients and engagements where our risk assessment or the size criteria indicate a need for wider assessment. Depending on the nature of the engagement, in addition to the partner/director responsible, the panel may include the risk management partner, the business unit leader, industry or regional leader and/or a member of the Assurance Board. Depending on the circumstances, other specialists may be added. The panel may decide to impose additional requirements to address the risks identified, for instance an additional level of involvement, such as a second partner on the engagement or a specialist as part of the engagement team.

Selectivity

Through the deployment of suitably qualified staff and our commitment to deliver high quality, we are looking more closely into engagements that we may not wish to continue or accept than we did in the past. We also impose higher requirements on the

organisations we audit with regard to the quality of their internal control and the extent to which they allow us to perform an audit. This critical review not only leads to robust conversations about that collaboration, but also to saying no to existing and new clients where we feel that their quality is insufficient or where the collaboration is particularly slow and difficult. We do not take these decisions lightly, as we give careful consideration to our responsibility to society and to the organisation to be audited. If we do not have the resources for a potential new (audit) engagement, we do not participate in the proposal process. We do not compromise on quality.

Acceptance and continuance of client relationships and engagements
5. Managing new services and products



Objective: Manage existing and develop new services and products which are aligned with PwC’s purpose, values, and experience to support the Assurance strategy.

The most important risks that have been identified in relation to the quality objective are:

- The risk that new services and products or new circumstances related to current services and products result in engagements that are not consistent with PwC’s brand, strategy, purpose and values.
- The risk that engagements are accepted without appropriate assessment of commercial, technical, regulatory and legal risks associated with the new service and product or new circumstances related to current services and products before offering them to a client.
- The risk that engagements related to new services and products or new circumstances related to current services and products are provided to clients without having been subject to the firm’s client and engagement acceptance procedures including the Assurance Bid & Risk Panel process.

Approval of new services

The Assurance Board approves on an annual basis the list of services which can be rendered to our clients (the Approved Service List). Before offering a service to a client which has not previously been offered an assessment is made of the commercial, technical, regulatory, and legal risks associated with the service. The primary goals of this policy are:

- to confirm that any proposed PwC services that are new to the Network are consistent with PwC’s brand, strategy, purpose and values, and
- to help manage the potential risks associated with the delivery of new services by bringing relevant knowledge and experience from around the Network to teams for whom the services are new.

As covered in the A&C policies and procedures, engagement teams are required to obtain approval of the risk management partner who has delegated authority from the Assurance Board. New services will be defined as those not on the Approved Services List. The engagement team is required to consult via Consult on the new service which will then enable tracking of the review and (dis)approval process prior to such new service being offered.

The risk management partner is responsible for the business and risk considerations related to acceptance of new services and products including designing and implementing appropriate policies, procedures, tools and guidance to provide reasonable assurance that engagements regarding new services and products are only accepted or continued when related risks are assessed and the necessary approvals from appropriate individuals or bodies, OGC, the Assurance R&Q Leader and/or the PwC Business Trust are obtained.

Bid and risk panels

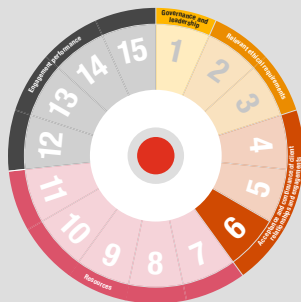
Controls on the acceptance and continuance of clients and engagements are critical to protect our brand but are also a cornerstone of living our purpose. Providing professional services exposes the network and PwC firms to commercial risk and potential conflicts, which, if not properly managed, can result in financial or reputational damage. Some clients and engagements can expose PwC to potentially higher risk and demand a more intensive level of review. It is imperative that the appropriate people are involved in the decision-making process to make sure that we do the right thing for our clients, our people and the network.

We manage potentially higher risk client and engagement acceptance and continuance through the bid & risk (B&R) panel process. Including senior leaders and/or experienced partners, B&R panels are tasked with reviewing client or engagement acceptance and continuance decisions (when certain risk conditions are present) that may pose significant risks to the firm and/or network, including potential conflicts of interest. The B&R panel procedure is designed to contribute to the success of our proposal processes, as well as our client and engagement acceptance and continuance considerations and is aligned with our risk management procedures.



Acceptance and continuance of client relationships and engagements

6. Acceptance and continuance



Objective: Enter into and continue with client relationships only when PwC wants to be associated with the client and when potential conflicts of interest and sensitive situations can be appropriately managed.

The most important risks that have been identified in relation to the quality objective are:

- The risk that the criteria for accepting engagements are unclear or insufficient.
- The risk that engagements are accepted without approval on the right level or that engagements with a higher risk are accepted without implementing additional quality controls to mitigate the identified risks to an acceptable level.
- The risk that engagements are accepted without having the right colleagues and resources available to perform the engagement to a high quality standard.

Procedure for acceptance of clients and engagements

Our principles for determining whether to accept a new client or continue serving an existing client are fundamental to delivering quality, which we believe goes hand-in-hand with our purpose to build trust in society. We have established policies and procedures for the acceptance of client relationships and audit engagements that consider whether we are competent to perform the engagement and have the necessary capabilities including time and resources, can comply with relevant ethical requirements, including independence, and have appropriately considered the integrity of the client. We reassess these considerations in determining whether we should continue with the client engagement and have in place policies and procedures related to withdrawing from an engagement or a client relationship when necessary. The policies and processes we have in place emphasise risk and quality considerations such that financial and operational priorities do not lead to inappropriate judgements about whether to accept or continue a client relationship.

Our acceptance procedures are designed to ensure that we accept only those engagements for which we have the resources, capacity and professional expertise available to assure we deliver the high level of quality that our stakeholders may expect from us. We also impose requirements on our clients with regard to the quality of their internal control and the extent to which they allow us to perform an audit.

We only accept audit engagements of new clients when we are assured of the integrity of the potential new client and when we have sufficient colleagues and professional expertise to assure a high level of quality. As part of our acceptance procedures

(A&C), we assess the risk profile of the client and the engagement, including an assessment of integrity, going concern and earlier experiences with the client. For audit engagements and new engagements for existing clients, we also identify the independence requirements applicable to the client and determine whether the service is a 'permitted service' under the applicable national and international legislative and regulatory requirements. For example, supplementary to EU Regulation 537/2014, Dutch law prescribes that advisory services to PIEs conflict with the statutory audit responsibility.

Where we identify a higher than normal level of risk in the client or engagement, prior approval is needed from the business unit's quality assurance partner and/or the assurance risk management partner and, where necessary, the Assurance Board and Board of Management. In some cases, we do not accept the client or the engagement. Where it is in the public interest that we accept such a higher risk engagement, we take additional steps to mitigate the risk by, for instance assigning a Quality Review Partner (QRP) or Concurring Review Partner (CRP) to the engagement. The second partner evaluates, among other things, the work performed in relation to the heightened risk.

Our client and engagement acceptance procedures and the corresponding database supports:

We have a process in place to identify acceptable clients based on the PwC network's proprietary decision support systems for audit client acceptance and retention (called Acceptance and Continuance (A&C)). A&C facilitates a determination by the engagement team, business management and risk management specialists of whether the risks related to an existing client or a potential client are manageable, and whether or not PwC should be associated with the particular client and its management. More specifically, this system enables:

Engagement teams:

- To document their considerations of matters required by professional standards related to acceptance and continuance;

- To identify and document issues or risk factors and their resolution, for example through consultation by adjusting the resource plan or audit approach or putting in place other safeguards to mitigate identified risks or by declining to perform the engagement and
- To facilitate the evaluation of the risks associated with accepting or continuing with a client and engagement.

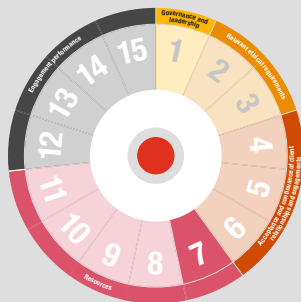
PwC firms (leadership and risk management):

- To facilitate the evaluation of the risks associated with accepting or continuing with clients and engagements;
- To provide an overview of the risks associated with accepting or continuing with clients and engagements across the client portfolio; and
- To understand the methodology, basis and minimum considerations all other PwC member firms in the network have applied in assessing audit acceptance and continuance.



Resources

7. Recruit, develop and retain



Objective: Recruit, develop and retain a workforce which is able to support the Assurance strategy and business plan.

The most important risks that have been identified in relation to the quality objective are:

- The risk that we will not be able to attract suitably qualified and 'diverse' colleagues - given the shortage on the labour market and the changing profile of young people - and retain colleagues, which are necessary to realise the Assurance strategy.
- The risk that quality criteria are not appropriately set or used in promotions and partner admissions.
- The risk that PwC becomes less attractive to potential hires.

Our colleagues

We are focused on developing talent and enabling our colleagues to act with agility and confidence in a rapidly changing world. Specific focus areas include developing resilience, being mindful of the well-being of our colleagues and creating an inclusive culture. The talent of our colleagues and the passion they put into their work are critical cornerstones of our quality. We aim to be a learning organisation that offers its people coaching and training and development programmes that support them to deliver the quality that is needed and that ultimately enable us to create added value for society, our clients and our colleagues.

PwC Professional

Our comprehensive leadership framework, The PwC Professional, sets out the competencies and skills that our people across all lines of service, geographies, and roles need if they are to achieve our purpose, to contribute to the implementation of our strategy, to respond to changes and to develop, both personally and professionally. These are not just technical competencies and skills, but also skills such as professional scepticism, focus on quality, innovative capacity, authenticity, self-awareness and the ability to work with others irrespective of cultural differences and physical limitations. It is not without reason that whole leadership is at the heart of the PwC Professional.

This framework clearly shows exactly what we expect from our colleagues on every job level. In the Netherlands, we have added some additional guidance concerning the mindset that is essential in a quality-focussed and learning organisation, and we have also included the criteria set for trainee auditors by the Committee for Learning Attainment in Accountancy Education (Commissie Eindtermen Accountantsopleiding (CEA)).



The PwC Professional framework is embedded in our recruitment, training and evaluation programmes and systems. For example, our colleagues can do a self-assessment along the lines of the model to discover where their strengths and challenges lie. This can form the agenda for a discussion with supervisory staff and give direction to the choice in education, training and other development options.

Recruitment

We aim to recruit, develop and retain the best people who share in the firm's strong sense of responsibility for delivering high-quality services. The procedure for starters consists of several steps. After each step, we check whether the applicant can continue with the next step. Our hiring standards include a structured interview process with behaviour-based questions built from The PwC Professional framework, assessment of academic records, and background checks.

New professionals all follow an extensive induction programme giving them detailed insight into our Code of Conduct and addressing issues such as ethical behaviour and independence. Embedding professional scepticism in our daily audit work is a key element of the programme.

Workforce and talent management

In today's rapidly changing world, it is important that our workforce is adaptable. It must be able to meet the demands arising from the variety of engagements we perform for our clients. We not only focus on size, but also on diversity within our workforce. We are looking for colleagues who have a variety of differing competencies, from starters with the Associate Academy to colleagues with knowledge of IT processes, and from colleagues from our delivery centres to project managers on client engagements. In particular, women and colleagues with a migrant background contribute both to the diversity and inclusiveness of our workforce and to the quality of our work. It is not always easy to find qualified colleagues in a competitive labour market, so the retention of talent is of great importance to us. By offering challenging projects, cycles of experience and a technical and personal development programme, we inspire colleagues to develop themselves to the maximum.

Cycles of experience

Mobility is a key element in our flexibility and agility as an organisation. Through what we call Cycles of Experience, we emphasize to our professionals the importance of mobility and experience outside their regular comfort zones. We discuss individual aims and ambitions and we consider which new experiences have added value to both the employee and PwC. A cycle of experience can be of any magnitude: a move to another client portfolio or into



another industry sector, a contribution to a corporate social responsibility initiative or to National Office, a move to another business unit or Line of Service, or a short or long term secondment within the PwC Europe collaboration or within the global PwC network of member firms.

Retention

Turnover in the audit profession is often high because as standards and regulations change, auditors are in demand and the development experience we provide makes our staff highly sought after in the market. Our voluntary turnover rate fluctuates based on many factors, including the overall market demand for talent.

Diversity and inclusion

At PwC, we're committed to being a leading organisation for inclusion and belonging with our colleagues, clients, and external stakeholders and a leading employee destination for diverse talent. We are focused on ensuring our ways of working embrace diversity and fostering an inclusive environment in which our colleagues are comfortable bringing their whole selves to work and feel that

they belong and can reach their full potential. As demonstrated through our core values of Care and Work Together, we strive to more deeply understand and empathise with different backgrounds, perspectives and experiences. We know that when people from different backgrounds and with different points of view work together, we create the most value for our clients, our people, and society.

Global People Survey

The People Survey, our annual employee satisfaction survey conducted across the network, provides us with information on, among other things, how employees experience aspects such as culture, behavior and leadership within the organisation. Our partners, directors and employees can indicate what they like about PwC and where they see room for improvement. Questions are also asked about our purpose and values. Based on the results of the People Survey, we take specific actions at both a national level and within business units. The results of the People Survey in the business unit are also discussed during the BMG&D meeting with partners and directors.

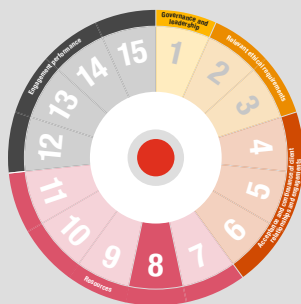
Wellbeing

To keep the body and mind of our colleagues healthy, we offer a range of wellbeing activities and programmes. Attention is paid to the physical, mental, emotional and spiritual condition. We offer a wide range of options from which our colleagues can choose the most suitable activity for them. Every colleague with a permanent employment contract has a personal annual budget.



Resources

8. Learning and education



Objective: Provide people with the technical and interpersonal skills and competencies necessary to perform engagements in an effective and efficient way.

The most important risks that have been identified in relation to the quality objective are:

- The risk that the L&D plan does not cover identified training needs and learning objectives.
- The risk that our colleagues fail to comply in a timely manner with their obligations with regards to permanent education or special accreditation obligations.

Professional Development

We are committed to putting the right people in the right place at the right time. Throughout our colleagues' careers, they are presented with career development opportunities, (virtual) classrooms, and on-demand learning, and on-the-job real time coaching/development. Our flexible training portfolio facilitates personalised learning. Colleagues have access to a variety of educational materials including webcasts, podcasts, articles, videos, and courses. This is a critical component of our people's experience and retention strategy. Achieving a professional credential supports our firm's commitment to quality through consistent examination and certification standards. Our goal is to provide our staff with a more individualised path to promotion and support them in prioritising and managing their time more effectively when preparing for professional exams. Providing our people with the ability to meet their professional and personal commitments is a critical component of our people experience and retention strategy.

Training programme

We are committed to delivering quality assurance services. To maximise consistency across the PwC network, the formal curriculum developed at network level, provides access to training materials covering the PwC audit approach and tools - this includes updates on auditing standards and their implications, as well as areas of audit risk and areas of focus for quality improvement. This learning is delivered using a blend of delivery approaches, which include remote access, classroom learning, virtual classroom, and on-the-job support. The curriculum supports our primary training objective of audit quality, while providing practitioners with the opportunity to strengthen their technical and professional skills, including professional judgement

while applying a sceptical mindset. The design of the curriculum allows us to select, based on local needs, when we will deliver the training.

All of our colleagues, including partners, maintain and develop their knowledge and skills through a combination of coaching, on-the-job review and a programme of training. Coaching and on-the-job review are key elements in our team approach to auditing, and our colleagues are trained in providing this coaching and feedback. Also, the Coaching for Quality team (C4Q team) and the engagement-specific quality reviewers (QRPs and CRPs) play a key role in the professional skills coaching of our colleagues (see objectives 13 and 15).

PwC has an extensive training programme that covers a wide variety of competencies and skills. For their professional development, associates and senior associates follow a four-year training programme that familiarises them with all the various aspects of the PwC Audit and our audit software like Aura. In parallel to this, they also follow the post-graduate professional accountancy education for qualification to, for example, chartered auditor or IT auditor. They must also complete Dutch GAAP and/or an IFRS curriculum within a set number of years.

Senior associates with (generally) five years' experience up to and including partners follow an annual and pre-determined programme comprising a mix of e-learnings and the Summer Event. This programme provides them with training in audit methodology, audit software, risk management and external financial reporting. The content is driven by current developments and the lessons learnt from our root cause analyses and other sources (such as National Office consultations). The curriculum is mandatory, and sanctions can follow for failure to

complete. We conclude both the e-learnings and the Summer Event with tests in which the participants must demonstrate that they have understood and fully grasped the subject matter.

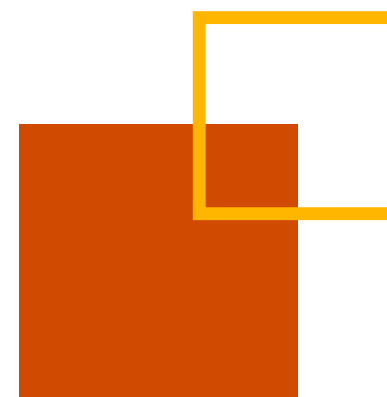
We also share knowledge through a variety of other channels, such as periodic webcasts and business unit workshops. In addition to the professional skills training programmes, we also have training for all staff levels focused on coaching, communication, reporting and management skills.

Permanent education (PE)

It is the personal responsibility of auditors to comply with the applicable permanent education obligations (PE) of the NBA. Every auditor has to keep a PE-portfolio, create an education plan with concrete learning goals - tailored to the regular activities - and ensure its realisation.

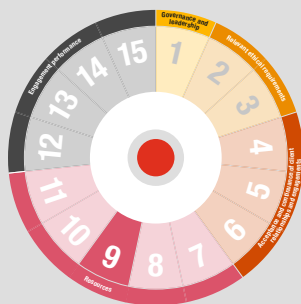
Monitoring accreditation obligations

For certain clients, the relevant team members must be accredited to perform the work. This includes PCAOB audits and NV COS 3402 engagements. Explicit monitoring of this takes place.



Resources

9. Assignment of people to engagements



Objective: Assign appropriate people to each engagement.

The most important risks that have been identified in relation to the quality objective are:

- The risk that there are no proper planning procedures or planners.
- The risk that there are no (suitable) engagement leaders for engagements.
- The risk that there are engagements for which not enough colleagues (qualitatively and quantitatively) are available in the period the work is planned (including the risk that colleagues are unexpectedly needed longer on an engagement than planned to carry out the required work).
- The risk that the workload of our colleagues on the different job levels is not adequately managed.
- The risk that professionals work more hours than legally allowed.

Team selection, experience and supervision

Our audit engagements are staffed based on expertise, capabilities and years of experience. Engagement leaders determine the extent of direction, supervision and review of junior staff.

Appointment of engagement leaders

For each client engagement an engagement leader is appointed. The appointment is based on the (risk) profile of the client and the skills, capabilities and workload of the colleague concerned. In relevant cases, the industry leader is consulted. An engagement leader is always a partner or director. Engagement leaders - as well as the quality partners - for public interest entities and other high-risk clients are appointed by the Assurance Board based on recommendation by the assurance risk management partner. For all other clients the engagement leader is appointed by the business unit leader.

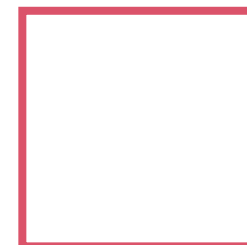
Planning procedures

Ultimately, the responsibility for making the resources required to perform accepted audit and other assurance engagements (colleagues and resources) available in a timely manner rests with the Assurance Board. Each business unit has a planning manager, who is supported by one or more planners. They work under the responsibility of the operations partner of the business unit, who is a member of the management team. Under the leadership of the national partner responsible for planning, the

operations partners take care of solving possible expected or identified resource bottlenecks. In this context, there is frequent consultation between the national partner responsible for planning and the responsible Assurance Board member.

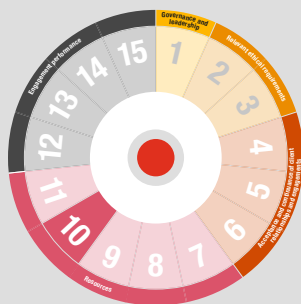
The engagement leader determines which resources are needed to be able carry out a high quality audit according to the applicable requirements. This also applies to all other engagements performed for instance by colleagues from the business units CMAAS and Risk Assurance. Depending on the size of the engagement and in accordance with the rules, the planning process of an engagement team is established, where experience, capability, sector knowledge, availability and independence of the different team members are present in the desired mix. For certain types of engagements, specific training qualifications must be met (see objective 8).

In the context of planning and resource management and to avoid giving colleagues too heavy a client portfolio and/or workload, a lot of attention is paid to a balanced distribution of clients and engagements across the individual client portfolios. It is also continuously checked whether the planned and actual hours stay within the limits of the applicable regulations (Labour Act). In case of a violation, the career coach will discuss it with the colleague concerned and follow up in collaboration with the planning department.



Resources

10. Evaluation and compensation



Objective: Evaluate, compensate and promote people in a fair and transparent manner for their performance in fulfilling their responsibilities.

The most important risks that have been identified in relation to the quality objective are:

- The risk that partner/director personal annual plans do not adequately address business and quality objectives.
- The risk that the tasks and responsibilities of our colleagues, or the criteria used in the evaluation, are not sufficiently clearly defined or communicated to enable a fair performance assessment.
- The risk that our colleagues perceive evaluation as unfair or not transparent.
- The risk that compensation decisions do not adequately reflect performance of our colleagues.

Development and promotion

In our colleagues' development, we focus extensively not only on professional skills but also on digital expertise, management, personal and interpersonal skills. The PwC Professional and behaviour in line with our values are the starting points. The PwC Professional, our global career progression framework sets out clear expectations at all staff levels across five key dimensions. The framework underpins all elements of career development and helps our people develop into well-rounded professionals and leaders with the capabilities and confidence to produce high-quality work, deliver an efficient and effective experience for our clients, execute our strategy, and support our brand. Our annual performance cycle is supported by continuous feedback conversations and regular check-ins with the individual's Team Leader to discuss their development, progression and performance.

New employees in Assurance start their development programme in The Associate Academy. This is where our direct intake from universities and institutes of higher education get started. The Associate Academy provides our associates with intensive and broad-based training (both theoretical and practical) and coaching and guidance from accredited internal coaches. We monitor the breadth and depth of our associates' progress through the use of a PwC Professional-based competency passport, fine-tuning development plans accordingly. The Associate Academy allows us to optimise the long-term mobility and flexibility of our colleagues. After two years, we assess the readiness of the associate for promotion to senior associate in one of our business units.

Promotion policy

Staff are considered for promotion only when they meet the professional standards required for the next level. In addition to consistently demonstrating the necessary professional skills, the way in which the staff member does this, in other words his/her behaviour in daily practice, plays an equally important role. Study progress towards professional qualification and personal development as an individual are also important. For promotion to manager in the audit practice, staff must have successfully completed the training for the Dutch

chartered auditor qualification (both the theoretical and the practical elements). Colleagues from abroad are eligible for promotion if they have completed a foreign equivalent of this training.

For the appointment to senior manager we have a nomination process, in which the business unit leader nominates the candidates. Historical performance and potential also weighs in. After Assurance Board approval, the candidate will give a presentation to a national panel comprising of a mix of Assurance Board or CAD members, business

Our team members obtain feedback on their overall performance, including factors related to audit quality, such as technical knowledge, auditing skills and professional scepticism. Audit quality is an important factor in performance evaluation and career progression decisions for both our partners and staff.

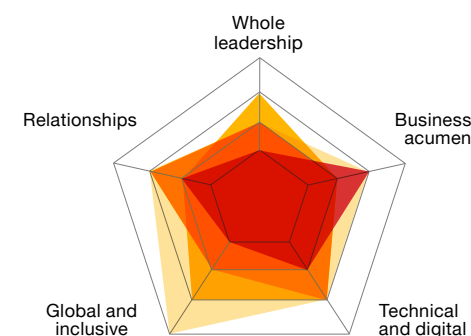
Our colleagues keep track of their progress on all attributes of The PwC Professional by using the Snapshot tool. This is achieved by requesting feedback from more experienced colleagues on at least 5-10 engagements a year using the online Snapshot tool. In this tool you can use a slider to indicate to what extent the individual has demonstrated The PwC Professional attribute in his/her work, accompanied by a textual explanation. For each of The PwC Professional attributes, the spider chart shows the extent to which the appraiser assesses the individual to be functioning (in line with, above or below job level expectations). The separate spider webs lie on top of each other and create the final Snapshot. The larger the spider web on all elements, the more ready someone is for the next job level.

The starting point for Snapshot is to compare the individual's current job level to the next job level. A person who is new to the position (such as a first-year senior associate) would therefore not be expected to be

ready to continue to the next job level in that year (in this case: manager), and the spider chart will not be wide on all attributes of The PwC Professional.

A narrower spider chart is, as such, not negative. Nor is it a conclusion or score about performance during the year in question. The Snapshot only shows which elements someone needs to develop further in order to eventually take the next step in his/her career.

Staff can request upward and peer feedback through the feedback tool in Workday, our global HR platform in which the feedback provider can indicate what someone should continue doing, and what they should start and/or stop doing to progress their development effectively.



unit leaders or HC partners, assisted by staff of the Human Capital department. The candidate is promoted to senior manager based on the advice of this panel and approval by the Assurance Board. Among other things, the panel looks at the technical performance, the development since being a manager and the contribution to quality-oriented roles and initiatives.

Promotion from senior manager to director follows a nominal two-year process, for which candidates can be nominated by their business unit leader. After the Assurance Board has approved the nominations from the business unit, the candidates start with so-called development days.

Quality and professional expertise are determining factors in the nomination process for directors and partners, including:

- A written and oral test, by National Office, in the areas of auditing, risk management and financial reporting, to be successfully completed before the candidate can be nominated.
- The director leadership dialogues, in which the candidate director sets out his or her vision on, among other things, his/her contribution to realising the PwC purpose, PwC's relationship with society, quality, human capital and employee development.
- A self-assessment that the candidate must prepare with regard to various quality-related aspects (such as consultation behaviour, training compliance and knowledge of auditing and accounting standards).
- A positive opinion on at least one EQR in the two years prior to the appointment as director. For the appointment as a partner, a positive assessment must have been obtained in at least three EQRs in the previous five years.
- At least 700 hours for upcoming directors and 1,400 hours for upcoming senior directors and partners of demonstrable experience (through a so-called quality experience) in a quality position or role.

Appointment process for new partners and directors

We have an extensive process and a Country Admissions Committee (CAD) in place that coordinates the appointment of new partners and directors. The CAD acts as an advisory body for both the Board of Management (BoM) and the three LoS Boards of PwC Netherlands, including the Assurance Board. The CAD has a sub-committee for each LoS with an independent chairman's duo.

The chairs of the CAD are appointed by the BoM and the members are appointed by the LoS Boards, both for a maximum of two four-year terms. The chairmen and the members have no board positions. The CAD focuses mainly on the personal development of the professionals in relation to the norm profile we have set for PwC partners and directors.

The Board of Management (BoM) is responsible for the decision to proceed with association agreements with the limited companies (BVs) of new partners, based on a proposal from the Assurance Board and an advice from the CAD and subject to the approval of the General Meeting of Shareholders (GM). The BoM requires the approval of the Supervisory Board (SB) for this if the relevant professional is appointed as an external auditor within the audit practice. The BoM's proposal to the GM to agree upon its decision is to be supported by a preliminary advice from the Partner Council and, for those who are to act as external auditors in the audit firm, by approval from the SB. Decisions to terminate the association agreements of partners who act as external auditor in the audit firm also require the approval of the SB.

The Assurance Board appoints new directors based on advice from the CAD. These appointments are ratified by the BoM. All decisions by the Assurance Board regarding the appointment, suspension and dismissal of directors who act as external auditors in the Assurance practice are also subject to SB approval.

Our team members obtain feedback on their overall performance, including factors related to audit quality, such as technical knowledge, auditing skills and professional scepticism. Audit quality is an important factor in performance evaluation and career progression decisions for both our partners and staff.

Our colleagues keep track of their progress on all attributes of The PwC Professional by using the Snapshot tool. This is achieved by requesting feedback from more experienced colleagues on at least 5-10 engagements a year using the online Snapshot tool. In this tool you can use a slider to indicate to what extent the individual has demonstrated The PwC Professional attribute in his/her work, accompanied by a textual explanation. For each of The PwC Professional attributes, the spider chart shows the extent to which the appraiser assesses the individual to be functioning (in line with, above or below job level expectations). The separate spider webs lie on top of each other and create

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Staff can request upward and peer feedback through the feedback tool in Workday, our global HR platform in which the feedback provider can indicate what someone should continue doing, and what they should start and/or stop doing to progress their development effectively.

Staff remuneration and evaluation based on performance and behaviour

The remuneration process for directors follows part of the process for partners: the performance evaluation is also based on the 'clients', 'people' and 'firm/strategy' components, with quality being a significant element in all three components. The outcome of the performance evaluation is expressed in a performance rating on a scale of 1 to 5, which forms the basis for the salary increase and bonus. The remuneration process for other 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 had during the performance year and is linked to the goal setting agreed at the start of the year. It consists of both 'what' (relating to Firm/Society, People, Client, Other) as well as 'how' (behaviour in line with our values). 'Progression' (which is the basis for salary increase) relates to growth and development as a person and professional in relation to the PwC Professional competency framework.



The remuneration process for staff has been updated last year. The 'Impact' element now only applies to senior associates and above, and within Assurance to managers and above. The bonus was built into the salary – in full for the more junior levels and partially for other levels. The goal is to place a greater focus on development, especially for the junior levels.

Along the same lines as for the partners, PwC staff set out their objectives for the coming year with their immediate superior. Based on individual appraisals and other feedback, they determine the progress to date halfway through the year. The extent to which the objectives have been met is assessed at the end of the year and sounded in special meetings by a group of team leaders or career coaches to ensure objectiveness.

The Remuneration Committee and the Supervisory Board discussed the distinctive features of the PwC NL salary structure in the year under review. The proposed changes to the remuneration policies and conditions of employment for staff and directors were also assessed, with special attention paid to the relation between the salary budget and development of inflation, recognition of the internal departments (known as Firm Services) and the views of the Works Council. After due discussion, the Supervisory Board approved the proposed changes and recommended that the Board of Management take the next step towards greater transparency of the salary structure.

Quality is the heart of our remuneration policy for partners and directors

Given the public importance of PwC's work, the remuneration policy for partners is designed in such a way that quality, independence, compliance with the Code of Conduct and internal and external rules and regulations have an impact on performance evaluation and remuneration. The partner evaluation and remuneration process is supervised by the Supervisory Board and its Remuneration Committee.

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'). 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%). Quality is a significant element in all three components. An on-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. An unsatisfactory rating of the performance of an individual partner on quality can therefore significantly affect the amount of the remuneration. Quality is also rewarded positively. A rating of above average on quality may result in additional remuneration.

The description of the partner evaluation and remuneration process is added to the table below.

Directors receive a fixed salary and a variable element dependent on their individual performance. The Board of Management sets the salary range for directors on an annual basis. The salary is dependent on the roles and responsibilities of the individual director. We also award directors an annual variable remuneration for the past year, which is determined on a basis similar to that for partners, in which a regular good performance means a variable element of about one third of the total remuneration.

Quality matters

PwC uses a Recognition and Accountability Framework (RAF) to facilitate a common approach in holding partners and directors accountable for quality outcomes and quality behaviours. The framework applies to all Lines of Service and sets expectations of the right quality outcomes and behaviours. It also puts in place the right interventions and recognition for the behaviours that are commensurate with quality outcomes (such as internal and/or external quality reviews) and quality behaviours (such as the attitude to quality, personal behaviour and other important compliance matters). Minimally required 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 the Code of Conduct, complying with all applicable internal and external regulatory and quality requirements, proactive involvement

The process with regards to the evaluation and remuneration of partners is as follows:

Start of the financial year		End of the financial year		
Mapping	Goalsetting	Evaluation	Rating	Remuneration
Based on proposals by the different Lines of Service Boards or the Markets Leader, the Board of Management defines the role and responsibilities of individual partners at the start of the financial year. In this process, partners are placed in categories, and in a specific position within the category. The Remuneration Committee reviews the outcome of this process.	In consultation with the primary and secondary reviewing partner, individual partners set personal goals related to quality, their roles and responsibilities, personal development and the strategic priorities of PwC NL.	At the end of the financial year, a development and evaluation conversation takes place in which the personal goals are assessed within the components Clients, People and Firm/Strategy. In preparation, partners evaluate amongst others the extent to which they have contributed to the strategic priorities of PwC NL.	The outcome of the assessment is expressed in a performance rating on a scale of 1 to 5 for each of the three components (Clients, People and Firm/Strategy). The Lines of Service Boards or the Markets Leader submit the proposed ratings to the Board of Management. The Board of Management decides on the individual performance ratings, after obtaining the assessment of the Remuneration Committee regarding the quality and correct execution of the remuneration process.	As a result of this process, partners receive a profit share that reflects the role/responsibilities of the individual partner (50% fixed) and that is performance-based (50% variable). 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.

According to the Dutch Accounting Firms Oversight Act (Wta) only experienced professionals can be appointed as external auditors and are included in the AFM registry. All other employees function under the authority of and report to the external auditor and have no authority to sign.



within the firm and management responsibility for the SoQM. Non-compliance with baseline expectations can negatively affect total remuneration by 12.5-50%. Commercial or other performance cannot compensate for the Clients element in the evaluation. Assurance partners and directors are not rewarded for cross-selling at audit clients.

We also expressly evaluate and reward quality positively. A best-in-class score in engagement quality (in EQRs) has a positive impact on the Clients element of the evaluation, and this can be rewarded. In addition to EQR results, we also expressly consider other engagement quality performance and behaviour in the evaluation and remuneration. For instance, we actively support and reward those partners and directors who stand their ground when this is appropriate, who resign from clients that do not meet our quality requirements or who arrange for deadlines to be delayed where this becomes necessary to safeguard acceptable levels of quality. An above-average performance in terms of engagement quality automatically results in a positive evaluation in the Clients element of the evaluation, and this represents a variable remuneration element of between one sixth and one third (i.e. an increase in total remuneration of between 8.3% and 16.7%), on condition that the partner's conduct meets the expectations we have set for a PwC partner. We also value an above-average contribution to our SoQM or distinctive performance in the People component in the Firm/Strategy or People component, which results in one-sixth to a third higher variable remuneration (i.e. a 4.2 to 8.3% higher total reward).

In this context, the Remuneration Committee and the Supervisory Board evaluate the performance ratings and mapping of partners based on stratifications. With the assistance of the Partners' Council, the Remuneration Committee monitors the effectiveness and correct execution of the remuneration process in accordance with the applicable requirements, and reports its findings to the Supervisory Board. The Remuneration Committee and the Supervisory Board specifically focus on how compliance infringements are dealt with and the results of the quality reviews (EQRs) or external inspections, both of which may affect partner remuneration based on the Recognition and Accountability Framework. Where a partner evaluation results in an unsatisfactory rating, the Board of Management assesses whether the unsatisfactory performance is incidental or whether there are indications of longer-term issues which

need follow-up. The Remuneration Committee and the Supervisory Board also supervise this process.

Clawback

Partners who act as external auditors are subject to a clawback scheme. Under this scheme the payout of one sixth of each individual partner's annual remuneration after corporate taxes, is deferred and held for a period of six years. This scheme will be adjusted in the coming year to include the possibility that the capital contribution partners pay to PwC is taken into account for the clawback scheme. As soon as the amount to be held cumulatively under the clawback scheme exceeds the capital contribution, the remainder is transferred to a bank account with an independent foundation charged with managing these funds. 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 withheld from the partner and invested in measures to improve quality in PwC NL. The proposal to withhold (part of the) remuneration is subject to approval by the Supervisory Board. No clawback was required under this scheme in 2022/2023.

Remuneration of the Board of Management and Assurance Board

The performance of the members of the Board of Management Assurance Board (who all qualify as policymakers for the audit firm) is evaluated by the Supervisory Board. The Supervisory Board sets long-term goals for the Board of Management and Assurance Board as a whole as well as for the individuals.

The performance and progress made during the financial year is monitored on a regular basis by the Supervisory Board through a mid-year evaluation interview and a year-end performance interview between each member of the Board of Management and Assurance Board and counterparties from the Supervisory Board. These evaluations include an assessment of the time spent by members of the Board of Management and Assurance Board in their various roles.



The Supervisory Board determines the remuneration of individual members of the Board of Management and Assurance Board in compliance with the Dutch Audit Firms Supervision Act and in line with criteria set by the General Meeting. This means that the members of the Board of Management and Assurance Board do not receive the points based remuneration as other partners do, but they receive a fixed non-profit-related remuneration.

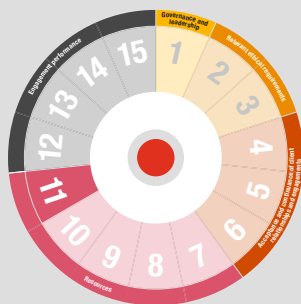
In addition to the fixed non-profit-related remuneration, the Supervisory Board is authorised to levy a downward correction on a member of the Board of Management or Assurance Board, up to a maximum of 20%, when justified by the quality aspects of their performance as a professional practitioner. The Supervisory Board is also authorised to determine a variable remuneration up to 20% of fixed remuneration based on the achievement of mid/long-term goals set by the Supervisory Board, with the variable remuneration only being awarded where the goals have been exceeded, i.e. for exceptional achievement.

The amounts are determined before taxes, social charges, pensions and similar items. In accordance with the association agreements the remuneration is paid to the partner BVs, and the individual members of the Board of Management are responsible for the payment of taxes, pension arrangements and insurances. No personal loans, guarantees or advance payments have been provided to, or on behalf of, the members of the Board of Management.

In addition to the fixed non-profit related remuneration, members of the Board of Management and Assurance Board receive expense allowances in line with those set for all partners. The members of the Board of Management also receive an annual member fee on capital contributed, as do all PwC NL partners.

Resources

11. Technological resources



Objective: Technological resources enable the operation of the firm's system of quality management and performance of engagements.

The most important risks that have been identified in relation to the quality objective are:

- The risk that data quality in IT systems and tools used in quality management are not adequately managed or that these systems and tools are unreliable.
- The risk that the process for granting, monitoring and revoking user access to IT systems is not appropriate and security risks are not sufficiently mitigated.
- The risk that the procedures for change management (including functionality testing) of these IT systems and tools are not effective.
- The risk that we don't comply with applicable regulation regarding data privacy and data retention in these systems and tools.
- The risk that new solutions are implemented that have not gone through the approval process.
- The risk that insufficient investments are made (colleagues and resources) in innovation and new digital solutions, resulting in, among other things, deterioration of PwC's position in the market.

Governance

The planning, development, application and maintenance of IT systems and tools used for quality management make use of the firm-wide IT organisation of PwC NL. The responsibilities of the chief operations officer (COO) (member of the Board of Management of PwC NL) include the IT strategy and the IT operations of the Netherlands. The COO is supported by a chief information officer (CIO) and a chief information security officer (CISO), operations partners in the LoS Boards and a central IT department. The CIO is responsible for matching supply and demand on a strategic and tactical level in agreement with the Lines of Services and the international network. The CISO is responsible for compliance with the PwC Information Security Policy (ISP). The director IT is responsible for the continuous availability of the necessary technology.

Innovation, planning, development and maintenance of IT systems and tools, which are used in quality management, are initiated by the Assurance LoS from the Assurance Board, the Assurance innovation team, Assurance information and the business units supported by the abovementioned IT organisation. This is further supported within the process by the firm-wide Technology and Transformation (T&T) Board and the Information (& Data) Protection Committee.

The members of the T&T Board are the COO, the Lines of Service operations partners, the CIO, the chief digital officer and the director IT. The Board meets approximately four times a year, sharing and discussing developments and progress, including the programmes and projects that are developed from within the PwC network of member firms.

Annually, Assurance information management draws up the Assurance IT plan, which includes the most important objectives based on the strategic Assurance priorities, a risk assessment and a resource budget. The plan is developed in collaboration with the Assurance Board member responsible for operations and approved through the annual Business Planning Cycle (BPC).

Development and maintenance

Policies and procedures with regards to development and maintenance of local and network IT systems and tools are based on the PwC Network Policies & Procedures. Development and maintenance is carried out according to the frameworks of the BPC. Development is mainly done through the IDP-process (Idea, Demand, Project) and maintenance mainly through the change management process.

Regular assurance processes are mainly supported by Global systems. Locally developed systems follow the usual Global Policies and Procedures. Furthermore, the risks are mitigated and sufficiently managed.

Change management

Maintenance of IT systems and tools is supported with a central process through the ServiceNow platform. Changes are reported there and, through a process flow, offered for approval, realised and subsequently released and reported as ready. For larger or more complex changes in systems, the IDP process is followed (see objective 5).

Access Control

Systems and tools are granted from a PwC-wide, Line of Service or application/tool perspective. Access rights to assurance tools can be part of the tool itself, like with the delegated model for Aura Platinum (see objective 12): access to the client-specific Aura file and client-sensitive data must be approved by the owner of the relevant Aura file (or by the replacement appointed by them).

Every new employee of PwC NL automatically gains access to a number of systems and applications that are necessary for the daily practice, such as Replicon (time administration), Consult (consultation database), Assurance Assist (technical database), Vantage (L&D portal), TalentLink (planning system) and Workday (HR system). In addition, there are specific procedures through ServiceNow for granting access to a number of specific systems and applications. The relevant access rights are monitored at least once a year to ensure that the access granted is (still) appropriate and that there are no users with excessive access.

When leaving the company, user laptops are collected as part of the leaving procedure and access to the network is blocked centrally.

Information security

Information security has a high priority within the PwC network. The member firms have a responsibility to their people, clients, suppliers and other stakeholders to protect information entrusted to them.



The PwC network has a PwC Information Security Policy (ISP). This policy is aligned with ISO/IEC 27001, financial services industry standards, and other reputable frameworks (ISO/IEC 27001, COBIT, NIST, etc.) as benchmarks for security effectiveness across the network of Member Firms. The PwC ISP directly supports PwC NL in its strategic direction of cyber readiness to proactively safeguard its assets and client information. The PwC ISP is reviewed, at a minimum, on an annual basis.

PwC NL is required to adhere to the ISP requirements and complete an annual assessment to demonstrate compliance. This assessment is executed by the Network Information Security Compliance team which operates independently within the PwC network. In addition, PwC NL is ISO 27001 certified.

Digital transformation

Innovation, digital transformation and the development of new services and products are crucial to stay relevant, deliver quality work and continue to grow. This is therefore central to our strategy. An innovation budget and plan is drawn up annually (for the audit practice, the Digital Trust and Broader Assurance Services business units separately) and approved by the Assurance Board. The Digital Innovation Steering Committee monitors the progress of new and already initiated projects in the field of innovation and new solutions.

Our colleagues are encouraged to develop innovative solutions, amongst others by offering and making various digital upskilling programs mandatory, digital days are organised in the business units, where new ideas for digital solutions are shared and discussed. In addition, so-called digital accelerators are active in every business unit – as is the case throughout PwC NL. Ideas deemed suitable can be submitted for possible further development and wider application, approval and monitoring in accordance with the existing innovation/new solutions governance procedures (IDP).

Whether it is about the digitisation of existing processes to increase the effectiveness or the efficiency, or about the development (with or without third parties) of fundamentally new solutions, tools, products or services, there is an adequate governance process for each of these initiatives.

Before a decision is made to invest in a particular innovative or digital solution or tool, it is determined that the proposed new solutions fit within the



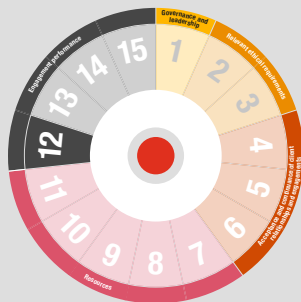
Assurance strategy and are in line with the purpose of PwC. It is crucial that the quality of new solutions or tools is guaranteed.

All initiatives must also comply with relevant laws and regulations. In addition to preparing a business case for all new solutions and tools, the risks are mapped and an extensive risk management and approval process is completed.

All relevant experts are involved (such as data privacy, data security, legal, independence, National Office, etc.). In addition, extensive user acceptance tests take place. Only when all relevant procedures have been successfully completed, identified risks have been adequately covered and the Assurance Board has granted approval based on the required documents and in accordance with the applicable governance procedure, new solutions and tools are released for use in practice. Applications are registered in the Application Management Tool.



Engagement performance 12. Support for engagement performance



Objective: Firms provide and engagement teams understand and fulfil their responsibility in connection with engagements including the use of relevant resources necessary for the effective and efficient provision of services, products and other solutions.

The most important risks that have been identified in relation to the quality objective are:

- The risk that insufficient colleagues and resources are available to support the practice.
- The risk that methodologies provided to the practice do not (completely) meet relevant professional standards, or that they do not support an effective or efficient execution of engagements.
- The risk that matters such as fraud, corruption, bribery and other illegal acts with or by audit clients are not discovered.
- The risk that potential going concern problems at clients who file for bankruptcy (shortly) after the financial statements audit are not identified by the audit team or are insufficiently followed up or reported.
- The risk that there is insufficient knowledge or skills within the audit team to adequately address audit risks or complex reporting topics.

Our audit approach

We use a global standardised audit approach. The use of technology and the outsourcing of standardised work to specialised delivery and competence centres and centres of excellence contribute to further quality improvement. Audit teams are supported with tools and techniques, and have access to specialist knowledge and technical consultations.

The PwC Audit

We use a globally applied audit methodology (the PwC Audit). This methodology is based on the International Standards on Auditing (ISAs), with additional PwC policy and guidance provided where appropriate. PwC Audit policies and procedures are designed to facilitate audits conducted in compliance with all ISA requirements that are relevant to each individual audit engagement. Our global audit methodology provides the framework to enable PwC firms to consistently comply in all respects with applicable professional standards, regulations and legal requirements. We use a digital file system (Aura Platinum) and industry-specific audit programmes for all (audit) engagements.

**Our colleagues
Technology
Audit approach +
The PwC Audit**

Aura Platinum integrates our standard for the set-up of an audit file. Our well trained and experienced colleagues are at the heart to apply this audit methodology. The approach they apply is smart and they use the most up-to-date techniques that, coupled with the current six-step audit process, results in an audit that is robust, insightful and relevant, and complies with the applicable professional standards, laws and regulations.

The audit process begins with **1. Client acceptance & independence** (see objectives 3, 4, 5 and 6). The other steps are:

2. Deep understanding of the client's business

A deep understanding of the client's business is crucial to the quality of our audit. That is why we delve into the processes, systems and data of the client at an early stage. To ensure that we have a good understanding of the client, we use company-specific and sector-specific expertise. Getting the right depth of understanding also ensures that we can prepare our audit approach in a timely manner and we can adjust our planning accordingly.

3. Relevant risks

In our audit work, we focus on the risks that could have a material impact on the financial reporting. Identifying the right risks is key to making the audit effective. We continuously train our colleagues on this. We encourage them to use their natural curiosity and professional scepticism to identify the right risks and develop an appropriate audit approach.

4. Determining the scope of the audit procedures

After we have identified the client's risks, materiality, size, complexity and internal control, we determine

the scope of our audit procedures. This scope includes what we are going to do, whether we are going to rely on internal control, what audit evidence we want to obtain and what client activities we focus on, how we do it and what PwC professionals and tools are needed to do this. We document this in Aura, and the information to be provided by the client is exchanged via the secured online portal Connect. This portal allows both the client and us to monitor real-time the status, timeliness and completeness of the information to be provided and other aspects that are important to the quality of our work.

5. Robust testing

Our testing strategy, the way we implement it and the evaluation of the results are all critical to the quality of our audit. We continuously challenge ourselves to improve the quality and value of our audit by simplifying work processes, innovating and using the most modern technology. Process mining within data analysis and benchmarking provides us with better insights and levels of assurance than traditional testing methods could provide on such vast volumes of data and on systems' operating effectiveness. The use of data analysis and technologies (such as Halo) increases further and both local and within our global network, we are investing substantially in these developments.

6. Meaningful conclusions

Our audit methodology provides stakeholders with assurance about the integrity of an entity's financial reporting and, bringing together the combined know-how and experience of our network, enables us to draw conclusions that are more informed and more scientifically based. We report to our clients' senior management through the management letter.



We report to the SB, and in particular the Audit Committee, the audit plan and the interim findings (management letter) as well as the board report. We also report to the shareholders of listed companies through our attendance at the Annual General Meetings (AGMs) and through the extended auditor's reports.

Audit Support

A key element of our approach is to reallocate certain administrative and standardised (audit) procedures to delivery and competence centres and centres of excellence, thereby generating enhanced quality, greater efficiency and increased speed through scale.

We use PwC delivery centres in the Netherlands, Argentina, Poland, India and South Africa and the competence centre and centres of excellence in the Netherlands, all of which fall under strict quality requirements set by the global PwC network of member firms. The systems of quality management in these centres are reviewed periodically by an international team during a QMR.

In addition to this, we have project managers from our Project Management Office (PMO) supporting audit teams and coordinating the audit process, looking at standardisation, risk management and planning and taking much work away from the

auditors, leaving them more time for their core tasks. The various centres, PMO and the planning department have been brought together within the Digital Trust business unit.

Support from the central organisation

National Office supports the practice and plays an important role in the development and implementation of guidelines and requirements in the areas of financial reporting, audit methodology and risk management. National Office is also involved with the implementation of legislation and regulation within the audit firm.

Technologies that strengthen our audits

The global network of PwC member firms is one of the most important drivers for quality. On the one hand, this network is of great importance to be able to adequately carry out the audit of internationally operating companies. On the other hand, the network offers the scale needed to make the investments necessary to carry out proper audits. Further development of electronic files, audit tools and data analysis technologies enables us to effectively audit companies, but it is costly. This includes the development of accompanying methodology and training. These investments can only be realised by a joint effort of the network.

As part of the New Equation strategy, the PwC network is making an incremental investment of three billion USD in quality the coming years. This includes a one billion USD investment in a multi-year programme to deliver a new audit ecosystem - human-led, tech-powered and data-driven. It will enable us to make continuous improvements to audit quality by further standardising, simplifying, centralising and automating our audit work. This transforms the experience for both our stakeholders and our colleagues.

We have designed and implemented processes and controls to underpin the reliability of audit technologies used. This includes clarification of the roles and responsibilities of audit technology owners and users. In addition, we have provided our team with guidance, focused on the sufficiency of audit documentation included in the workpapers related to the use of a tool or technology in an audit. Amongst others considerations of the reliability of the tool or technology have to be documented.



Aura Platinum

The globally-adopted Aura Platinum application provides support to our colleagues in the Assurance practice in their audit work under the PwC Audit, by providing them with a systematic risk-based audit approach that enables them to focus on the things that matter. Aura Platinum helps drive how we build and execute our audit plans by supporting teams in applying our methodology effectively, by creating transparent linkage between risks, required procedures, controls and the work performed to address those risks, as well as providing comprehensive guidance and project management capabilities. Targeted audit plans specify risk levels, controls reliance and substantive testing. Real time dashboards show teams audit progress and the impact of scoping decisions more quickly. Aura Platinum integrates a variety of tools to promote audit quality, consistency and ease of documentation. The application also integrates with a variety of other tools and applications, creating one workspace for client work. All our engagements are supported by Aura Platinum.



Connect Suite

Connect Suite is an online portal that facilitates speedy and secure exchange of information between colleagues (both in-country and abroad) and clients

at all stages of the audit. Connect Suite consists of Connect and Connect Audit Manager.

- Connect monitors the status of requests and information between our clients and the audit team in real time. Both the audit team and the client know the status at all times.
- Connect Audit Manager provides support in standardising and automating the coordination of the audit in situations where there is a group auditor and component auditors in multiple locations. Audit information is exchanged on the platform. Connect Audit Manager supports the coordination process for complex audits involving multiple locations.



Halo

Halo is our data auditing suite of tools allowing us to identify and assess risks and determine where to focus audit procedures. Halo allows us to analyse patterns and trends, identifying divergent transactions. For example, Halo for Journals enables the identification of relevant journals based on defined criteria making it easier for engagement teams to explore and visualise the data to identify client journal entries to analyse and start the testing process. Halo comprises three key components: the acquisition of client data, the transformation, and the testing and analysis of this data; and it clearly links the risks identified to the mitigating measures needed.



Count

Count is a mobile application that allows our teams to perform end-to-end inventory count observations at our clients. The results are exported into Aura Platinum. Count contributes to a further standardisation of the inventory count process.



PwC's Confirmation System

PwC Confirmations is our global, secure, web-based confirmation platform providing a guided experience to preparing, sending, monitoring and receiving electronic and paper responses for our auditors and third-party confirmers as well as a dashboard view to assist in status updates. The confirmer portal allows confirmers to easily navigate and provide responses.



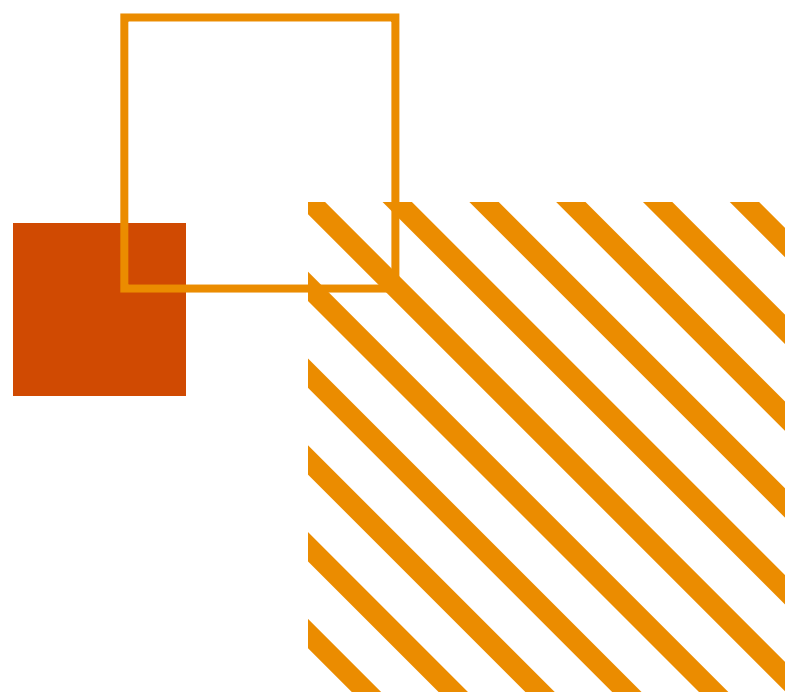
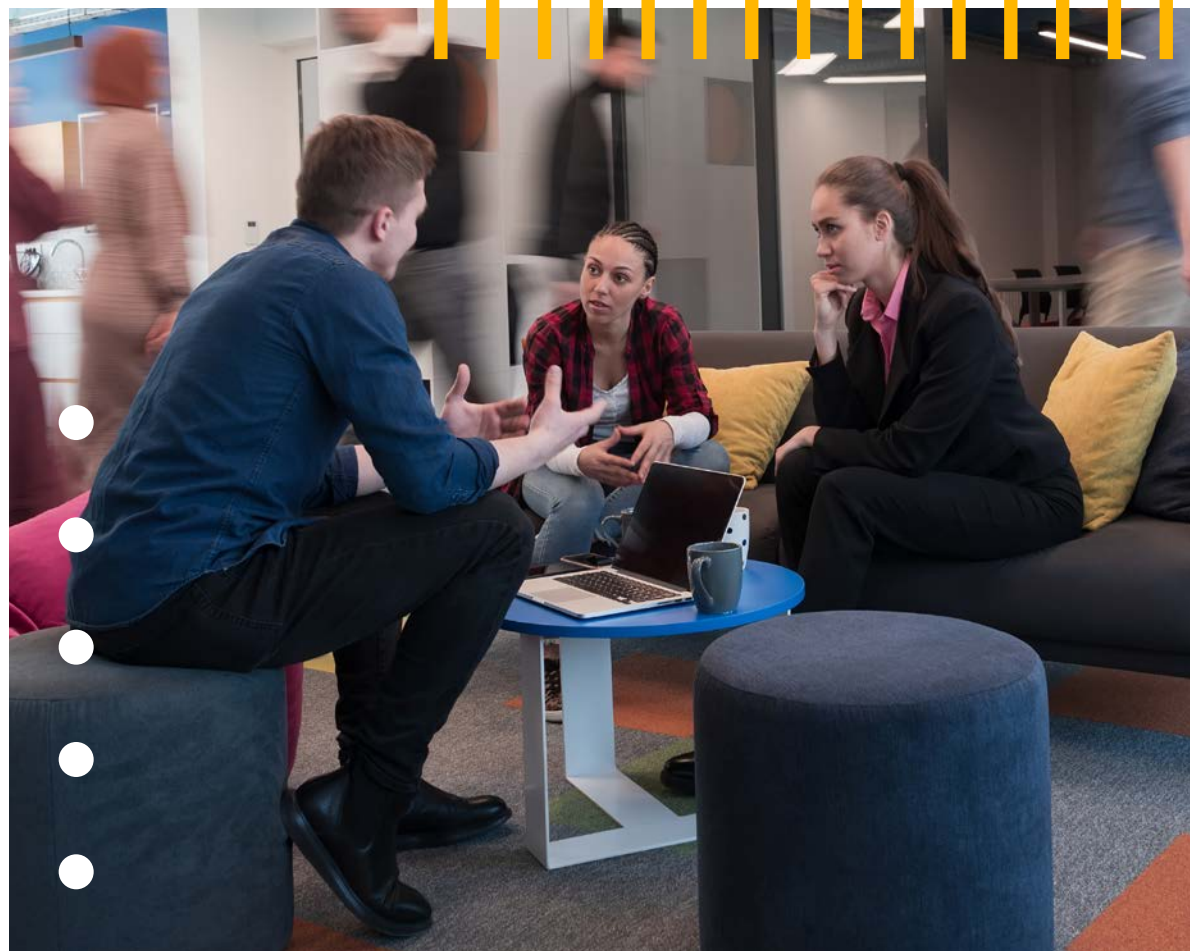
Halo platform

The Halo platform enables our engagement teams to manage all data extractions, executions and storage for all applications through one central location, allowing our engagement teams to monitor the status of data uploads and use the acquired client data for multiple applications during the audit.

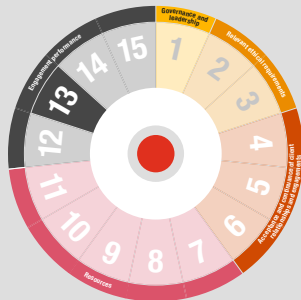
National Office is also tasked with a number of specific quality measures, such as financial statement reviews and professional consultations with audit teams (both mandatory and voluntary) (see objective 14).

In addition, National Office financial reporting specialists carry out reviews of the financial statements of selected audit clients to provide support to the audit teams. They provide an extra critical view from a specialist who is independent from the audit team. In addition to acceptability and completeness of the accounting policies used, presentation methods and disclosure notes, they also provide insight into the understandability of the financial statements for an external reader.

National Office also distributes periodic professional technical updates to keep the Assurance practice up to date on developments in regulatory matters and auditing and accounting standards. Examples are weekly technical news bulletins through the Assurance-wide newsletter, the Spotlight publication, the PCAOB and US GAAS Desk updates, and Accounting Alerts. The observations from our Coaching for Quality (C4Q) programme (see objective 13) are shared periodically with the entire Assurance practice. We regularly hold (mandatory) digital training courses and webcasts. National Office also maintains Assurance Assist. This online portal is available to all PwC employees and financial professionals at clients and other relations. The portal contains technical information in the field of reporting, assurance and risk management, as well as guidance, tools and templates. For IFRS-related content, we have provided Viewpoint. The information on this platform is maintained by a Global team. Finally, National Office has a key role in the development of our Learning & Development Programme (see objective 8).



Engagement performance 13. Direction, coaching and supervision



Objective: Engagement teams are effectively directed, coached and supervised and engagement performance is reviewed in a timely and constructive manner.

The most important risks that have been identified in relation to the quality objective are:

- The risk that insufficient project management skills are available on large audit engagements to perform the audit efficiently and effectively.
- The risk that engagement leaders insufficiently direct and coach their team, or that they are insufficiently or not timely involved in the execution of the audit.
- The risk that insufficient on-the-job training takes place or that work performed by the team members is insufficiently reviewed for quality, effectiveness and documentation.

Team roles and responsibilities

The engagement leader is the partner or director responsible for a project or an engagement. Together with the engagement manager, the engagement leader oversees the audit, reviews the work, coaches the team and maintains audit quality. Our partners, directors and (senior) managers have a major role in promoting our standards and values, including professional scepticism and the behavioural standards we aim to achieve. They are setting the example for their team members. Partners and directors are expected to account for a substantial part of the total time spent on the client. We expect all employees to critically self-review their own work and ensure that it meets the relevant requirements.

Our audit software, Aura Platinum, integrates our standard for the set-up of an audit file but also has functionalities to help our colleagues track the progress of the engagement, ensuring that all work has been completed, that work is reviewed by the appropriate individuals including the engagement leader and, where applicable, the QRP or CRP (see objective 15), and that all matters arising have been appropriately addressed.

Throughout their careers, our colleagues (including partners) develop their knowledge and skills through a combination of coaching, on-the-job review and various training courses. Coaching and review on the job are important parts of the way of working within our audit teams. Our colleagues therefore receive training in giving this coaching and feedback. In addition, the Coaching for Quality team (C4Q team) and the engagement-specific quality reviewers (QRPs and CRPs) play an important role in the professional coaching of our colleagues.

Coaching for Quality (C4Q)

The C4Q team conducts in-depth reviews on a selected number of audit files before the auditor's report is issued and also supports QRPs and CRPs in performing the OKB (opdrachtgerichte kwaliteitsbeoordeling, being the engagement-specific quality review) (see objective 15). The C4Q team helps audit teams to ensure the quality of audit engagements, each year focusing on specific themes, such as the fraud risk analysis, the IT audit approach or the application of a new audit standard. If the team identifies that an audit or the audit file could or should be improved, it provides coaching to the audit team concerned. The C4Q team not only identifies what needs to be improved, but also what is going well. It shares these lessons with audit practice and thus increases the change capacity of our organisation. Observations by the C4Q team also form input for the root cause analysis process.

Business intelligence

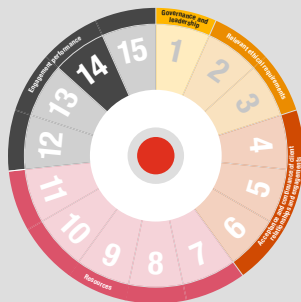
The National Office BI team makes use of RTA tools to get insight in real-time engagement information as reported in active audit files in Aura Platinum. This information can also be linked to other relevant sources, such as data from our planning system (Talentlink) or time administration (Replicon). The role of the BI team is to support the engagement leaders by providing relevant engagement information (real time) to improve the quality of the audit and documentation and to prevent unnecessary additional work further at a later stage. It is the responsibility of the engagement leaders - if there is reason to do so - to follow up adequately in the file. The BI team consists of both data analysts and methodological experts.

Real Time Assurance

We have developed a Real Time Quality Assurance RTA program in which preventive monitoring takes place and audit teams are coached and supported to do the right thing. The RTA program consists of coaching for quality (C4Q) and coaching through our so-called BI solutions (business intelligence). Both C4Q and BI help audit teams to ensure the quality of audit engagements as they perform their audit work. If it is established that an audit or audit file could or should be improved, the audit team concerned will receive coaching and the team will have the opportunity to follow this up before completing the audit.



Engagement performance 14. Expert knowledge



Objective: Firms provide and engagement teams use expert knowledge and specialists in the performance of engagements.

The most important risks that have been identified in relation to the quality objective are:

- The risk that necessary or desired support by experts is not or not sufficiently available.
- The risk that experts are not used even though this support is required to carry out a proper audit.
- The risk that not enough colleagues are available for consultation to support teams in the resolution of complex technical or risk management issues.
- The risk that issues like fraud, corruption, bribery and other illegal acts with or by audit clients are not discovered.
- The risk that potential going concern problems at clients who file for bankruptcy (shortly) after the financial statements audit are not identified by the audit team or are insufficiently followed up or reported.

Use of experts

In some cases, there is a need or it is considered desirable by the engagement leader to involve experts in performing certain audit procedures. In order to guarantee the availability of this support by experts – mostly professionals from the other Lines of Service – when necessary, so-called memoranda of understanding between Assurance and Tax & Legal and Advisory are agreed each year and signed by the respective Line of Service Boards. Tax & Legal colleagues support audit teams in, among other things, auditing the tax position of an organisation, pension accounting and pension-related matters, actuarial calculations, credit risk models in the audit of the accounting of insurance companies, share-based and other compensation models, and support on the field of real estate valuation.

Support from Advisory colleagues mainly relates to the audit of valuations in the financial statements, such as impairment tests, purchase price allocation in connection with the recognition of acquisitions in the financial statements, the valuation of portfolios and certain IFRS reporting matters. In addition, forensic, cyber and privacy specialists are regularly involved in the audit.

If necessary or desired, the above experts from the other Lines of Service can also be used for consultations.

Consultations

There are a number of predetermined situations in which the engagement leader is required to consult with National Office. Examples are follow-up of a suspicion of fraud arising at a client and going concern issues.

National Office

In the context of the consultation, the audit team submits the facts of the case, the regulatory requirements, the client's proposed accounting treatment in financial reporting cases and the views of the audit team. The engagement leader must also consult National Office if there is a potential error in a set of financial statements that have already been published and where an auditor's report (or other form of report) has been issued.

National Office records the outcome of the consultation in writing in the consultation database (Consult), requiring the engagement leader to approve both the facts and the final outcome. The outcome of the consultation is in principle binding. If the engagement leader disagrees with the outcome, an escalation procedure is in place.

Fraud panel

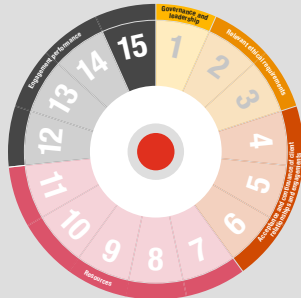
In the event of (alleged) fraud at our clients, our internal fraud panel must be involved. The fraud panel consists of forensic, risk management and methodological experts.

Notification of potential unusual transactions

The Wwft (Money Laundering and Prevention Terrorism Financing Act) and accompanying guidance by the NBA are embedded in our client acceptance and engagement continuance policies and procedures. Pursuant to the Wwft, we are obliged to report any actual or suspected unusual transaction – at or by one of our clients – to the Financial Intelligence Unit Netherlands set up by the Ministries of Finance and Justice and Security. Reports of possible unusual transactions can be discussed in the fraud panel. If the transaction meets the criteria of the Wwft, a notification is provided.

Engagement performance

15. Quality controls in performing engagements



Objective: Specific engagement related risk conditions are appropriately identified and targeted quality controls are implemented in response.

The most important risks that have been identified in relation to the quality objective are:

- The risk that quality controls for identified engagement risk conditions are not effective or not (properly) applied.
- The risk that insufficient partners are available to fulfil the role of QRP or CRP.

Engagement-specific quality reviews

At PwC, the engagement-specific quality reviews (opdrachtgerichte kwaliteitsbeoordelingen - OKBs) are performed by quality review partners (QRPs). Appointment of a QRP is required for clients that amongst others have a listing on a stock exchange. The QRP provides, on or prior to the date of the auditor's report, an objective evaluation of the significant judgements by the engagement team and the conclusions drawn when formulating the auditor's report. The QRP fulfils his/her role on the basis of the information provided by the audit team and the information in the audit file. The QRPs are appointed by the Assurance Board.

Where the Coaching for Quality team (C4Q team, see objective 13) is also involved in the audit engagement, the C4Q team can provide support to the QRP and a more in-depth OKB is performed. It identifies the key audit matters in consultation with the QRP and supports the QRP's work in those areas. The C4Q team also coaches the QRP in improving the performance of his/her role.

In addition to the legally required OKBs, in specific situations more in-depth OKBs are performed, for example in case of higher risk engagements or specific selected engagements for C4Q. These OKBs are performed by a team consisting of a Concurring Review Partner (CRP) and members of the C4Q team.

The QRPs and the CRPs receive mandatory training in preparation for their role and are part of a joint network managed by the C4Q Lead and Chief Auditor. Through this network they receive



continuous substantive support and guidance in the performance of their roles, while at the same time the network serves as a platform for sharing experiences and best practices.

Our governance

Our legal structure

Coöperatie PricewaterhouseCoopers Nederland U.A. (Coöperatie) is the group head of PwC Netherlands (being the Coöperatie and its group companies in The Netherlands, jointly referred to as PwC NL). At the level of the Coöperatie, a Supervisory Board has been established.

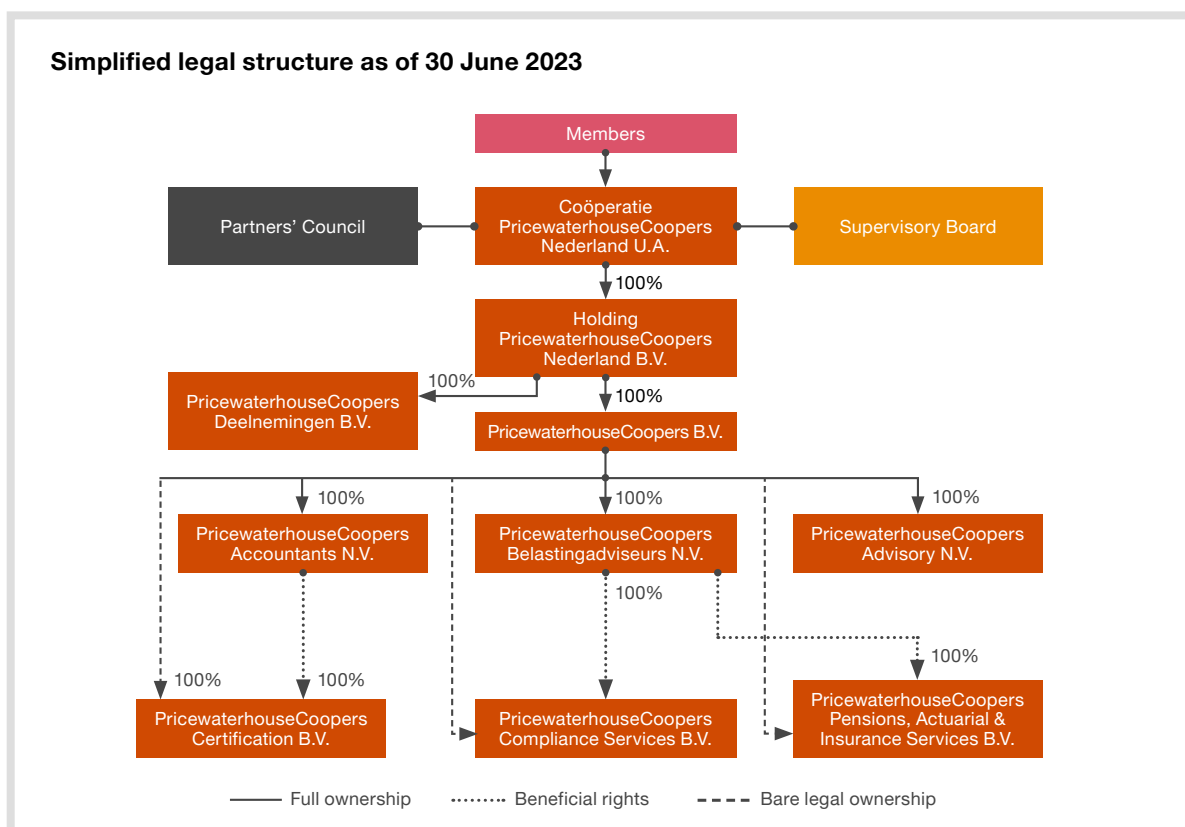
PricewaterhouseCoopers Accountants N.V. is the audit firm of PwC NL and holder of a license under Article 5 of the Audit Firms Supervision Act (Wta) (license number 130002921).

PricewaterhouseCoopers Accountants N.V. is a wholly owned subsidiary of PricewaterhouseCoopers B.V., which is a wholly owned subsidiary of Holding PricewaterhouseCoopers Nederland B.V. (Holding), which in turn is a wholly owned subsidiary of the Coöperatie.

The Coöperatie and the Holding were parties to association agreements with each of the private limited liability companies owned by the professional practitioners (Work- BVs). As per 1 July 2023 Holding no longer is a party to these agreements. Under these agreements, the professional practitioners are made available by their Work- BVs to provide professional services within a Lines of Service (LoS) in exchange for a management fee.

On 30 June 2023, Coöperatie PricewaterhouseCoopers Nederland U.A. had 295 associated members, of which 108 have made a practitioner available to PricewaterhouseCoopers Accountants N.V. The majority of the professional practitioners (being partners) made available to the audit firm have been registered with the AFM as external auditor. This registration takes place after a(n internal) quality assessment has been made. After approval from the Supervisory Board, the external auditors are appointed by the Assurance Board.

PricewaterhouseCoopers Accountants N.V. has offices in Alkmaar, Amsterdam, Arnhem, Breda, The Hague, Eindhoven, Enschede, Groningen,



Leeuwarden, Maastricht, Rotterdam, Utrecht and Zwolle.

Besides PricewaterhouseCoopers Accountants N.V., PricewaterhouseCoopers B.V. has the following wholly owned subsidiaries, of which the operational entities are:

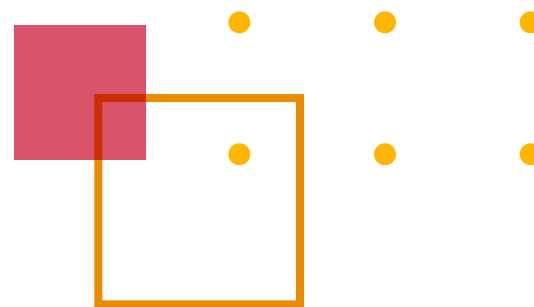
- PricewaterhouseCoopers Belastingadviseurs N.V. ('Tax & Legal')
- PricewaterhouseCoopers Advisory N.V. ('Advisory')
- PricewaterhouseCoopers Compliance Services B.V.
- PricewaterhouseCoopers Certification B.V.
- PricewaterhouseCoopers Pensions, Actuarial & Insurance Services B.V.

PricewaterhouseCoopers Compliance Services B.V. ('CoS') focuses on issuing compilation reports.

PricewaterhouseCoopers Certification B.V. handles assignments that fall under mandatory accreditation, such as assurance on CO2 and NOx emissions and ISO certification of information security management systems (ISMS).

PricewaterhouseCoopers Pensions, Actuarial & Insurance Services B.V. (PAIS) provides advice and intermediation in the areas of pensions and insurance products, and holds a Wft license from the AFM (license number 12040696) since 2012.





PwC Europe collaboration

PwC NL participates as a shareholder in PwC Europe GmbH (PwC Europe) through the subsidiary PricewaterhouseCoopers Deelnemingen B.V.. PwC Europe facilitates internal coordination and other support services to its shareholders¹⁾ and their group companies. The shares in PwC Europe GmbH are equally divided among the shareholders.

The PwC network

Firms in the PwC network are members in, or have other connections to PwCIL, an English private company limited by guarantee. PwCIL does not practise accountancy or provide services to clients. Rather its purpose is to act as a coordinating entity for PwC firms in the PwC network. Focusing on key areas such as strategy, brand, and risk and quality, PwCIL coordinates the development and implementation of policies and initiatives to achieve a common and coordinated approach amongst individual PwC firms where appropriate. PwC firms of PwCIL can use the PwC name and draw on the resources and methodologies of the PwC network. In addition, PwC firms may draw upon the resources of other PwC firms and/or secure the provision of professional services by other PwC firms and/or other entities. In return, PwC firms are bound to abide by certain common policies and to maintain the standards of the PwC network as put forward by PwCIL.

The PwC network is not one international partnership. A PwC firm cannot act as agent of PwCIL or any other PwC firm, cannot obligate PwCIL or any other PwC firm, and is liable only for its own acts or omissions and not those of PwCIL or any other PwC firm. Similarly, PwCIL cannot act as an agent of any PwC firm, cannot obligate any PwC firm, and is liable only for its own acts or omissions. PwCIL has no right or ability to control any PwC firm's exercise of professional judgement.

PricewaterhouseCoopers International Limited

The member firms that comprise the PwC network strive to work together to offer high quality services to clients worldwide. PwCIL has a coordinating role, including for example setting 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 the expertise of the professional practitioners, and protection of the PwC brand. The Network Leadership Team and the board of PwCIL develop and implement procedures and initiatives to facilitate a shared and coordinated approach among the individual member firms to the extent possible. PwCIL does not own any of the member firms and the member firms do not own any of the other member firms, except in certain very specific cases.

The individual member firms are members of, or have some form of relationship with, PwCIL. They perform all their services at their own expense and under their own responsibility. They may use the PwC name, but PwCIL is not in any way responsible or liable for acts or negligence on the part of the member firms, has no say as to their professional opinion-forming processes and cannot commit them in any way. Likewise, member firms cannot act as agents or representatives of PwCIL or of any other member firm and are liable only for their own actions or negligence.

PwCIL has the following governance:

- Global Board, which is responsible for the governance of PwCIL, the oversight of the Network Leadership Team and the approval of network standards. The Board does not have an external role. The Board is comprised of 20 members. Two are appointed as external, independent directors, and the other 18 Board members are elected by partners from PwC firms

around the world every four years.

- Network Leadership Team, which is responsible for setting the overall strategy for the PwC network and the standards to which the PwC firms agree to adhere.
- Strategy Council, which is made up of the leaders of the largest PwC firms and regions of the network, agrees on the strategic direction of the network and facilitates alignment for the execution of strategy.
- Global Leadership Team, which is appointed by and reports to the Network Leadership Team and the Chairman of the PwC network. Its members are responsible for leading teams drawn from PwC firms to coordinate activities across all areas of our business.

The Chair of the Board of the Coöperatie (Agnes Koops since 1 July 2022) is a member of the Strategy Council and maintains the relationship with the Network Leadership Team on behalf of PwC NL. Member firms may participate in regional affiliations designed to encourage collaboration and the application of common strategies and risk and quality standards.

The global PwC network is organised into two large geographical areas: Asia, Pacific, Americas (APA) and Europe, Middle East, Africa (EMEA). This is not a management or reporting structure but is intended to optimize connectivity between integrating markets and client needs. PwC NL forms part of EMEA.

System of quality management

Providing quality is at the very foundation of our services. The PwC network has created a framework for quality management that has been integrated both into the operating process and into the firm-wide risk management process to help individual member firms put the strategy into practice. The framework has a quality objective for the Assurance

1) PricewaterhouseCoopers AG, PricewaterhouseCoopers Belgium BV, PricewaterhouseCoopers Deelnemingen B.V., PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, PwC Beteiligungsgesellschaft mbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft and PwC Yönetim Danismanligi Anonim Sirketi.



practice, focussing on supporting our people and processes in providing services in an effective and efficient manner, meeting the expectations of our clients and other stakeholders.

Each member firm has its own policies and procedures, based on the standards of the PwC network, and each member firm has access to the common methodologies, techniques and support materials for many different forms of service. These methodologies, techniques and support materials have been developed to help member firms operate consistently and in accordance with PwC practice.

Each member firm is responsible for monitoring the effective operation of its system of quality management, including both a self-assessment and an independent review thereof. Additionally, PwCIL monitors the extent to which the member firm is in compliance with network standards, including reviewing not only the way in which the member firm carries out objective quality controls of all its services but also the processes that the member firm uses to identify and manage risk.

For assurance work, the global PwC network has a review programme directed specifically at quality, based on the professional standards that apply (such as ISQC-1 and, where applicable, the quality control standards of the US Public Company Accounting Oversight Board). The objective of this particular programme is to assess whether:

- the quality and risk management systems have been appropriately designed and are operating effectively in accordance with the network's standards and policies;
- the engagements selected for review have been conducted in compliance with the professional standards that apply and with the requirements of the PwC Audit; and
- significant risks have been appropriately identified and managed.

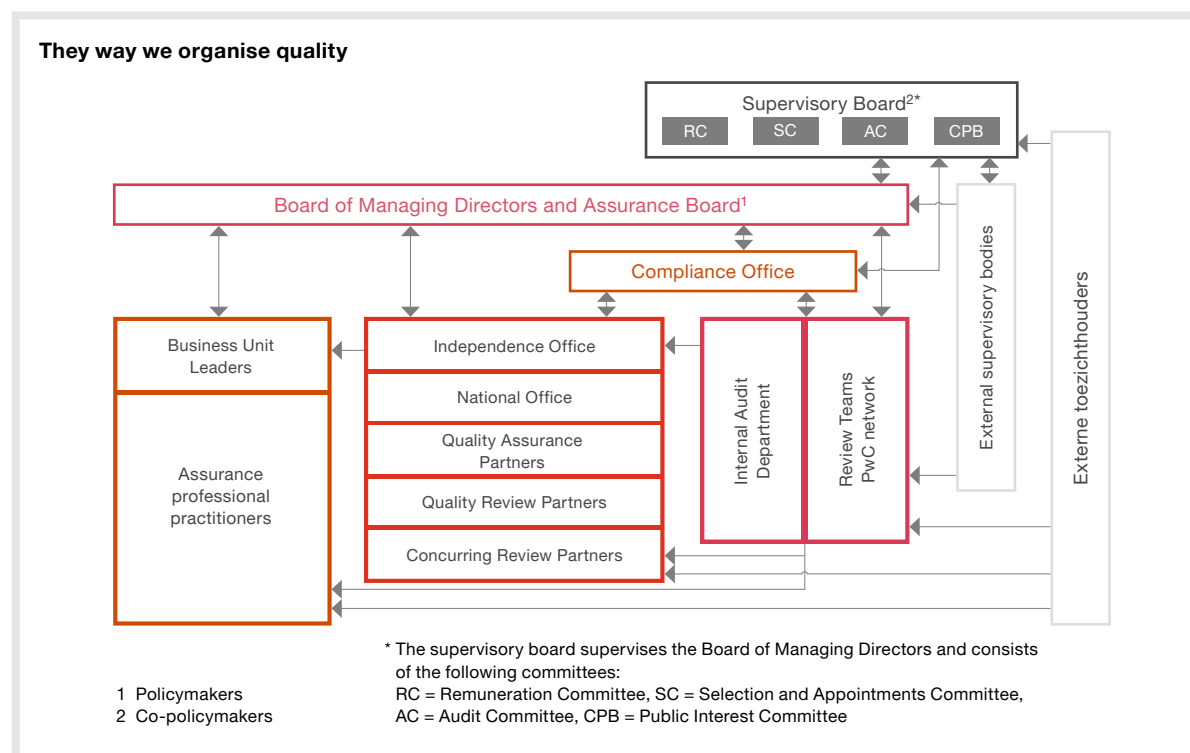
The system of quality management, the Quality Management for Service Excellence framework (QMSE) as recalibrated by the PwC network, was rolled out in the Netherlands during financial year 2019-2020, incorporating all of these aspects without exception.

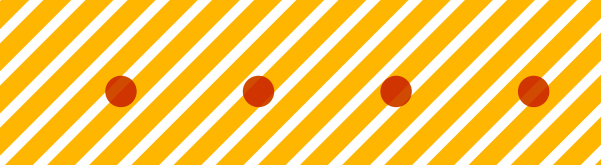
Our organisational structure

Policymakers and co-policymakers of the audit organisation

The members of the Board of PricewaterhouseCoopers Accountants N.V. (also referred to as the Assurance Board), together with the members of the Board of Management and Supervisory Board of the Coöperatie form the (co-)policymakers of PricewaterhouseCoopers Accountants N.V. within the context of the Audit Firms Supervision Act ('Wta').

The Assurance Board is responsible for the day-to-day management of the Assurance practice. In their role as day-to-day policymakers, the responsibilities of the members of the Assurance Board include the design, maintenance, and operating effectiveness of the quality and risk management system. The Chair of the Assurance Board is the single statutory director of PricewaterhouseCoopers Accountants N.V. The Assurance Board consists of Wytse van der Molen (Chair), Raneesh Jagbandhan, Joris van Meijel, Aleid Mulder and Jeroen van Kessel. The Chair of the Assurance Board is appointed by the General Meeting of PricewaterhouseCoopers Accountants N.V. The Chair appoints the other members of the Assurance Board as authorised executive directors after approval from the Supervisory Board. Both the Chair and the other members are appointed to their respective roles for a maximum aggregate period of two four-year terms.





Partners' Council

The Partners' Council represents the (collective) interests of the members and provides advice on relevant topics that are presented to the meeting of the members of the Coöperatie PricewaterhouseCoopers Nederland U.A. for approval. The Partners' Council may also provide advice, either on request or on its own initiative, and may act as advocate in the interests of the partner concerned in cases of internal dispute.

Business units

Given the structure and size of the audit firm, some of the Assurance Board's responsibilities have been vested in business units (BUs), each led by a Business Unit Leader with the following responsibilities:

- Implementation of the regulatory requirements that apply for quality, risk management and conduct and behaviour (Code of Conduct), the Business Unit Leader being supported in this by the Quality Assurance Partner who is also responsible for quality aspects such as the acceptance, continuance, and performance of engagements including the statutory audits.
- Design and management of an effective infrastructure (adequate levels of people and resources, industry expertise, business unit planning and its deployment of resources (productivity, revenue and profitability), the Business Unit Leader being supported in this by the Operations Partner.
- Human capital management, management of the team in terms of service quality and the monitoring and development of our people, their experience and their behaviour, the Business Unit Leader being supported in this by the Human Capital Partner.
- Moving the transformation forward, the Business Unit Leader being supported in this by the Change Partner.

As of 30 June 2022, the Assurance practice has seven business units, spread over twelve offices,

Business units and departments as of 30 June 2023

Amsterdam	Alkmaar and Amsterdam
South Holland	The Hague and Rotterdam
North-Central	Arnhem, Groningen, Leeuwarden, Utrecht, Enschede and Zwolle
South	Breda, Eindhoven and Maastricht
Financial Services	Nationally operating Business Unit
Broader Assurance Services	Nationally operating Business Unit
Digital Trust	Nationally operating Business Unit
National Office	Nationally operating department

consisting of four regionally operating Assurance business units and three nationally operating business units: Financial Services (FS), Capital Markets Accounting & Advisory Services (CMAAS) and Risk Assurance. The Business Unit Leaders coordinate with the Assurance Board through the Assurance Management Team, set up to facilitate consistency of operational management across the Assurance practice.

The FS business unit focuses on services to (audit) clients in the financial sector such as banks, insurance companies, investment institutions and pension funds. The CMAAS business unit provides accounting advice primarily to non-audit clients, works on behalf of capital market transactions and provides support to our audit teams in specific accounting subjects. The Risk Assurance business unit delivers and develops non-financial assurance services in addition to its IT role in the audit teams. The business units are supported by the nationally operating department National Office and by the Audit Support department (consisting of the delivery centre, the centres of excellence and the national planning department).

Industry groups

In addition to being allocated to business units, all professionals (as from a certain grade) are also part of an industry group. This is essential in maintaining a good understanding of market trends, regulatory environments and other relevant developments. The

exchange of information within the groups, across Lines of Service, helps maintain quality in our service delivery.

We have seven industry groups:

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

Co-policymakers - Supervisory Board

The internal supervisory role at PwC the Netherlands is discharged by the independent Supervisory Board (SB). The SB was set up on 1 May 2015 at the level of Holding. Since 24 March 2022 the SB has been established at the level of the Coöperatie. On 30 June 2023, the SB consisted of five members. The members of the SB are appointed by the General Meeting of the Coöperatie. on the basis of a binding proposal submitted by the SB. The members of the SB qualify as co-policymakers of PricewaterhouseCoopers Accountants N.V. within the context of the Audit Firms Supervision Act ('Wta'). Members of the SB are appointed for a term of four years and may be reappointed for a maximum of one further term of four years. During the financial year 2022/2023 all members of the SB were external members and were independent of PwC and complied with specifically agreed independence requirements.





The role of the SB is to supervise the Board of Management and the overall business affairs of the company and the enterprise connected with it, and to assist the Board of Management by providing advice. The SB also has a role supervising the Assurance Board and may adopt certain decisions regarding PricewaterhouseCoopers Accountants N.V., in line with legislation regarding audit firms in the Netherlands.

Amongst other things, the task of the SB is to approve the appointment of external auditors and the Compliance Officer. The Chair of the SB is also Chair of the General Meeting of the Coöperatie. As the Coöperatie is the group head of PwC NL, the SB has been set up at the level of Coöperatie.

During the financial year 2022/2023 the SB consisted of Chris Buijink (Chair), Naomi Ellemers, Frits Oldenburg, Jan Sijbrand and René van Schooten. The Report of the SB is included in the Annual Report 2022/2023.

The SB has the following committees:

Public Interest Committee (PIC)

The PIC is responsible for advising the SB and preparing the SB's decision-making on the societal aspects of business that are relevant to PwC, including safeguarding the public interest of the audit and other topics that affect the public interest. This concerns, for example, the preparation of the decision-making of the SB with regard to the approval of the audit firm's quality policy. All members of the supervisory board are members of the PIC, with Jan Sijbrand as chairman.

Audit Committee

The role of this committee is to assist the SB in its decision-making in the area of financial matters. These include the annual financial statements and co-signing thereof and the annual report (including the financial statements of PricewaterhouseCoopers Accountants N.V.), the financial reporting process, including the preparation and determination of

the Coöperatie's annual plans and budgets, major capital investments and the design and operating effectiveness of the internal risk management and control systems. The Committee also advises the SB on the preparation of the proposal to the General Meeting regarding the external auditor's appointment. During financial year 2022/2023 the Committee consisted of René van Schooten (Chair), Frits Oldenburg and Jan Sijbrand.

Remuneration Committee

The role of this committee is to support the SB in its responsibilities in the area of remuneration. These include preparing the proposals for remuneration policies regarding the Board of Management and the Assurance Board, for approval by the General Meeting, and approval of the policies for the remuneration of partners and staff, including supervision of their proper implementation. During financial year 2022/2023 the Committee consisted of Naomi Ellemers (Chair), Chris Buijink and Jan Sijbrand.

Selection and Appointment Committee

The role of this committee is to support the SB in its responsibilities in the area of appointments. These include the nomination of the members of the SB, the Board of Management and the Assurance Board, the approval of the appointment of the Compliance Officer and the approval of the appointment of external auditors. During financial year 2022/2023 the Committee consisted of Chris Buijink (Chair), Naomi Ellemers and Frits Oldenburg.

Industry groups



Financial Services



Technology, Media and Telecom



Consumer Markets



Industrial Manufacturing and Automotive



Government and Public Sector



Health Industries



Energy, Utilities and Resources



Legislative and regulatory framework



In this table is set out how and where our reporting complies with the requirements of Article 13 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014.

		Chapter
lid 2		
a	a description of the legal structure and ownership of the audit firm;	<u>Our governance</u>
b	where the statutory auditor or the audit firm is a member of a network: <ul style="list-style-type: none"> (i) a description of the network and the legal and structural arrangements in the network; (ii) the name of each statutory auditor operating as a sole practitioner or audit firm that is a member of the network; (iii) the countries in which each statutory auditor operating as a sole practitioner or audit firm that is a member of the network is qualified as a statutory auditor or has his, her or its registered office, central administration or principal place of business; (iv) the total turnover achieved by the statutory auditors operating as sole practitioners and audit firms that are members of the network, resulting from the statutory audit of annual and consolidated financial statements; 	<u>i) Our governance</u> <u>ii) en iii) List of EU/EEA audit firms that belong to the PwC network of member firms</u> <u>iv) Composition of turnover PwC the Netherlands 2022/2023</u>
c	a description of the governance structure of the audit firm;	<u>Our governance</u>
d	a description of the internal quality control system of the statutory auditor or of the audit firm and a statement by the administrative or management body on the effectiveness of its functioning;	<u>Our system of quality management</u>
e	an indication of when the last quality assurance review referred to in Article 26 was carried out;	<u>Accountability for the system of quality management</u>
f	a list of public-interest entities for which the statutory auditor or the audit firm carried out statutory audits during the preceding financial year;	<u>List of public interest entities</u>
g	a statement concerning the statutory auditor's or the audit firm's independence practices which also confirms that an internal review of independence compliance has been conducted;	<u>Statements</u>
h	a statement on the policy followed by the statutory auditor or the audit firm concerning the continuing education of statutory auditors referred to in Article 13 of Directive 2006/43/EC;	<u>Statements</u>
l	information concerning the basis for the partners' remuneration in audit firms;	<u>Evaluation and remuneration of our external auditors and managing directors</u>
j	a description of the statutory auditor's or the audit firm's policy concerning the rotation of key audit partners and staff in accordance with Article 17(7);	<u>Objectivity and independence</u>
k	where not disclosed in its financial statements within the meaning of Article 4(2) of Directive 2013/34/EU, information about the total turnover of the statutory auditor or the audit firm, divided into the following categories: <ul style="list-style-type: none"> (i) revenues from the statutory audit of annual and consolidated financial statements of public-interest entities and entities belonging to a group of undertakings whose parent undertaking is a public-interest entity; (ii) revenues from the statutory audit of annual and consolidated financial statements of other entities; (iii) revenues from permitted non-audit services to entities that are audited by the statutory auditor or the audit firm; and (iv) revenues from non-audit services to other entities. 	<u>Composition of turnover PwC the Netherlands 2022/2023</u>



List of EU/EEA-audit firms that belong to the PwC network of member firms

With this list we fulfill the requirements of Article 13, paragraph 2, sun. b (ii and iii) of EU Regulation 537/2014.

Member state	Name of the firm
Austria	PwC Wirtschaftsprüfung GmbH, Wien PwC Wirtschaftsprüfungs- und Steuerberatungsgesellschaft GmbH, Linz PwC Tax & Audit Services Wirtschaftsprüfung und Steuerberatung GmbH, Graz PwC Österreich GmbH, Wien
Belgium	PwC Bedrijfsrevisoren bv/Reviseurs d'entreprises srl
Bulgaria	PricewaterhouseCoopers Audit OOD
Croatia	PricewaterhouseCoopers d.o.o PricewaterhouseCoopers Savjetovanje d.o.o
Cyprus	PricewaterhouseCoopers Limited
Czech Republic	PricewaterhouseCoopers Audit, s.r.o.
Denmark	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
Estonia	AS PricewaterhouseCoopers
Finland	PricewaterhouseCoopers Oy
France	PricewaterhouseCoopers Audit PricewaterhouseCoopers Entreprises PricewaterhouseCoopers France M. Antoine Priollaud
Germany	PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft Wibera WPG AG
Greece	PricewaterhouseCoopers Auditing Company SA
Hungary	PricewaterhouseCoopers Könyvvizsgáló Kft.
Iceland	PricewaterhouseCoopers ehf
Ireland	PricewaterhouseCoopers
Italy	PricewaterhouseCoopers Spa
Latvia	PricewaterhouseCoopers SIA
Liechtenstein	PricewaterhouseCoopers GmbH, Ruggell
Lithuania	PricewaterhouseCoopers UAB
Luxembourg	PricewaterhouseCoopers, Société coopérative
Malta	PricewaterhouseCoopers
Netherlands	PricewaterhouseCoopers Accountants N.V.
Norway	PricewaterhouseCoopers AS
Poland	PricewaterhouseCoopers Polska sp. z. o.o. PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k. PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością sp. k.
Portugal	PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda
Romania	PricewaterhouseCoopers Audit S.R.L.
Slovakia (Slovak Republic)	PricewaterhouseCoopers Slovensko, s.r.o.
Slovenia	PricewaterhouseCoopers d.o.o.
Spain	PricewaterhouseCoopers Auditores, S.L.
Sweden	PricewaterhouseCoopers AB Öhrlings PricewaterhouseCoopers AB



List of public interest entities

With this list we fulfill the requirements of Article 13, paragraph 2, under f of EU Regulation 537/2014. This includes the PIEs* where a statutory audit was carried out in the financial year 2022-2023 (in alphabetical order):

<p>A ACOMO N.V. Add Value Fund N.V. Adyen N.V. Aegon Bank N.V. AEGON Levensverzekering N.V. AEGON N.V. AEGON SCHADEVERZEKERING N.V. AEGON Spaarkas N.V. AKZO Nobel Assurantie N.V. Akzo Nobel N.V. Alfen N.V. Allianz Finance II B.V. ARCADIS N.V. Asset-Backed European Securitisation Transaction Twenty-One B.V. Atradius Finance B.V. Avantium N.V. Azerion Group N.V.</p> <p>B Beheerstrategie N.V. BEST 2010 B.V. BEST SME 2021 B.V. BMW Finance N.V. BMW International Investment B.V. BNG Bank N.V. Brunel International N.V.</p> <p>C Cementir Holding N.V. Coloplast Finance B.V. Commonwealth Bank of Australia (Europe) N.V. Coöperatieve Rabobank U.A. Ctac N.V.</p> <p>D De Lage Landen International B.V. de Vereende N.V. DSW Ziektekostenverzekeringen N.V. Dutch Property Finance 2017-1 B.V.*** Dutch Property Finance 2018-1 B.V. Dutch Property Finance 2019-1 B.V. Dutch Property Finance 2020-1 B.V. Dutch Property Finance 2020-2 B.V. Dutch Property Finance 2021-1 B.V. Dutch Property Finance 2021-2 B.V. Dutch Property Finance 2022-1 B.V. Dutch Property Finance 2022-CMBS 1 B.V.</p> <p>E Ease2pay N.V. EDP Finance B.V.</p> <p>F FORDless STORM 2018 B.V.</p> <p>G Gasunie Transport Services B.V. Globaldrive Auto Receivables 2019-A B.V. Globaldrive Auto Receivables 2020-A B.V. Globaldrive Auto Receivables 2021-A B.V. Goldman Sachs Paraplufonds 1 N.V. Green STORM 2018 B.V. Green STORM 2019 B.V. Green STORM 2021 B.V. Guardian Group Nederland N.V.</p> <p>H Holland Colours N.V.</p> <p>I InsingerGilissen Umbrella Fund N.V.</p>	<p>J J.P. Morgan Structured Products B.V.</p> <p>K Kempen European High Dividend Fund N.V. Kempen European Property Fund N.V. Kempen European Sustainable Equity Fund N.V. Kempen Global Property Fund N.V. Kempen Global Sustainable Equity Fund N.V. Kempen Orange Fund N.V. Kempen Oranje Participaties N.V. Kempen Profiefonds N.V. Kempen Umbrella Fund I N.V. Kempen Umbrella Fund II N.V. Koninklijke Ahold Delhaize N.V. Koninklijke Brill N.V. Koninklijke Nederlandse Akademie van Wetenschappen</p> <p>L Laurentius Linde Finance B.V. LSP Life Sciences Fund N.V. Lucas Bols N.V.</p> <p>M Meltwater N.V. Monuta Verzekeringen N.V.</p> <p>N N.V. Nederlandse Gasunie N.V. Univé Her N.V. Univé Schade Naturgy Finance B.V. Nedap N.V. NN Equity Investment Fund N.V. NN Euro Rente Fonds N.V. NN Europa Duurzaam Aandelen Fonds N.V. NN Paraplufonds 2 N.V. NN Paraplufonds 3 N.V. NN Paraplufonds 4 N.V. NN Wereldwijd Mix Fonds N.V. NSI N.V. NX Filtration N.V.</p> <p>O Onderlinge Verzekeringsmaatschappij Univé Samen U.A. Onderlinge Waarborgmaatschappij DSW Zorgverzekeraar U.A. Optimix Investment Funds N.V.</p> <p>P Photon Energy N.V. Prosus N.V. PURPLE STORM 2016 B.V.</p> <p>R Rabo Groen Bank B.V. Rabo Herverzekeringsmaatschappij N.V. Repsol International Finance B.V. RHI Magnesia N.V.</p> <p>S SABIC Capital I B.V. SABIC Capital II B.V. SAECURE 16 B.V. SAECURE 17 B.V. SAECURE 18 NHG B.V. SAECURE 19 B.V. SAECURE 20 B.V. Salland Aanvullende Verzekeringen N.V. Salland Zorgverzekeraar N.V. SBM Offshore N.V. SGS Nederland Holding B.V.</p>	<p>Sinopel 2019 B.V. Stad Holland Zorgverzekeraar Onderlinge Waarborgmaatschappij U.A. STG Global Finance B.V. Stichting Bedrijfstakpensioenfondsvoor de Detailhandel Stichting Bedrijfstakpensioenfondsvoor het Beroepsvervoer over de Weg Stichting Beveland Wonen Stichting DUWO Stichting Intermaris Stichting Lefier Stichting Maasdelta Groep (MDG) Stichting Mooiland Stichting Pensioenfondsvoor Hoogovens Stichting Pensioenfondsvoor de Woningcorporaties Stichting Pensioenfondsvoor Zorg en Welzijn Stichting Sint Trudo Stichting Staedion Stichting Thuisvester Stichting Vestia** Stichting Wonen Zuid Stichting Woonconcept Stichting Woonin Stichting WoonInvest Stichting Woonpunt Stichting Woonstad Rotterdam Stichting ZOWonen STORM 2018-I B.V. STORM 2018-II B.V. STORM 2019-I B.V. STORM 2020-I B.V. STRONG 2016 B.V. STRONG 2018 B.V. Swisscom Finance B.V.</p> <p>T Technip Energies N.V. Telefonica Europe B.V. TIE Kinetix N.V. Triodos Bank N.V. Triodos Groenfondsvoor N.V. Triodos Impact Strategies II N.V. Triodos Impact Strategies N.V.</p> <p>U Univé Dichtbij Brandverzekeraar N.V. Univé Het Groene Hart Brandverzekeraar N.V. Univé Noord-Holland Brandverzekeraar N.V. Univé Noord-Nederland Verzekeraar N.V. Univé Oost Brandverzekeraar N.V. Univé Stad en Land Brandverzekeraar N.V. Univé Zuid-Nederland Verzekeringen N.V. Van Lanschot Kempen N.V.</p> <p>V VEON Holdings B.V.</p> <p>W Wizz Air Finance Company B.V. Woningstichting HEEMwonen Woningstichting Rochdale Woningstichting Servatius Woonstichting 'thuis</p> <p>Y Yapi Kredi Bank Nederland N.V.</p>
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* Companies established in the Netherlands listed on an EU regulated market, banks, credit institutions and insurance companies (not being insurers with a limited risk size), as defined in Article 1, first paragraph, under I of the Law on the Supervision of Audit Firms.

** Stichting Vestia has been split into three legal entities after 1 January 2023.

*** Entity ceased to exist during the financial year 2023



Reporting criteria of the quality indicators

In the table below we added all the quality indicators reported on in prior year. Since our quality indicators do not always match the Audit Quality Indicators (AQI) as published by the Quartermasters ('Kwartiermakers'). Despite the fact that they are still under discussion, and the definitions are not identical, we did link our internal quality indicators with the draft AQI's as some have a resemblance.

- The quality indicator is taken from the NBA Practice Note 1135 Disclosure of Audit Quality Factors. PwC reports in the Transparency Report 2022-2023 on all quality indicators stated in the Practice Note.

Nr.	Reporting criterion in NL	NBA Practice Note	Page*	AQIs
1	All assurance engagements that have led to publicly available assurance reports on sustainability information during the financial year. This includes public assurance reports on CO2-statements and impact reports on greenbonds (but excluding ETS / CORSIA verifications that are not publicly available).		12	
2a	Number of formal consultations finalised by National Office during the financial year regarding financial reporting and audit matters, including the number of consultations with regards to going concern.	○	12	
2b	Number of consultations submitted during the financial year to the Fraud Panel regarding potential Fraud cases.		12	AQI 3 - Fraud and going concern
2c	Number of consultations submitted during the financial year to the Fraud Panel regarding potential non-compliance (NOCLAR)		12	
2d	The number of audit engagements, both ongoing and finalized, where restructuring specialists from our Advisory practice have supported the audit team during the financial year in identifying and analysing potential going concern risks during the audit	○	12	AQI 3 - Fraud and going concern
2e	The number of audit engagements selected in the financial year in which forensic specialists from our Advisory practice supported the audit team in assessing the fraud risks at the organisations we audit.	○	12	
2f	Number of notifications of unusual transactions submitted during the financial year to the Financial Intelligence Unit.		12	
3	Millions of euros invested in the development of new technology relating directly to audit during the financial year, including the Dutch Assurance practice's share of investments in the development of new technology within the network and costs incurred, but excluding internally generated time and related expenses.	○	14	AQI 8 - Investments in innovative technology
4	Average number of hours per FTE during the financial year, calculated as the total hours spent by professional staff (FTEs) (excluding trainees, support staff, contracted-in staff, the flexible workforce and short-term secondments) on internal and external training and education divided by the average total number of professional staff (excluding trainees, support staff, contracted-in staff, the flexible workforce and short-term secondments) (FTEs)	○	15	AQI 10 - Traininghours regarding ESG
5a	The number of audit hours spent by the audit teams, as a percentage of the total number of hours charged to PwC's audit engagements (statutory and voluntary) in the reporting year.	○	16	AQI 4 - Quality increasing measures
5b	The number of audit hours outsourced to delivery and competence centres and to colleagues of the PMO, as a percentage of the total number of hours charged to PwC's audit engagements (statutory and voluntary) in the reporting year.		16	AQI 4 - Quality increasing measures
5c	Number of hours spent during the financial year by IT specialists from our Risk Assurance business unit on audit engagements, as a percentage of the total number of hours charged to PwC's audit engagements (statutory and voluntary).	○	16	AQI 4 - Quality increasing measures
5d	Number of hours spent during the financial year by financial data, reporting, valuation, pension and taxation specialists on support to audit engagements, as a percentage of the total number of hours charged to PwC's audit engagements (statutory and voluntary).	○	16	AQI 4 - Quality increasing measures
6	The average number of hours spent during the financial year per FTE by partners/directors, senior managers/managers and other team members from the audit practice (excluding contracted-in staff, the temporary workforce and short-term secondments)	○	16	
7	The sick leave percentage is the total number of sick days of the employees, as a percentage of the total number of available calendar days of the employees in the reporting period. The sick leave percentage includes sick leave for more than one year and excludes pregnancy and maternity leave. The (extra) long-term sick leave is leave for more than 6 weeks (i.e. at least 42 days at the end of the reporting period) and excluding pregnancy and maternity leave.		16	

* Page number refers to the main document of this Transparency report



Nr.	Reporting criterion in NL	NBA Practice Note	Page*	AQIs
8a	The headcount on 30 June, whereby the staff voluntarily selects one of the options. For male/female ratio the options are: male, female, do not wish to declare (dnwtd), and missing (not indicated). For background the options are: Dutch, Non-Western, Western, do not wish to declare (dnwtd), and missing (not indicated). The options do not wish to declare (dnwtd) and missing are not included in the calculation of both percentages.		17	
8b	The number of staff members with job level up to and including senior manager, per category male/ female or cultural background, who were promoted to the next job level during the promotion moments on 1 October 2022 and 1 April 2023, compared to the number of staff members in these categories.		17	
9	Ratio of the numbers of partners/directors, senior managers/managers, senior associates and associates in permanent employment at 30 June 2023 (excluding trainees, support staff, contracted-in staff, the flexible workforce and short-term secondments).	○	17	
10	Number of leavers during the financial year with a permanent contract in the staff levels up to and including senior manager, with a higher than average rating (1 and 2), male/female and migrant/non-migrant background (as specified by staff in the personnel administration), as a percentage of the average workforce in these categories.	○	18	AQI 7 - Employee turnover
11	Results from the People Survey during the financial year to questions related to coaching, audit quality, the consistent propagation of the PwC values (act with integrity, make a difference, care, work together, reimagine the possible) by our partners and directors and the results of the People Engagement Index that measures staff satisfaction with PwC as an employer, as well as the percentage of the employees invited who completed the survey.	○	18	AQI 6 - Culture
12	Number of Coaching for Quality instances initiated and completed during the financial year by the C4Q team including those in support of the QRP and CRP.		31	
13	Number, per evaluation element, of remuneration adjustments that have been or will be levied on partners and directors during the financial year by the Remuneration Committee of the SB under the evaluation and remuneration policies.		32	
14	Number of incidents notified to the external supervisory body (AFM) using the digital tool during the financial year.		33	
15	Number of formal reviews of financial statements carried out during the financial year by National Office specialists prior to issuance of the auditor's report.	○	33	
16	Number of engagements reviewed during the financial year under the (global) EQR process, differentiating between audit engagements and engagements performed in the other business units. Results of the EQRs, differentiating between compliant and non-compliant engagements. The category compliant also includes the compliant engagements with the qualification compliant with improvement required.	○	33	AQI 5 - System of quality management
17	Number of engagements reviewed during the financial year by external supervisory bodies and the number with reported findings.	○	34	
18	Number of hours spent during the financial year by partners/directors, senior managers/managers and other team members (including contracted-in staff, the flexible workforce and short-term secondments) on PIE and non-PIE PwC audit engagements, as a percentage of the total number of hours spent by all professional staff on all PwC's audit engagements.	○	34	AQI 1 - Involvement external auditor
19	Number of partners, directors/director candidates (headcount) subject to personal independence testing during the financial year and the number of independence infringements identified therein by the Independence Office. The number of sanctions levied by the Independence Sanctions Committee, differentiating between written warnings and reprimands, and the number of imposed financial sanctions. The results regard partners and directors/director candidates subjected to review during the financial year.	○	34	
20	Number of errors under Article 362 para 6 of the Dutch Civil Code (Dutch GAAP) or material errors (under IFRS and Dutch GAAP) noted during the financial year at entities where PwC was also the statutory external auditor in the prior year, as registered with National Office. Number of errors under Article 362 para 6 of the Dutch Civil Code (Dutch GAAP) or material errors (under IFRS and Dutch GAAP) noted during the financial year, as a percentage of the total number of statutory audit reports issued.	○	35	AQI 2 - Deficiencies and findings in audits and financial statements

* Page number refers to the main document of this Transparency report





Nr.	Reporting criterion in NL	NBA Practice Note	Page*	AQIs
21	Total hours spent by National Office on (the development) and provision of professional technical support and (the system of) quality management during the financial year.	○	35	
22	Number of engagement quality reviews (legally required OKBs) completed by QRPs. Number of engagement quality reviews (legally required OKBs) completed by QRPs, as a percentage of the total number of statutory audits. Number of engagement quality reviews (voluntary OKBs) completed by CRPs. Number of engagement quality reviews (voluntary OKBs) completed by CRPs, as a percentage of the total number of statutory audits. Number of hours spent on engagement quality reviews (legally required OKBs) by QRPs. Average number of hours spent by on the engagement quality reviews (legally required OKBs) by QRPs, as a percentage of the total number of hours spent on these statutory audits. Number of hours spent on engagement quality reviews (voluntary OKBs) by CRPs. Average number of hours spent by on the engagement quality reviews (voluntary OKBs) by CRP's, as a percentage of the total number of hours spent on these statutory audits. Total number of hours spent on engagement quality reviews by QRPs and CRPs. Average number of hours spent by on the engagement quality reviews by QRPs and CRPs, as a percentage of the total number of hours spent on these statutory audits	○	35	
23	Analysis of the Dutch PwC member firm's revenue by type of service as set out in the NV COS standards. The revenue from statutory audits is determined as defined in Article 1, para 1 sub p of the Law on the Supervision of Audit Firms. Accounting policies are the same as those for the Holding PricewaterhouseCoopers Nederland B.V. annual financial statements.		36	

* Page number refers to the main document of this Transparency report



Glossary

AFM	Netherlands Authority for the Financial Markets, the external independent body responsible for the supervision of financial enterprises and of audit firms with a PIE license.	General meeting (GM)	Meeting of the PwC partners who, via their partner BVs, are the members of Coöperatie PricewaterhouseCoopers Nederland U.A.
Assurance Board	Board of directors of PricewaterhouseCoopers Accountants N.V.	GIP	Global Independence Policy. All processes, minimum procedures and activities to which every PwC network firm must comply are prescribed in the PwC GIP. This policy includes specific processes that must be followed to ensure the independence of our clients if the nature of the service gives rise to it.
BAS	'Broader Assurance Services'. The business unit in which we offer broader assurance services. This includes consultancy regarding external reporting requirements to non-audit clients, assisting in capital market transactions and supporting our audit teams with complex reporting topics.	HC	Human Capital, the term used for the department or persons responsible for PwC's staffing policies and the implementation thereof.
BCC	Business Conduct Committee, to which staff refer if they note instances or suspicions of professional misconduct.	Independence Office	Support function that provides support to PwC professionals in maintaining their personal independence and the independence of PwC.
BMG&D	'Beoordeling, Mapping Goalsetting en Development' (Evaluation, Mapping, Goal setting & Development), the PwC process surrounding the evaluation and remuneration of partners and directors.	ISA	International Standards on Auditing.
BU	Business unit, the subunits of the Assurance practice, determined on the basis of geography and/or professional specialism.	KPI	Key performance indicator or quality indicator.
Bta	'Besluit toezicht accountantsorganisaties', the Decree on the Supervision of Audit Firms.	LoS	Line of Service, the three professional service units through which PwC offers and delivers its services: Assurance, Tax & Legal and Advisory.
CAD	Country Admissions Committee, the body that advises the BoM on the appointment of new partners and directors.	National Office	Practice support function that underpins and provides support to the professional quality of external auditors and other staff.
CMAAS	The business unit Capital Markets and Accounting Advisory Services.	NBA	Netherlands Institute of Chartered Accountants.
Coaching for Quality (C4Q)	Coaching for Quality is an in-depth review of audit engagements carried out by a team independent of the audit team before the auditor's report is issued	NV COS-standaarden	Regulations for audit and other standards issued by the NBA (Netherlands Institute of Chartered Accountants).
Compliance	Compliance with the legal, regulatory and other requirements and standards that apply.	PCAOB	Public Company Accounting Oversight Board, the US external supervisory body.
Compliance officer	Officer responsible for overseeing compliance with the legal, regulatory and other requirements and standards that apply.	People Survey	Public Company Accounting Oversight Board, the US external supervisory body. People Survey Global People Survey (GPS). Our worldwide annual staff satisfaction survey about the employees' experience of culture, policy and employment conditions.
Compliance Office	The department that supports the compliance officer. The office is amongst others concerned with the Audit Firms Supervision Act (Wta) and on that related laws and regulations.	PIE	Public Interest Entity, organisations that, because of their scope or role in society, impact a wide range of stakeholder groups (for instance, listed companies, insurers and financial enterprises) and for the statutory audit of which audit firms are required to have a licence from the AFM.
CRP	A partner, director, or an external individual, appointed by the firm the engagement quality review in specific circumstances, for example in higher risk engagements or during C4Q.	PwC Europe	The PwC Europe collaboration of the member firms in Germany, the Netherlands, Austria, Belgium, Turkey and Switzerland.
Digital trust (DT)	This is the business unit from which our IT-specialists and sourcing colleagues operate.	QMSE	Quality Management for Service Excellence is the PwC framework for the system of quality management.
ECR	Engagement Compliance Review, internal reviews carried out by the global network into the quality of client engagements	QRP	A partner, other individual in the firm, or an external individual, appointed by the firm to perform the engagement quality review.
OKB	'Opdrachtgerichte kwaliteitsbeoordeling' or: 'Engagement-specific quality review ('OKB'). A process established to provide, on or prior to the date of the auditor's report, an objective evaluation of the significant judgments by the engagement team and the conclusions drawn when formulating the auditor's report. The EQR is performed by a QRP or CRP, whether or not supported by the C4Q team.	Wab	'Wet op het accountantsberoep', Auditors Profession Act
		Wta	'Wet toezicht accountantsorganisaties' (the Audit Firms Supervision Act), which regulates the external supervision (by the AFM) of audit firms.
		Wwft	'Wet ter voorkoming van witwassen en financieren van terrorisme', Anti-Money Laundering and Anti-Terrorist Financing Act.



Acknowledgements

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This Transparency Report relates to PricewaterhouseCoopers Accountants N.V. In this report, 'PwC' refers to PricewaterhouseCoopers Accountants N.V.

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