2020/2021

PwC Annual Report

pwc

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A personal note from our chairman

If there's one thing that marks the past year for me, it's that people make all the difference. The COVID-19 pandemic has made that clear: it's people who ensure that the health crisis can be overcome and the economy keeps running.

To be frank, I didn't expect the COVID-19 crisis to last all year. Like many people, I thought last summer we'd soon have the virus under control. But the opposite proved to be true. Stringent restrictions still apply and we had to work mainly from home.

In the Western world, the rapid roll-out of vaccination programmes is slowly returning things to 'normal', but in other parts of the world the situation is still disturbing and the pandemic is still taking many victims.

That was also apparent among PwC employees, and I'm proud of our people for getting through the crisis together. Everyone experienced the crisis under different personal circumstances, whether in a family, as a single person, or as an expat. They've all worked incredibly hard, with results way above expectations. That wasn't an easy matter for everyone. I myself was fortunate not to experience much personal and health distress among those close to me, but, sad to say, that wasn't the case for all of us.

PwC colleagues are people doing their utmost to do the right thing

We must also remain vigilant for variants of the virus. It's important for the world to join forces to get the virus under control everywhere as quickly as possible.

But despite worldwide misery and the impact on our lives and on society, the pandemic has also brought us accelerated change. In the past year, we've not only been able to spend more time with our family but we've also seen what we're capable of when under pressure. We then seek out one another – almost instinctively.

Unfortunately, we have been touched on a personal level with the loss of 5 colleagues the past year. And we were deeply saddened by the tragic and untimely death of Carel van Eykelenburg, the Chairman of our Supervisory Board. He will be remembered as a driving force for strengthening our Firm, for his dedication and loyalty, but first and foremost as a warm and inspiring human being.

From the first lockdown, my main concern has been the health and safety of all our employees and their loved ones. I was also concerned about our service delivery to clients and our own business operations, but certainly also about social contacts at work that were suddenly interrupted. PwC staff are highly committed people. They put their heart and soul into their work and they're often willing to go that extra mile for the client and for each other. That attitude and that connection with colleagues and clients is an important part of our culture. And then – all of a sudden – everything came to a standstill, and I dreaded the consequences that would have.

My worries have still not entirely disappeared. We may have grown closer to one another remotely and found new ways to connect, but the need to be together and get things done together is now perhaps greater than ever. At the same time, though, we've discovered that we don't always need to be physically together in order to achieve something together. This creates more flexibility and a better work-life balance. That realisation also leads us more quickly to hybrid working, which we'll continue to shape together in the coming year, and in which we'll restore social cohesion with one another.

The COVID-19 pandemic has also accelerated sustainability and social engagement. Organisations can no longer avoid asking themselves whether everything they do contributes to a better world. That also applies to PwC. We feel – and are taking on – that responsibility more and more, by continuing our transformation into a sustainable organisation and staying relevant for our clients by helping them meet the expectations of their stakeholders. To be and to remain successful, you need to build trust and realise sustainable progress. Therein lies our relevance, whether as auditors, tax advisors, or consultants.

A message we get from our stakeholders is that we need to make it even more clear who we are, what we do, and what we stand for. 'Who we are' and 'what we do' are especially apparent in how we tackle things and how we give PwC a human face. Outsiders sometimes still perceive us as an institution. I believe that's a misconception, because last year once again I clearly saw and experienced that PwC colleagues are just people doing their utmost to do the right thing. We continuously use our knowledge, further develop our (digital) skills, and share our experience to contribute to the success of our clients and society in general.

'What we stand for' implies that we speak out more often and practise what we preach. It means we have a Net Zero ambition ourselves when advising our clients on emissions. It also means we must make clear choices or enter into discussion about the dilemmas we face, for example whether or not to accept an engagement that doesn't actually contribute to a better world. To resolve these dilemmas and meet the challenges of our time, we will need to connect and cooperate even more with one another, with our clients, and with our stakeholders. Together, working from our different perspectives, we are able to arrive at better solutions, build trust, and achieve sustainable progress.

We would like to express our appreciation to all our colleagues who in this extraordinary year have truly made the difference in taking care of the well-being of each other and the needs of our clients. Thank you for making PwC a great place to work.

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

On behalf of the Board of Management,

Ad van Gils
Chair

We may have grown closer to one another remotely and found new ways to connect, but the need to be together and get things done together is now perhaps greater than ever

What marks 2020/2021

Our people make the difference

We are proud of what we have achieved in these difficult times and that we have been able to maintain the high quality of our services. Our people were definitely the most important factor, experiencing the crisis under different and sometimes challenging personal circumstances.

Commitment to become Net Zero worldwide

Our ambition is to become Net Zero by 2030, in line with SDG 13 ('climate action'). Worldwide, this ambition means at least a 50% absolute CO_2 reduction in 2030 compared to 2019.

Strong financial performance in pandemic

In €	Revenue	ΔFY20	Operating profit	ΔFY20
Assurance	342M	-8.2%	61M	+60.3%
Tax & Legal	308M	+13.6%	84M	+12.1%
Advisory	286M	-6.0%	55M	+2.8%
Other	0M		1M	
Total	**936M**	**-1.4%**	**201M**	**+21.7%**

- The pandemic has led to additional work in several parts of our services, e.g. fiscal and legal advice, and has accelerated the need for our clients to reconfigure. Business portfolio reviews and deals therefore have even become more prominent on our clients' strategic agendas. Furthermore, we see increased demand for services in strategy and digital transformations. In Assurance, the *Tijdelijke Noodmaatregel Overbrugging voor Werkgelegenheid* audits only resulted in revenues of € 4.5M. Other parts of our business saw demand decline.
- In the pandemic we saw a significant decline in variable costs like travel (in particular in Assurance resulting in a large margin increase). This increased our FY21 operating profits as overall revenue decline in the crisis turned out to be limited.

We continue to transform

We are growing a culture that encourages and rewards behaviour in line with our values: address the societal context, have open dialogues and bring the human difference. This year, over 2,700 employees took part in the third Values Survey. The findings show that we have taken a solid step in the desired direction over the last few years to become the purpose-led and values-driven organisation that we want to be.

Strategic vision refreshed

Trust + Sustained outcomes = pwc

The recalibration of our global strategic vision for 2030 centres around our relevance for our clients and society by helping to build trust and deliver sustained outcomes. This reassessment also drives our investment agenda, in which knowledge and experience in the field of ESG, further digitisation, the transition to the cloud and security of information in cyber, stand out. We call this new global strategy The New Equation.

Certified on equal pay and opportunities

In 2020/2021 we are officially certified by the Equal Salary Foundation on equal pay and equal opportunities for men and women.

PwC in the Netherlands

PwC in the Netherlands

How we are organised

PwC is an independent member firm of a global network of firms and provides assurance, tax and advisory services, for listed and private companies, not-for-profit and governmental organisations, and individuals. Our Lines of Service are Assurance, Tax & Legal and Advisory.

Assurance focuses on the audit of information and processes. Statutory audit of financial statements constitutes most of our Assurance practice. Another part of the Assurance practice focuses on the design, implementation and the provision of assurance on systems, processes and numerical (non-financial) information and advice on complex accounting issues.

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

Advisory (including Strategy&) focuses on assisting clients in their (digital) transformation, from strategy to execution. Advisory also provides services in the area of mergers and acquisitions, from strategy advice to assistance with business (unit) integration or carve-out.

Advisory also includes crisis prevention and crisis management services to companies or institutions affected by fraud, disputes, cybersecurity breaches and near-insolvency.

Firm Services is the business partner for, and provides support to, the Lines of Service. The functional departments of Firm Services include specialists in the areas of human capital, IT, facility management, procurement, finance, legal, communications, transformation and risk and compliance.

Strategic performance indicators

Strategic performance indicators: the progress we make on our strategy is measured with these indicators. For target setting refer to pages 24-25 and for the explanation of strategy execution based on the target setting see the different paragraphs in ‘A look at our strategy’.

Quality

% Engagement Compliance Reviews per LoS compliant/meeting our standards

2020/2021	2019/2020
No AFM reviews/no PCAOB reviews/ other reviews 28 (all compliant)	No AFM reviews/no PCAOB reviews/ other reviews 39 (all compliant)
97.0% compliant Assurance	96.6% compliant Assurance
87.5% compliant CMAAS and RAS	100.0% compliant CMAAS and RAS
96.6% meeting standards Tax & Legal	99.3% meeting standards Tax & Legal
96.3% meeting standards Advisory	100.0% meeting standards Advisory

Training hours per FTE

2020/2021	2019/2020
108	115

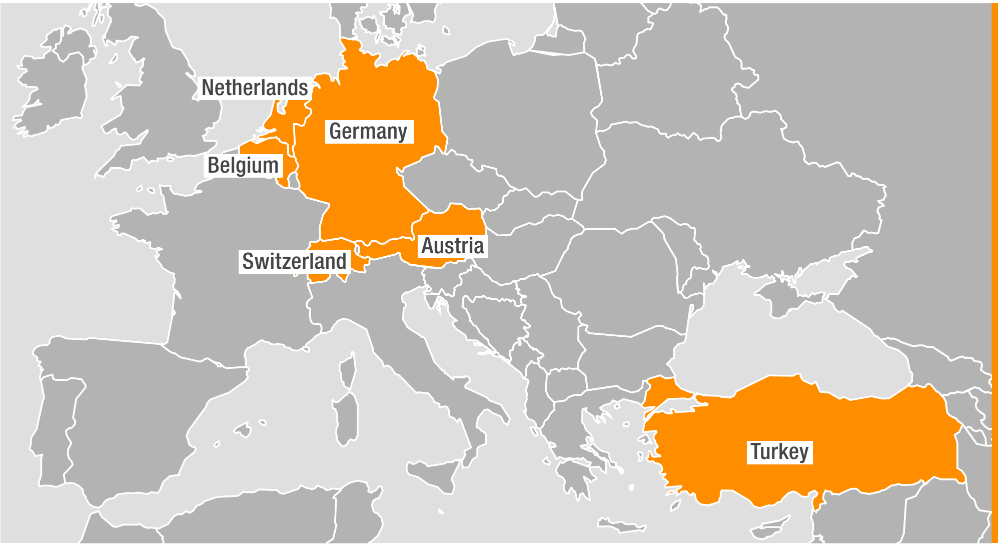
Financial result

Net revenue

2020/2021	2019/2020
€936M	€950M

Operating profit

2020/2021	2019/2020
€201M	€165M



How we work together in our 'PwC Europe' collaborative association

We are a member of a global network that, among other things, ensures the quality of the service delivery of all PwC member firms. The global network coordinates, reinforces and supports the network in areas such as strategy and the expertise of our professionals. Because of the increasing cross-border nature of our clients and the services we provide, we see an increasing collaboration within the PwC network at a regional level. This collaboration is also driven by the need for substantial investments, especially in technology. We have much greater investment and innovative power as a network.

We work closely with the PwC member firms in Austria, Belgium, Germany, Switzerland and Turkey within our collaboration association 'PwC Europe' (see page 141). We are also coordinating business and investments at the level of EMEA (Europe, Middle East and Africa) and of course at a global network level.

Digital

Number of Digital Accelerators

2020/2021	2019/2020
134	53

Number of Digital Acumen badges

2020/2021	2019/2020
1,095	N/A

Sustainable

Environmental impact (tCO_2e)

2020/2021	2019/2020
2,778	15,287

Reduction GHG emissions (% compared to 2018/2019)

2020/2021	2019/2020
86%	24%

How we make a difference: offering multi-competence services and integrated solutions

We are in an unprecedented landscape characterised by a climate crisis, a fundamental macroeconomic reset and societal uncertainties, sectoral break-downs and massive government interventions. The world and our stakeholders need to transform to a Net Zero economy and this outlook causes transformations, disruptive technologies and system changes to accelerate. Borders between traditional industries are blurring as a result of digitisation. New types of companies are emerging, entering apparently unrelated industries, and challenging industrial conventions that have existed for decades. Companies are increasingly digitising and acquiring the characteristics of technology companies. At the same time, we see societal themes accelerate that go beyond sectors or industries, such as de-globalisation, cyber risk, privacy, sustainability and inequality.

This requires responsiveness, resilience and transformation. The challenges of our clients require integrated solutions that allow them to remain relevant and resilient for the future. The strength of our organisation lies in the combined expertise and competencies of all our professionals.

Making a real difference and improving quality demands that we apply a variety of ideas, lenses or perspectives aimed at our purpose: building trust in society and solving important problems. To the extent permitted by laws and regulations and in line with our code of conduct, we offer (innovative) solutions on an integrated basis, bringing together a variety of experience and competencies from Tax & Legal, Advisory and Assurance and work in co-creation with our clients.

How we feel responsible towards our stakeholders

Our purpose is to build trust in society and solve important problems. We create long-term value for our employees, our clients and society. We assist clients and other stakeholders in achieving ecological, social and economic value - as an integrated part of their strategy. We do this by sharing knowledge and creating awareness. This way, we stimulate sustainable economic growth. Furthermore, society's expectations relating to building trust are increasing. Especially in these unprecedented times, societal stakeholders expect us to play a role that goes beyond our traditional remit of providing assurance and advice. For PwC, building trust in society and solving important problems has evolved towards living up to rising societal expectations on trust and leading by example on sustainability, supported by our values.

People

People Engagement Index (legacy) See page 38 for definition of new and legacy PIE

	2020/2021	2019/2020
People Engagement Index (legacy)	83% (81%)	2018/2019: (84%) No survey in 2019/2020
Intake STEM	12%	16%
Women in new partner & director appointments	30.4/32.1%	25.0/42.4%
Non-western origin in new partner & director appointments	11.8/14.3%	0/3.4%
Headcount as at 30 June	5,298	5,565

Five-year summary of financial results

	2020/2021	2019/2020	2018/2019	2017/2018	2016/2017
Revenue					
Net revenue (€ millions)	936.3	949.8	884.1	832.7	767.0
Increase/decrease	-1.4%	+7.4%	+6.2%	+8.6%	+3.1%
Net revenue per FTE (€'000)	178.7	178.7	175.2	176.8	167.0
Increase/decrease	+0.0%	+2.0%	-0.9%	+5.9%	-0.4%
External revenue per Line of Service (€ millions)					
Assurance	341.7	344.8	392.9	367.3	317.3
Tax & Legal	308.1	305.2	247.3	252.8	239.4
Advisory	286.4	299.4	242.9	212.6	210.3
Other	0.1	0.4	1.0	0.0	0.0
Total	936.3	949.8	884.1	832.7	767.0
Results					
Operating profit (€ millions)	200.6	164.5	163.3	161.6	151.2
Increase/decrease	+21.9%	+0.7%	+1.1%	+6.9%	+6.3%
Operating profit per Line of Service (€ millions)					
Assurance	60.7	37.8	46.3	54.8	43.0
Tax & Legal	84.0	74.6	71.1	65.8	67.2
Advisory	54.9	53.4	50.9	44.7	43.3
Management fee, salary and emoluments					
Available for distribution to partners (€ millions)	194.6	163.0	160.8	158.1	148.9
Average partner management fee* (€'000)	690.4	579.8	586.7	583.2	533.3
Staff bonuses** (€ millions)	41.6	33.7	28.8	26.4	24.0
Average salary cost per FTE (€'000)	80.7	79.0	77.5	76.6	74.6
Average bonus per FTE** (€'000)	8.4	6.7	6.0	6.0	5.5
Average number of FTEs	5,241	5,315	5,045	4,713	4,594
Partners	281	282	278	271	279
Professional staff	3,975	4,076	3,897	3,615	3,510
Support staff	985	957	870	827	805

* Payments are made from the management fee relating to items such as goodwill rights, pension contributions, social security and disability contributions, life insurance premiums, etc.

** In 2016/2017 part of the bonus has been converted to salary components.

Report of the Board of Management

What's happening around us

More collaboration and connection are needed to respond effectively to rapid change

The complex issues of our time demand an integrated approach. That's only possible if we communicate openly with each other and establish sustainable relationships. We can only help our clients and solve important problems if we listen carefully to each other, are open about the dilemmas we are facing, are responsive to what drives other people, and trust one another. The COVID-19 pandemic has made that even clearer.

For PwC to remain relevant in today's world and to help our clients with their challenges, we need to make genuine connections too. Not only with our clients and society in general, but also with one another. By deploying a wide variety of people in unexpected combinations, by offering quality, our knowledge, creativity and our ingenuity to look at things from multiple perspectives, and by using technology we are able to come up with new and sustainable solutions. That is how we will build trust and make sustainable progress towards a new tomorrow.

COVID-19 was already a dominant factor in our previous Annual Report and it was expected that we would soon move towards a 'new normal'. But then followed a year of lockdowns and uncertainty. Meanwhile, there are high expectations of a rapid economic recovery. Through the vaccination programmes we appear to control the pandemic, a new wind is blowing through American politics, the consequences of Brexit have so far been quite modest, and interest rates remain low.

For PwC to remain relevant in today's world and to help our clients with their challenges, we need to make genuine connections. Not only with our clients and society in general, but also with one another.

CEOs optimistic about economic recovery

Organisations are once again looking ahead and venturing to make plans, as is shown by our annual worldwide survey of CEOs. Almost three quarters of the more than five thousand executives surveyed say they are optimistic about economic recovery. At the same time, though, they also realise that the world looks different than it did before the COVID-19 crisis. We have started to live, work, and do business much more in an online environment and we've noticed there are many areas in which things can also be done differently.

Most respondents in our CEO Survey therefore indicated that they intend to invest more in their digital transformation and energy transition in the coming years. CEOs see that the COVID-19 pandemic has speeded things up in those areas, among others. They do realise, however, that company culture and people's creative skills are of great importance too. According to 43% of respondents, they have learned in the past year that – even in a digital world – it's people who make the difference.

The most relevant external developments we observe

For several years now, we have been using our ADAPT framework (Asymmetry, Disruption, Age, Polarisation and Trust) to identify how larger societal trends are influencing the strategic agendas of public authorities, companies, and organisations. The most relevant developments we have identified are the following:

CEOs provide insight into their expectations

In our annual CEO Survey, we ask CEOs worldwide about their expectations regarding, among other things, economic trends, the development of their company, and threats. This year, we did so in January, when the results of the US presidential election were announced and Brexit had taken effect. A total of 5050 CEOs, 141 from the Netherlands, were surveyed. The main conclusions were the following:

- **Climate and environment high on the agenda** – Climate change and environmental pollution still rank relatively high among the greatest concerns of CEOs. More than half of the 141 Dutch respondents say they will invest more in sustainability in the years ahead.
- **COVID-19 has made company culture and well-being more important** – If there's one aspect on which the COVID-19 crisis has had an impact, it's on everything to do with human resources – from adapting offices and other workspaces to social distancing in society to keep employees involved who in many cases have been working from home. CEOs realise more than ever that company culture and people's creative skills are vital to a company's success. According to 43% of respondents, they have learned in the past year that – even in a digital world – it's people who make the difference.
- **CEOs want to measure progress in non-financial areas** – CEOs want to measure more (and often report more) in order to determine their progress in such areas as environmental impact, innovation, and cybersecurity. It also appears that they have little desire to measure still more financial indicators.
- **CEOs are accelerating digitalisation, but they also see risks** – The COVID-19 crisis has pushed CEOs to accelerate their digital transformation. No fewer than 76% of respondents say they plan to invest more in digital transformation in the next three years, and 48 % plan to invest significantly more.

The climate crisis – The latest IPCC report is very clear: The last decade was hotter than any period before in 125,000 years. It is undoubtedly so that human influence has contributed to this. At PwC, we believe the business community has a key role to play in changing the impact on climate. And we're determined to play our part. That's why we're making a worldwide science-based commitment to reach Net Zero greenhouse gas emissions by 2030. Although the COVID-19 pandemic has led to a fall in carbon emissions globally, it is expected to bounce back once the virus is brought under control. The need to pursue the climate goals therefore remains pressing.

We note that organisations are more aware of their environmental impact. They increasingly realise that they must adapt their strategy accordingly if they are to remain successful in the future. In addition, increasing demands from investors and new legislation and regulations mean that more and more organisations are including the ESG (environmental, social, and governance) factors in their strategy, transformation, and reporting. In addition to reducing CO_2 emissions, organisations are also paying attention to such issues as biodiversity and the transition to the use of hydrogen as a fuel.

Impact of digitalisation – As a result of the COVID-19 crisis, numerous technical applications have gained momentum in the past year, such as the widespread use of apps, which we've gradually come to consider 'normal'. In a post-COVID world, we will continue to use technical tools in a way we were not accustomed to before the pandemic. This can lead to higher productivity, but a lot of jobs will also require different skills and a need for upskilling. Cybersecurity also remains an important point of attention.

The future of work – One of the biggest challenges of our time is the discrepancy between the skills people have and the skills they need for jobs in the digital world. With effective upskilling and reskilling, many people can remain employed (see page 14), but this will require intensive collaboration between the political, education, and business sectors. The extent to which the Dutch labour market undergoes change and the extent to which we can keep as many people on board as possible is closely linked to the dynamics of flexible work and the speed at which the labour force can or must learn new skills. It's important for organisations to champion an inclusive company culture, in which there's a place for everyone. This calls for a different kind of leadership, with a better balance between 'hard' and 'soft' criteria.

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Ending of state aid – By providing support during the COVID-19 crisis, governments and (central) banks have managed to limit the damage. Now we expect that support will decrease. For many organisations, phasing out the support measures means that they will need to ensure that their business model is also relevant in the post-COVID era. The debts accumulated during the crisis have yet to be repaid. That may be at the expense of investments or building up buffers against new setbacks. This means that not all organisations will be able to adapt quickly to the new circumstances.

These developments create changing demands and expectations for companies towards their clients, employees, and other stakeholders. It's our ambition to come up with integrated and innovative solutions to the complex issues facing our clients and to help them in their transformations, making them resilient and reliable for their stakeholders.

ADAPT

ADAPT stands for Asymmetry, Disruption, Age, Polarisation, and Trust, which in turn represent the trends within society that public authorities, companies, and organisations need to take account of in their operations.

These trends are also apparent in the Netherlands. Broadly speaking, you could say that in the Netherlands ADAPT is shaped by the impact of climate, the need to compete in a platform economy, the impact of populism, changes in the features, preferences, and capacities of the workforce, growing social unease about inequality, and reduced trust between citizens, institutions, and the business community.

A	D	A	P	T
Asymmetry	**Disruption**	**Age**	**Polarisation**	**Trust**
Increasing wealth disparity and the erosion of the middle class.	The pervasive nature of technology and its impact on individuals, society and the climate.	Demographic pressure on business, social institutions and economies.	Breakdown in global consensus and a fracturing world, with growing nationalism and populism.	Declining confidence in the institutions that underpin society.

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A customer story

An inclusive culture, in which there is a place for everyone

How we help ProRail creating a workforce for the future

Many people can continue to work through retraining, but this requires good cooperation between politics, education, and the business community. The extent to which the Dutch labour market changes and to keep as many people as possible 'on board' is strongly related to the dynamics surrounding flexible work and the speed at which the working population can or must learn new skills. It is important that organisations make a strong case for an inclusive culture, in which there is a place for everyone. This requires a different kind of leadership, in which a better balance between 'hard' and 'soft' criteria is needed.

ProRail is one of our customers where this challenge also plays a role. To remain agile and decisive, ProRail wants to renew and become more diverse. PwC helps with this by advising on the recruitment strategy, onboarding, improving the total employee journey, the diversity policy, and the re- and upskilling programme.

ProRail wants to gain a permanent place on the lists of the most attractive employers. In addition, due to production growth, the organisation will need many new people in the coming years.

'We have to move with the times when it comes to digitisation and sustainability,' says Raymond van Hattem, HR director of ProRail. And we need people with different competencies than before. Then it is important that you are an attractive employer. Despite all the technological changes, your people are the most important factor for those changes. They determine whether you remain relevant. That is why we work hard on our diversity and inclusion. Primarily based on the idea that you should use the talents of your people as best as possible. This time calls for it. We often must deal with complex problems and I firmly believe that you can solve them better with a diverse team. Your people must therefore feel at home in your organisation and be able to be themselves. You really need good diversity and inclusion to improve your organisation.'

ProRail has mapped out which competencies the company wants to have in-house in the future and adapted its labour market communication accordingly. 'One of the key points is that we hire people much more for the desired competencies and not so much because of their perfect knowledge or experience in a certain area. In order to become that flexible organisation, we think it is important that people come in as "ProRailer" and not, for example, as project manager. We want them to still be working for us in five or ten years' time and to have developed further in that time.'

Read the entire interview with Raymond van Hattem in our *public report*.

Our stakeholders still consider integrity, quality, and knowledge sharing as key themes for us

PwC stands alongside its clients and other stakeholders to help them with the issues they face. To achieve this, we must understand what matters to our stakeholders, what they expect from PwC, and what we need to do to meet those expectations.

This requires a continuous dialogue with our stakeholders, including our staff, clients, and representatives of society at large, such as regulatory authorities, government, NGOs, investor associations, politicians, and academics. We use their input to evaluate and refine our strategy, the result of which is reflected in the entirety of this Annual Report.

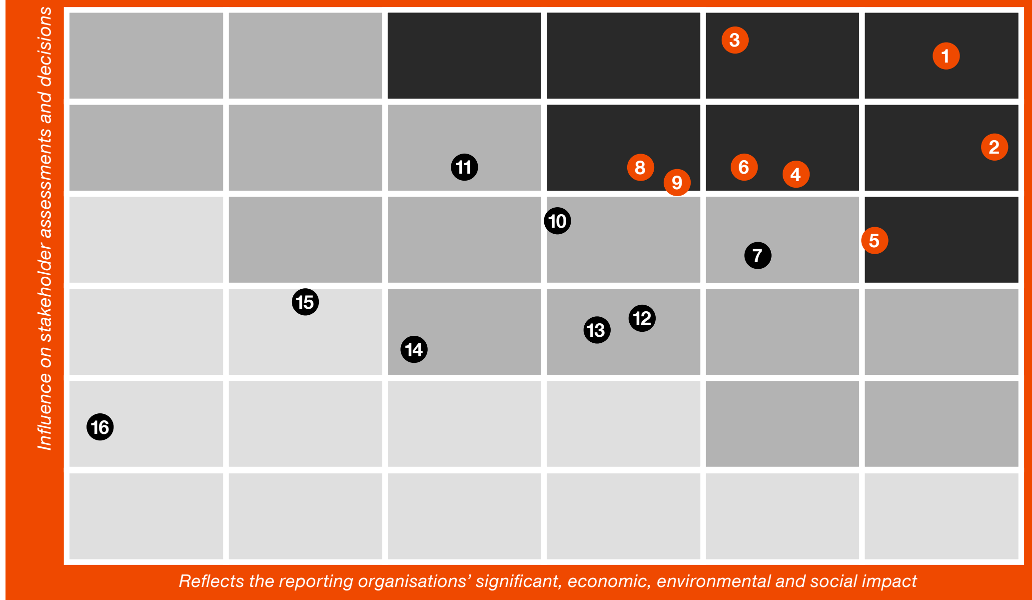
Integrity remains key

The themes our stakeholders consider most relevant (i.e. material) to them and to PwC's long-term value creation are reflected in our materiality matrix. These are the themes our stakeholders believe we should be addressing in our strategy. We draw up the materiality matrix every two years. In 2020/2021, the second and current year of the cycle, we have validated the matrix through an extensive sector and media analysis and through one-on-one conversations between stakeholders and members of the Board of Management. We conclude that our stakeholders still consider integrity, quality and knowledge development and sharing as key themes to be addressed in our strategy (more information about the process of putting together and validating our materiality matrix is set out on page 127). In addition to these key themes, stakeholders shared their specific expectations for this year.

Gathering an outside-in perspective through indirect stakeholders

In addition to our regular stakeholder dialogue, we have included focus group research with multiple societal groups that usually have little or no direct contact with PwC, to broaden our outside-in perspective. An external facilitator chaired (separate) discussions with four groups: professionals with intermediate-level educational backgrounds, finance professionals working in small businesses, citizens with an above-average interest in sustainability, and millennials. The participants discussed, among other things, the role PwC plays in sustainable progress and also scenarios regarding client acceptance, tax planning, and assurance regarding non-financial information. The outcome of this research was in line with the messages of other stakeholders as included earlier.

Materiality matrix



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

1. Quality, 2. Knowledge development and sharing, 3. Integrity, 4. Acting values driven, 5. Digital, 6. Fraud, 7. Impact on clients, 8. (Data) security and privacy, 9. Impact on society, 10. Independence, 11. Transparency, 12. Sustainability, 13. Diversity and inclusion, 14. Well-being, 15. Recruiting, developing and retaining PwC employees, 16. Financial results.

Stakeholders' expectations

In our discussions, stakeholders provide us with indispensable advice and recommendations. Their suggestions are discussed in the Board of Management and Supervisory Board.
In the section below we single out the three main common denominators, which apply to all parts of our organisation. We specify differences between stakeholder groups when applicable.

Stakeholders' key expectations

Theme	Quotes	Stakeholders' expectation
Guide clients towards sustainable progress	*'You must lead your clients by example.' (A stakeholder from an NGO)* *'Auditors should start pricing non-financial information. Anything that has a market price they can audit, but what is more interesting is what has value but no price yet.' (An economist)* *'Organisations need to demonstrate sustainable progress, by setting targets to measure impact. Otherwise greenwashing will be lurking.' (A stakeholder who is a sustainability expert)*	Stakeholders expect us to inform clients on what sustainable progress means for their specific business and inspire and engage them to start or speed up their transition. We can make the biggest impact on sustainable progress through our service delivery. Stakeholders expect advisors to further integrate ESG considerations into their advice. They expect tax advisors to engage clients further on long-term sustainable and transparent tax strategies (tax governance). Finally, stakeholders expect auditors to start looking at non-financial information. Regarding the latter, some clients and sustainability experts advise us to start small until a worldwide standard has been set, by looking into non-financial elements and discussing these with the audited entity without yet providing additional assurance. Stakeholders from the investor community on the other hand, request assurance on non-financial information as soon as possible. They want auditors to be the ones to provide that assurance.[1]
Share knowledge and bring the public and private sectors closer together	*'PwC has a unique position at the intersection of the public and private sectors and can show how the two are intertwined. This is useful as interests are often – unfairly – perceived as public versus private within the social debate.' (A government stakeholder)* *'PwC has a large and diverse client portfolio, which means it can spot business and social trends quicker than others and can therefore provide forward-looking advice. Sharing these insights is valuable for the legislator.' (A stakeholder of a political party)* *'Auditors have a role to play in setting standards for non-financial information, because we need to know whether data on sustainability is reliable.' (A stakeholder of an asset management organisation)*	Stakeholders expect us to share our knowledge and expertise, for example by publishing the latest trends and best practices within a specific industry. Public sector stakeholders, clients, and advocacy groups see that PwC understands and works closely with both the public and private sectors and are asking us to bring them closer together. One way of doing so is through sharing insights and examining the impact of policy changes on businesses. Stakeholders appreciate that non-financial information of companies is gaining strategic importance. However, it is difficult to compare data as there is no universal standard yet. Stakeholders therefore urge PwC to step forward and help accelerate the harmonisation of relevant initiatives.
Contribute more often to public debate	*'As a large organisation PwC automatically has a social responsibility. You therefore need to take a leadership role, set the tone in public debate and highlight important social topics.' (A stakeholder of a regulatory body)* *'We notice more transparency in the Annual Reports of companies about 'going concern' and fraud. But what is still lacking is the auditor's appreciation; what does he or she think of it?' (A stakeholder from the investors' community)* *'We don't need reproduction of knowledge; we can look up information ourselves. It becomes interesting when PwC connects the dots, looks forward and shares its own views.' (A stakeholder from our client portfolio)*	Stakeholders compliment us on our publications and expertise on socially relevant themes such as sustainability and inclusion. To further increase our social relevance, they ask us to more often share our own views in public debate, for example on what the future tax system should look like or what the audit profession should entail. Stakeholders don't need us to have a perfect track record or have all the answers before engaging in public debate. What matters to them is open communication about how we reach decisions and deal with dilemmas, for example with regard to our service offerings, client portfolio, and confidentiality requirements.

1. The ministerial Commission for the Future of the Audit Sector (CTA) recommends not to reserve assurance on non-financial information entirely for auditors (CTA report 2020, recommendation 6).

If we lose sight of people, the environment and society, then success will be short-lived

Our clients and other stakeholders expect us to help them realise a sustainable future, but we also want that and it is an essential part of our business.

In fulfilling our role in society, we constantly ask ourselves how we can maintain our right to exist in the longer term. The basis is high-quality audits and advice that meet the wishes of the client and the requirements of laws and regulations. But in recent years, it has become increasingly clear that more is expected of us in order to remain relevant for the market and society. Our stakeholders expect us to use our knowledge and experience more to meet the changing expectations of an ever-expanding stakeholder group. It is therefore important that we share our knowledge more about social themes such as non-financial information, transparency about taxes, security and privacy of information, the future of work and the energy transition, and that we embed these themes in our services.

If we lose sight of people, the environment and society, then success will be short-lived. In everything we do, we must ask ourselves to what extent it contributes to a better world. Our worldwide purpose – 'to build trust in society and solve important problems' – is our guiding principle in this.

In the past year, the COVID-19 crisis certainly put us to the test in that regard, and the utmost of our agility was regularly demanded. We also had to get accustomed to working remotely and to the sudden new work-life balance. Contact with clients suddenly had to take place via video calls, and the acquisition of new engagements no longer involved on-the-spot presentations. Coming up with innovative solutions proved more difficult when those involved were not in the same room.

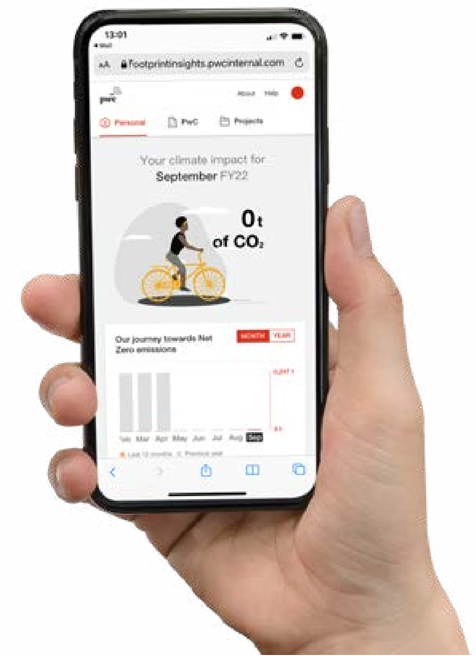
We are proud of what we have achieved in these difficult times and that we have been able to maintain the high quality of our services. Our people were definitely the most important factor. As with many other organisations, the well-being of our people is a major, if not the greatest, concern. Right from the start of the pandemic, we have emphasised clear communication and made clear that our guiding principle was to get through the crisis together with all PwC employees. This feeling of being strong together was perceived and appreciated by our people.

We set up a special task force and gauged the concerns of PwC staff through periodic surveys. During regular webcasts with the Board of Management, we kept our people informed of the measures taken and they were given the opportunity to ask questions. That way, we were able to maintain commitment and solidarity. We also provided office chairs, monitors, and headphones to enable our people to set up their home office properly.

Externally, we played an important role in auditing applications for government support (the 'NOW' scheme) and – through the Royal Netherlands Institute of Chartered Accountants (NBA) – we entered into discussions with the relevant ministries about the various problems that were identified. Among other things, we participated in the discussion about the cost of auditing NOW applications and whether they outweigh the benefits. We will continue to engage constructively in this debate in the coming year.

We will also take on our social responsibility when it comes to sustainability and the energy transition. This spring we launched our Environmental Footprint Insights tool. The accompanying app gives users a personal insight into their individual CO_2 emissions when travelling for work. Our own research has shown that in many companies work-related mobility is a major contributor to pollution. A crucial first step in making such mobility more sustainable is to provide a personal understanding of an organisation's CO_2 emissions at all levels: for management, for employees, and for project teams. The new Environmental Footprint Insights tool makes that possible and helps to have a dialogue about sustainable travel, with each other and with our clients.

We are also using this tool within PwC itself. This way, we are supporting our Net Zero ambition (see pages 43-48) and our new way of working. When we are allowed to travel more and come together again, the challenge will be to find a good balance between working from home on the one hand and working at the office or the client's premises on the other. The location our people choose to work not



only affects our ecological footprint. People's well-being and personal development, internal collaboration, the relationship with our clients and our networks, and the quality of our services can also be influenced by it. Where hybrid working is concerned, we will always need to take these aspects into consideration.

Another challenge for us remains the choices we make in our services to clients. Our stakeholders clearly indicate that they want to know what we actually stand for. That means we must express our opinion on social dilemmas more often, but also that we are always critical and ask whether a client is doing its best to contribute to a better world.

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Dilemmas during NOW scheme audits

At a press conference on Thursday 12 March 2020, the Dutch government announced measures to combat the spread of COVID-19. As a result, various organisations have seen a loss of income, partially or even completely. The government responded rapidly by putting measures in place to support employers, including assistance to cover their labour costs, in order to preserve jobs. The advance payment received meant that they could continue paying employees on permanent and flexible contracts during the period concerned.

The first subsidy scheme – the Temporary Emergency Measure to Cover Wage Costs (*Noodmaatregel Overbrugging Werkgelegenheid* 'NOW') – already took effect on 31 March 2020. The exceptional speed with which the NOW advance payment was made has meant that a lot of audits that normally take place prior to payment are now only taking place subsequently, namely at the point when the actual amount of the payment is determined. The government has therefore appealed to organisations to follow their 'moral compass'. The scheme is intended only for companies that are in serious trouble because of the crisis. To audit that subsidy applications are legitimate, auditors were instructed by the Ministry of Social Affairs and Employment to examine applications closely and to provide assurance regarding the subsidy justification provided. The request to provide assurance regarding justification thus assigned an important role to the auditors, in line with their public duty. Of the organisations we audit, 139 have made use of the 'NOW 1' scheme, for a total of € 170 million in advance support payments. These audits are basically carried out by the same team that audits an applicant's annual financial statements; they, after all, are the people who know the applicant best. That helps not only in carrying out the audit but also in talking to the organisation about the need for the NOW grant applied for if that need is not entirely obvious.

The teams are supported by various specialist, technical colleagues with guidelines, information, and training. We also set up a multidisciplinary team of specialists, including legal and forensic experts, to advise and assist the audit teams where necessary.

In actual practice, however, we learned that auditing for the NOW scheme confronts us with various dilemmas. The audit protocol for the settlement calculations requires the audit to be very substantial and detailed, and it often also requires specific fraud risks to be covered, thus involving a large number of hours on our part. It is questionable whether the costs for our audits are proportionate to the benefits. This is all the more problematical given the circumstances applying to the organisations that we need to audit; after all, they are already facing significant financial problems.

We are trying to keep the audit as efficient as possible, for example by outsourcing standardised work to delivery centres. However, the ambiguities that still exist in the scheme have also made auditing more difficult. We have drawn attention to these dilemmas on a number of occasions (see for example this vlog) and have made suggestions for improvements through the NBA.

What's happening here

Our people make the difference

How we continue to transform

Global trends and society's changing expectations are also accelerating our own transformation. More than we sometimes realise, our success is not only determined by 'what' we do, but also more over by 'how' we do it. By collaborating better with each other and with our business partners and by connecting more with our clients, we have a clearer view on their (actual) problem. Together we then can find better, integrated solutions. In addition, by entering into discussions with our other stakeholders, we gain a better understanding of the important social problems and the expectations stakeholders have of us in helping to solve these problems.

Our people is what sets us apart in this process. It is them who make the difference, not only because of their knowledge and expertise, but just as persons by being themselves. That is not always easy. As professionals we are used to focusing on our ultimate goal: providing our clients with high-quality services and the best possible solutions. This is 'what' we do. We often look at a problem from a single perspective. But because of the complex challenges our clients face, we need different perspectives. Moreover, it's not always clear at first what the root causes are and how we can help. In those cases, it's important that we listen, ask questions – and the right ones – and that we are curious. The real question or deeper problem will then emerge, which will tell us what perspectives and competencies we need in order to provide an answer or deliver a solution. This is 'how' we do it.

In the past year, we have taken a number of steps in our transformation. We are moving from an individual performance-oriented culture to one in which there is greater appreciation for collective endeavours. This is also reflected in our Values Survey (see box). At the same time, the feedback from our employees shows that we are not there yet. In order to create a truly inclusive culture, where everyone feels appreciated, we need to create more space for our personal values in our organisation and in our daily work.

Greater focus on inclusive culture, personal leadership and human skills

In an inclusive culture there is a feeling of unity, room for diversity and connection between one another. By deep listening, being vulnerable and curious about other perspectives and what drives others we can all live our values.

By continuous dialogue, sharing what we consider relevant, we strengthen our PwC connections, and our connections with clients and society. As an example, inspired by the Black Lives Matters movement, we set up a chain letter, in which colleagues frankly shared personal stories (see also box page 37). We also organised dialogue sessions about our inclusive culture on the impact of our biases and how we want to connect with each other. In September, we will introduce an Inclusive Leadership Badge network-wide to enable and encourage all of us to learn about an inclusive mindset and behaviours and create inclusive leaders.

Increasing an inclusive mindset and behaviour enables empathising with one another and including different perspectives, which leads to increased collaboration and co-creating. Combining how we work together (with each other, our clients and ecosystems) and sharing knowledge and expertise will unlock our (human) potential.

Our transformation is about becoming aware that we all contribute by how we behave. That we integrate our values and goals into everything we do. That we trust one another and value each other's authenticity. Creating an inclusive culture where people can thrive together and be themselves, combined with quality and expertise, leads to an organisation that creates trust and sustained outcomes.

The challenges of our time are greater than ever before. To face them, we will have to connect and collaborate even more with each other, with our clients and our stakeholders. Thanks to the diverse, surprising combinations of people and the creativity and quality of looking at things from different perspectives, the people at PwC develop new and sustainable solutions together. This is how we build trust and create sustainable progress towards a new and better tomorrow.

Values Survey findings

This year, we invited all our staff to take part in the Values Survey to get an indication of where we were in our transformation to become a purpose-led and values-driven organisation and to compare with the 2016 and 2019 results. More than 2,700 people responded. The findings show that we have taken a solid step in the desired direction over the last few years to become the purpose-led and values-driven organisation that we want to be. We are increasingly living up to our PwC values and are focusing more on how we do things. We pay greater attention to one another, our clients, work-life balance, and how we can continuously improve. We see a culture that increasingly appreciates collective endeavours.

Our potential lies in reflecting humour/fun, honesty, and responsibility in our culture. In other words, we do not bring our personal values to work. That raises the question of whether we can be ourselves or are we adapting to what the organisation expects of us. Is our organisation sufficiently inclusive? The findings of our 2021 Values Survey together with the findings of our Global People Survey were discussed with the Management Board, the boards of our Lines of Service, the business unit leaders, and our Firm Services directors. Follow up, will be combined in the annual plans of the Business Units and departments of Firm Services.

In our 2021 Values Survey, we asked our employees what aspects of our current culture they considered important, what changes they would like to see in our desired culture, and what things cost them energy.

- Elements that our employees appreciate in our current culture are quality, diversity, work-life balance, and continuous improvement. Work-life balance is new compared to the 2019 survey. That is a positive development because this was the number one desired value in 2019.
- Although a healthy work-life balance is an aspect of our current culture, the desired culture calls for greater attention to this theme and the well-being and health of our employees. We can attribute these points to the impact of the corona crisis in combination with implemented policies.
- In addition, our employees would like to see appreciation, innovation, and a long-term focus given a more prominent place in our desired culture, including greater attention to adaptability, inclusion, and transparency.
- In the previous survey, employees indicated that bureaucracy, hierarchy, internal competition, and a short-term focus do not contribute to a positive work experience. The 2021 findings show a strong decrease on these topics, which makes us proud. We are committed to continuing this downward trend.

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

Our value creation process

Our value creation process provides an overview of how we use all types of capital to address material stakeholder expectations in our business model in order to create value for our stakeholders and make impact on the SDGs.

We use the model of the IIRC (International Integrated Reporting Council), which identifies six core types of capital: intellectual, human, natural, social, manufactured and financial capital.

- Our intellectual capital is about where we place our quality framework and our way of working, how we technically develop our people and actively discuss the quality of our performance with our stakeholders.
- Although we leverage technology, it is and will always be our people that make the difference at PwC. We call this the human difference: uniquely human qualities such as self-awareness, self control, empathy, and building relationships.
- Natural capital consists of the natural resources we consume (i.e. our ecological footprint) during our service delivery. But it is also about the value we deliver through our services for our clients and our pro-bono service delivery for society.
- We are transforming, making our values and behaviours central to all that we do, looking beyond our Lines of Service, and working together to improve our organisation and to deliver joint solutions to our clients. Including collaborating with our business partners: our social capital.
- Manufactured capital refers to digital transformation along three lines: helping our clients become even more digital, digitising our (existing) services, and optimising our infrastructure and work processes by making maximum use of state-of-the-art digital tooling.
- Financial capital is necessary to attract and retain the other types of capital.

Stakeholder's expectations	Capitals IIRC framework	Strategy Input	Output/outcome	Impact SDGs
Integrity Quality (Data) security & privacy Independence Fraud	Intellectual	Quality	High-quality services	
Diversity & inclusion Well-being Recruiting, developing and retaining PwC employees	Human	Workforce of the future	Diverse talent and vital people	
Sustainability Impact on society	Natural	Sustainable	Become circular Long-term value creation stakeholders	
Digital	Manufactured	Digital	Drive digital transformation	
Acting values-driven Impact on clients Knowledge development and sharing Transparency	Social	Business partner	Values-driven behaviour Thought leadership and knowledge sharing Inclusive environment Innovative and integrated solutions	
Financial results	Financial		Financial results for sustainable investments	

Stakeholder dialogues/client feedback/people survey

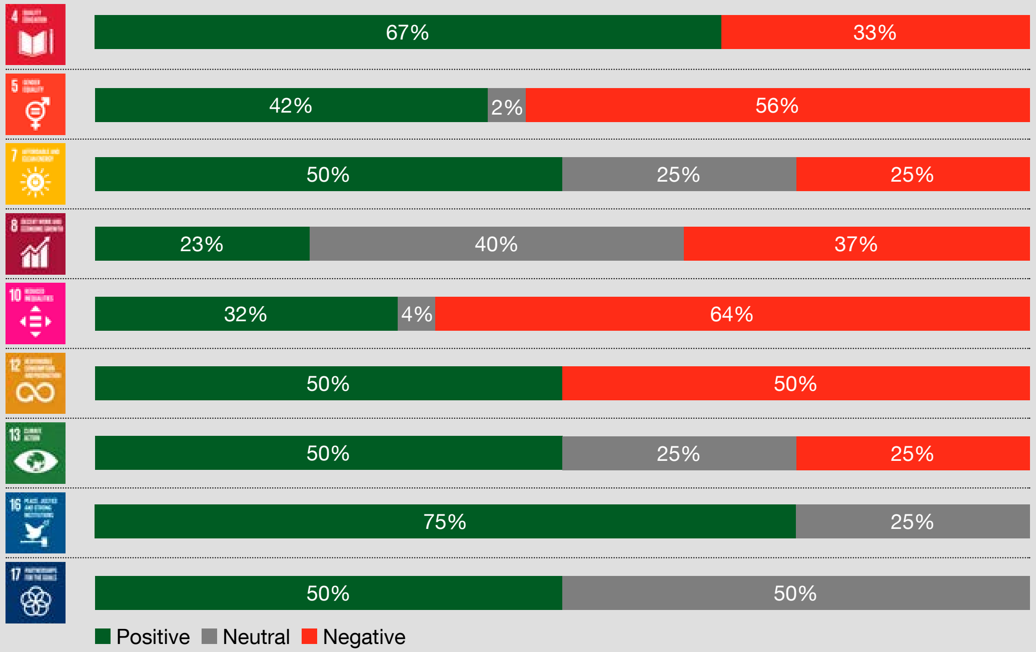
Started to measure our impact on SDGs

We have developed an Impact Measurement framework that helps us understand the value we create for our stakeholders in the short and long term. It supports our process of value creation by quantifying our impact along the lines of the SDGs and reflects our focus on delivering our purpose. The framework covers the nine SDGs that we consider to be the most material.

Our SDG Impact Measurement provides insights into how our impact develops on a year-by-year basis and serves as a starting point for a dialogue about our next steps in terms of interventions. The framework covers the direct impact from our operations and indirect impact across our value chain and reflects the impact that we can measure based on the data currently available.

Over the coming years, we will develop additional indicators in order to measure the impact across our value chain, including our services, more comprehensively.

Results of the 2020/2021 Impact Measurement



Our ambitions and targets

SDG	Ambition for 2030	Target 2024	Target 2022
5	**Achieve gender balance and equal opportunities**	Yearly target of 30/40% intake and 30/25% promotion of female directors and partners respectively.	
8	**Achieve sustainable growth within the boundaries of social and environmental systems**	In 2024 we measure and report our contribution to the SDGs through our client work	Development framework to measure our contribution to the SDGs through our client work
10	**Achieve an inclusive and diverse culture and equal opportunities irrespective of age, disability, cultural background, sexual orientation or other status**	Yearly target of 12.5% intake and 12.5% promotion of non-western origin directors and partners.	
13	**Achieve a positive environmental impact across our value chain**	A science-based emissions reduction from our operations of 40% by 2024 with 2019 as a baseline year	Maintain a minimum of 25% reduction of pre-COVID mobility

This figure provides insights into our relative performance across SDGs. The green bars represent the percentage of indicators for which we have a positive contribution to achieving an SDG. The grey and red bars represent our neutral and negative contribution, respectively. Our positive contribution is the largest for Quality Education (SDG 4), Decent Work and Economic Growth (SDG 8), Peace, Justice and Strong Institutions (SDG 16) and Partnerships for the Goals (SDG 17). The results indicate that Gender Equality (SDG 5), Reduced inequalities (SDG 10), Responsible Production and Consumption (SDG 12) and Climate Action (SDG 13) are areas requiring attention. Our approach and more detailed results of the SDG Impact Measurement are set out on pages 132-134. Because we are developing our framework to measure impact more comprehensively across our value chain, the external auditor was not asked to provide assurance on the outcomes presented in the figure.

We regularly perform a reassessment of our material and focus SDGs. In 2019/2020, we identified four focus SDGs that correspond with our most relevant areas of impact. In order to provide direction in terms of minimising our negative impact and maximising our positive impact, we have defined new ambitions and targets for these focus SDGs (see table). Our ambitions reflect what is needed to achieve the SDGs by 2030. Our targets for 2024 highlight specific aspects of these ambitions that will require attention over the coming years. We will complement these ambitions and targets, should we define new focus SDGs in the years to come.

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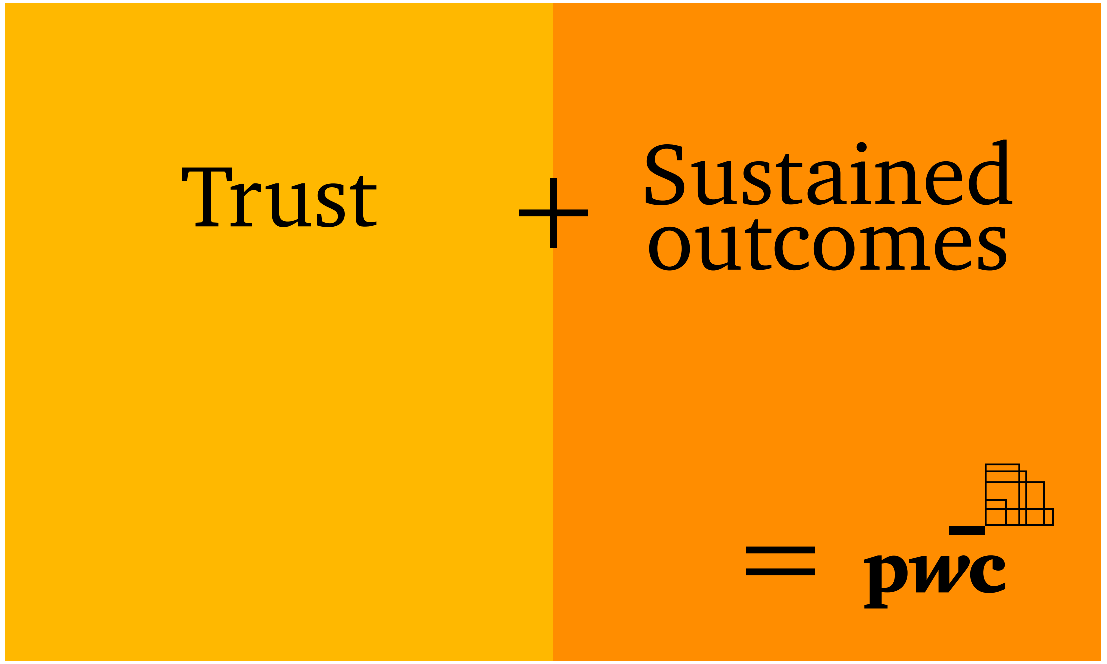
A look at our strategy

Recalibration of our strategic vision

The acceleration of global changes caused by COVID-19 has led to a recalibration of our strategic vision ('Vision 2030'). To meet the challenges of our time, be successful and meet the expectations of their stakeholders, companies and organisations need to build trust and deliver sustainable outcomes. We want to contribute to this by developing new and sustainable solutions. We develop these solutions by deploying a wide variety of people in unexpected combinations, by offering quality, our knowledge, creativity and our ingenuity to look at things from multiple perspectives, and by using technology. This way we build trust and create sustainable progress towards a new tomorrow. We call this sum The New Equation.

In order to be credible, we must do internally what we announce externally. We will be credible about the energy transition only if we have renewable ambitions ourselves and achieve them. We can work on risk issues only if we have our own compliance and risk management house in order and meet society's expectations. We can have a say in employment matters only if we are diverse and inclusive ourselves and have a future-proof staffing policy in place.

Our strategy is worked out in detail annually in our Business Planning Cycle (BPC), which sets out our shared investment agenda and growth ambitions. As part of Enterprise Risk Management (ERM), we also at the same time take concrete measures to control the related strategic, financial, operational, and compliance risks. The choices we make in this area are mirrored in our five strategic objectives: Quality, Workforce of the future, Digital, Sustainable and Business partner.



Executing our strategy and measuring progress of our added value

In executing our strategy, we focus on five strategic objectives or enablers to help achieve the goals included in Vision 2030. The progress we make on the strategic objectives is measured with performance indicators that are reported on in our so-called Integrated Dashboard. This dashboard allows us to monitor and evaluate the full spectrum of our strategic agenda. For the explanation of strategy execution based on the target setting see the different paragraphs in this chapter.

Strategic objective	Capital (IIRC)	Material aspect	Performance indicators	Actual 2019/2020	Target 2020/2021	Actual 2020/2021	Target 2021/2022
Build high-quality services (Quality)	Intellectual	Integrity Quality (Data) security & privacy Independence Fraud	- Outcomes external quality reviews - Outcomes internal quality reviews	No AFM reviews/no PCAOB reviews/ other reviews 39 (all compliant) 96.6% compliant Assurance 100.0% compliant CMAAS and RAS 99.3% meeting standards Tax & Legal 100.0% meeting standards Advisory	AFM review: improvement compared to review of 2017/2018 files Other reviews and internal reviews: <5% of the reviewed engagements non-compliant/not meeting our standards	No AFM reviews/No PCAOB reviews/ other reviews 28 (all compliant) 97.0% compliant Assurance 87.5% compliant CMAAS and RAS 96.6% meeting standards Tax & Legal 96.3% meeting standards Advisory	Internal and external reviews: <5% of the reviewed engagements non-compliant/not meeting our standards
			- % outsourced work to delivery and competence centres (audit)	11.8%	16%	12.6%	Growth
			- Training hours per FTE	115	Growth	108	Stable
			- Client satisfaction	8.2	8.0	8.1	> 8.0
			- Client recommendation	8.1	8.0	8.0	> 8.0
Recruit, develop and retain diverse talent (Workforce of the future)	Human	Diversity & inclusion Well-being Develop talent*	- Overall results People Survey	Not available	>70%	70%	>70%
			- People Engagement Index (legacy) - People Engagement Index (new)	Not available Not available	>80% >80%	81% 83%	>80% >80%
			- Turnover rate top talent (%)	8.2%	<8.0%	12.1%	<8.0%
			- Intake male/female (%)	54/46%	Equal %	56/44%	Equal %
			- Intake Dutch/western migration origin/ non-western migration origin	57/14/29%	50/19/31%	60/12/28%	50/19/31%
			- Intake STEM (%)	16%	25%	12%	25%
			- Women in new partner/director appointments (%)	25.0/42.4%	>25/30%	30.4/32.1%	>25/30%
			- Non-western in new partner/director appointments (%)	0/3.4%	12.5/12.5%	11.8/14.3%	12.5/12.5%

Strategic objective	Capital (IIRC)	Material aspect	Performance indicators	Actual 2019/2020	Target 2020/2021	Actual 2020/2021	Target 2021/2022
Create long-term value (Sustainable)	Natural	Sustainability Impact on society	- People involved in CS projects (%)	12.6%	15%	9.7%	10%
			- Environmental impact (tCO_2e) - Reduction GHG emissions (compared to 2018/2019)	15,287 24%	Improve, 100% by 2030	2,778 86%	Maintain a minimum of 27% reduction with 2019 as a baseline year 100% renewable electricity
Drive digital transformation (Digital)	Manufactured	Digital	- Number of digital acumen badges - Number of digital accelerators	Not available 53	Not available Growth	1,095 134	Growth Growth
Business partnering (Business partner)	Social	Acting values-driven Impact on clients Knowledge develop-ment and sharing Transparency	- Number of hours Chief Economist Office	11,752	Stable	10,711	Stable

* Develop talent = recruiting, developing and retaining PwC employees

Strategic objective	Capital (IIRC)	Material aspect	Performance indicators	Actual 2019/2020	Target 2020/2021	Actual 2020/2021	Target 2021/2022
Financial results for sustainable Investments	Financial	Financial results	- Net revenue PwC NL - Operating profit PwC NL - Average number of FTE	€ 950M € 165M 5,315	Decrease Decrease Growth	€ 936 M € 201 M 5,241	Growth Decrease Growth

Build high-quality services

Quality
Compliance with legislation and regulations and the expectations of regulators and society remains as relevant as ever. We constantly challenge ourselves to improve the quality of our services as we expect and deliver the highest quality outcomes. We invest in the knowledge of our people, our risk and quality assurance departments, legal teams, and independence and compliance functions. But quality is about much more and also includes relevance, in that we need to develop new services to meet the changing needs of our clients and stakeholders.

Compliance with legislation and professional requirements are at the core of quality. To provide high-quality services, we also look at how we can meet the evolving expectations of our stakeholders and can add value for our clients and their stakeholders. And we invest in the professional and personal development of our people. But there is more: auditors and advisors also need to consider the societal context in which they deliver their services.

One of the current big themes is Know Your Client (KYC). KYC is not just about knowing who they are and what they do, but also about what their governance is like, what they stand for, how they behave and who their third parties (suppliers, customers, etc) are.

For us this means continued attention for the organisational structure and any changes therein as part of compliance with independence regulations amongst others. And as the delivery of services becomes increasingly digital, whether through collaboration with digital services or digital solutions, new independence questions arise (amongst others new business models: see page 49). That is why we, like the regulators and supervisors, are actively looking to develop new guidance around digital services. This can be quite a challenge, but we feel that at PwC we currently have a solid grip on all independence risks.

One of the steps we have taken to live up to rising societal expectations from our gatekeeper's function is to increase the support of our professionals with centralisation of functions and standardisation of procedures. By creating expert (support) teams we reduce the risk of non-compliance. While the responsibility remains with the professionals, by allowing support teams to perform standardised work processes, our professionals are able to dive deeper into the more complex issues of our clients and so improve the quality of our services.

There are several other ways in which we improve compliance with amongst others KYC and independence rules. For instance, we raise awareness through regular mandatory e-learns, and reflect compliance outcomes and behaviour in personal evaluations, keeping in mind that we want to be a learning organisation. We see that constant focus on compliance procedures and awareness has led to results. The compliance mindset is continually expanding, and that includes an uptake in the number of questions directed to our technical teams, which means that those teams continue to grow.

Data quality is a prerequisite for quality and compliance. We have a number of projects running on a worldwide scale to better structure data and improve the quality, completeness and accuracy of data. However, each of these are dependent on how people enter their data, which in turn is again about behaviour and also culture. So the right mindset around quality will always continue to be an important focus for our organisation, stimulated by our Recognition and Accountability framework, in which everyone on every level will be held accountable, or recognised, for their behaviour and quality mindset.

With working from home, accountability and having the right mindset regarding data security have become more important. Online we have covered this within our systems, however, our people also need to ensure that they do not leave their documents or computer lying around at home.

A customer story

Trust and transparency at the heart of support

Executives at organisations worldwide see *many opportunities* in the digital transformation, accelerated by COVID-19, but at the same time they are extremely concerned about cybersecurity. Particularly for healthcare providers, the impact of a ransomware attack that paralyses IT systems can be severe; in extreme cases it can cost lives. Philips is therefore committed to helping clients maximise the reliability and security of the equipment it supplies. Trust and transparency are the basic principles here.

'To maximise security', says Dirk de Wit, Philips' Head of Product Security, 'we believe in full transparency and clarity about our products security status and the responsibilities we have as a provider. We see it as our mission to ensure that our clients utilise all the products and services we provide, securely'. According to De Wit, part of the responsibility lies with the users of the equipment. 'The customer must also have sufficient knowledge and be alert. We ensure that our products are safe, but we are also dependent on the infrastructure (both IT & Physical) and protocols of a hospital.'

To assist customers of Philips Products and Services to do this, the company launched the Cybersafe programme. This programme supports clients in keeping their devices and the associated operating systems up to date.

So as to give the Cybersafe programme a certain 'weight', Philips turned to PwC. 'In recent years, we have regularly brainstormed with PwC about cybersecurity and about ways to make IT systems and products more secure. We wanted to show our clients that they can trust Cybersafe', says Gal Gnainsky. 'That turned out to be rather a complicated process, and the question was to what extent we could provide that trust. PwC helped us identify the various possible options, the required security measures, and how to provide our clients with the relevant insights. It's ultimately about delivering trust and transparency to our clients and making our contribution to the security of the healthcare sector.'

Read the entire interview in our *public report*.

At PwC, we consider it very important to properly secure all the data we use and have taken our measures to ensure this. PwC's services in Assurance, Tax & Legal and Advisory are mostly automated and make use of, or generate, a lot of data. Which is why the protection/shielding of data and systems, the optimisation of processes, and further development of awareness is such a crucial part of our information security policy and our cyber security approach. In policy and execution we comply with the norms for the Financial Services industry as a starting point and have then further elaborated on that to create our PwC Information Security and our cyber security programmes. The cyber programmes and security activities are performed by the Global Network Information Security organisation in collaboration with local CISO offices. With this we try to protect ourselves as much as possible against attacks from outside and we also advise our clients on this important subject.

Audit quality is about trust and independence

Agnes Koops talks to Petri Hofsté – voted the Netherlands' most influential supervisory director several years in a row – about the concept of "quality". In her position as chair of various audit committees, Petri Hofsté has been exploring this issue and increasingly speaking out about it in recent years.

Let's start with what you take 'quality' to mean.
For me, quality is about getting the best out of yourself. In the case of auditors, there are also the time-honoured audit principles of reliability, integrity, completeness, and correctness. But I also note that what we expect of auditors is changing. Trust is still the key feature, and as an auditor you must be able to empathise with the company you're auditing, but there must always be a certain 'reflective detachment'. That's because independence is also an important feature of quality.

That's a nice description: empathetic but with reflective detachment. Do you then just look at the partner and the team or also at the audit firm behind them?
For me, the audit team represents the firm. I find that in practice I rely very much on that team. As supervisory directors, we should perhaps look more closely at the firm's quality control and risk system, but at the end of the day you look very much at the people you're dealing with, knowing that there's a whole team and a whole organisation behind them. Your trust in the individuals is therefore supported by quality assurance and professionalism. It's not about liking one another and whether it is fun to have a drink with them or be on friendly terms with them. As a supervisory director, you benefit from an independent view from the outside. Someone who can pass on what he or she sees in other organisations. That's what I mean by 'reflective detachment'.

In your role you try to get an idea of the quality of audit firms. Do you see more attention being paid to quality?
I think so. What I've noted is that firms – partly because of being supervised by their regulator, the AFM – have gone back to the basics of their profession, i.e. being there to serve the public, society as a whole. They'd lost sight of that a bit. In my experience, auditors have made great progress over the years as regards to quality, and they have benefited from external supervision.

You said that the individual auditors are very important, but that you've also discovered that the audit firm and the team behind the auditor are important too.
Yes, I started reading the transparency reports and Annual Reports of audit firms so as to get a better idea of the organisation that an auditor comes from. Those reports are in fact like a trademark for the firm – they say something about its strategy, vision and culture, which are then reflected in the audit team. That gives you a good basis to form an opinion about the quality of the firm and for discussing quality with one another.

Another resource for discussion are the uniform audit quality indicators, the 'AQIs'. What's your view of them?
As the audit committee, you mainly see the individual auditors and their reports, to get an idea of the quality. I think quality indicators make us even more focused on and aware about quality. They offer pointers – for both auditors and supervisory directors – as regards discussing what's expected, i.e. when are you satisfied with the auditor's performance? And what role does the overall chain play in mutual cooperation? We will need to get used to these new indicators together, which are not a kind of Holy Grail, but a useful tool. I think it is a good idea to also prioritise these indicators in audit plans.

What would you advise audit committees to do, for example when appointing an audit firm and monitoring quality?
It's in any case advisable to think beforehand about what you mean by quality and how you want to see it reflected in the auditor. That's how one should start, and I think we can do this a bit more explicitly, during joint discussion of the audit plan. That will give you an idea of whether the auditor properly understands the organisation's risks and is sufficiently well equipped, or whether something more is specifically needed. One assumes that a big audit firm can offer all that, but it's good to talk to them about it. And it is important to agree in advance on when the audit committee will meet with the auditor.

Do you have any advice for us as an audit firm?
I would recommend that audit firms think about how they ensure that what their Annual Report says about quality management and risk management is actually communicated to their audit teams too. That already happens, but the consistency between that reflection and the behaviour of the teams can be strengthened, and it can also help to make your firm's 'trademark' clearer.

I'd also recommend that auditors actively get in touch with supervisory directors. They sometimes seem to find that rather challenging, but they and the supervisory directors should talk to one another about just what actually constitutes quality. That is how you can move forward together.

Page 26 is about our internal data but we also experience a changing trend in the request for our data externally; especially about our Assurance practice. One of the focus points of the *Kwartiermakers** is to create a public dashboard to provide stakeholders with relevant comparable insights about factors that influence audit quality. The so-called Audit Quality Indicators (AQIs) proposed relate amongst others to culture, fraud, willingness to innovate and the system of quality management. The public consultation of the proposal has been conducted this summer. We are looking forward to the implementation, as we are always very consciously working on our quality and its measurability.

Effective as of 1 January 2021, PwC must also comply with what is commonly referred to as DAC6, named after the 6th Directive on Administrative Cooperation in the European Union. DAC6 is aimed against potentially aggressive tax planning and imposes mandatory disclosure requirements for certain cross-border arrangements. We have implemented a uniform DAC6 assessment and documentation, enabling our advisors to assess to what extent their advice results in reportable transactions.

Impact COVID-19 on the financial statements
COVID-19 has consequences for the activities of many organisations and therefore for their financial statements and directors' reports. Companies must include information about the impact of COVID-19. How detailed they ultimately do, depends on the extent to which they are affected by the outbreak.

Last year, this uncertainty caused many questions for our clients and challenges for our auditors. Besides the fact that our teams had to work remotely from each other and from the companies we audit, we also had to deal with many substantive issues. How long would the pandemic last and what would be the short- and long-term effects on the audited organisation's operations? What does that mean for the valuation of assets and continuity?

Supported by, among others, specialists within our National Office and in the field of valuation and business recovery, our auditors carried out almost five hundred COVID-19 consultations - remotely - in the past financial year. In addition, we have shared our knowledge in this area with our stakeholders through publications and podcasts.

The processing of possible NOW compensations in the 2020 financial statements has also caused the necessary headaches. After all, the financial statements had to be drawn up at a time when discussions and questions about the application of the scheme were still open.

In addition to adjustments to the financial statements, in many cases we have insisted on more detailed disclosures about assumptions and uncertainties, so that users could gain a good understanding of it.

During the audits of the financial statements in these difficult times, we have again experienced the importance of having the various expertises available in our firm and the added value of working together across service lines in order to solve the complex problems that we were facing as part of the audits.

Outlook

In constantly improving the quality of our service delivery we will further work towards unlocking and linking various systems as part of the Business Operating Solutions (BOS) programme (see page 49) and creating 'one source of data', which will restrict the number of manual entries and safeguards against mistakes. This will improve the quality of our data, which in turn enhances our data analyses, allowing our people to not only spend more time on diving deeper into the material, but also to respond proactively rather than reactively.

*The Committee on the Future of the Audit Sector (CTA) and Monitoring Committee Audit (MCA), appointed by the Dutch Minister of Finance and the audit sector respectively, made recommendations on how the quality of statutory audits can be safeguarded in the long term. The Minister of Finance has largely adopted these recommendations. He subsequently appointed two *Kwartiermakers* to promote the follow-up of the recommendations and to monitor their coherence and progress.

Internal Engagement Compliance Reviews

	2020/2021	2019/2020	2018/2019
Audit: Compliant/Non-compliant	32/1	56/2	46/2
CMAAS/RAS: Compliant/Non-compliant	7/1	9/0	11/1
Tax & Legal: Conform standards/ Not meeting standards	144/5	148/1	260/14
Advisory: Conform standards/ Not meeting standards	77/3	87/0	77/2

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

External reviews

	2020/2021	2019/2020	2018/2019
AFM: Compliant/Non-compliant	0/0	0/0	0/0
PCAOB: Compliant/Non-compliant	0/0	0/0	3/0
Other: Compliant/Non-compliant	28/0	39/0	17/1

Testing internal engagement compliance and external reviews
An important test of the quality of our service delivery is the internal Engagement Compliance Review (ECR) process. Its goal is to assess the compliance with our Global PwC Network Standards of completed and ongoing engagements and identify areas for improvement, as we expect and deliver the highest quality outcomes. The decrease in the number of ECRs is explained by the lower number of partner/director appointments in Assurance, since ECRs are a precondition for promotion.

Last year, the AFM also conducted a review into our internal supervision (the role of our Supervisory Board), our internal quality review (ECR) and three audit files. We are awaiting the final report, which is expected at the end of 2021.

Furthermore, in the context of their regular oversight tasks, various organisations have reviewed assurance or assurance-related engagements in the non-legal audit domain. A total of 28 external reviews were completed, amongst others 10 of which by ADR, 5 by the NZa, 4 by the Education Inspectorate, and 8 by the IT auditors oversight body (NOREA). All reviews have been found compliant, but a few of them received comments. The different reviews relate to financial statement audits, grant statements, specific statements, agreed-upon procedures and non-assurance audit engagements.

Percentage of work outsourced to delivery and competence centers (audit)

	2020/2021	2019/2020	2018/2019
Percentage of work outsourced	12.6%	11.8%	11.2%

Work that is focused on routine and automated procedures is outsourced to our own delivery and competence centres in the Netherlands. The delivery centres handle work that require no judgement (for example arithmetical checks on the annual accounts) and the competence centres prepare the auditing of less complex financial statement items (for example cash). The percentage of outsourced activities has increased from 6 to 12.6% between FY15 and FY21. Our ambition for the coming years is to increase this further to about 20%.

Training hours

	2020/2021	2019/2020	2018/2019
Average per FTE	108	115	114
Total training hours	566,511	610,645	573,938

Our professionals spent less hours on L&D activities this year compared to 2019/2020 and 2018/2019. The decrease is caused by the fact that we offered our entire training curriculum in virtual format. Furthermore, we offered our entire training curriculum in virtual format and redesigned a number of programmes to allow for the necessary virtual skills (e.g. remote leadership and virtual client skills). We also provided extra support for our career coaches through renewed training courses and self-paced learning paths. The continuation of our Digital Accelerator programme and the launch of badging at PwC NL were major contributors to the training hours devoted to digital upskilling.

Many learning experiences can be just as impactful remotely as a live training. However, with programmes where networking and learning from one another are key elements, virtual training has its restraints. Looking forward, our focus will be on 1) supporting our professionals with accessing and owning their learning opportunities; 2) the role of leaders as learning accelerators; and 3) the integrated connection between learning and working and the learning culture, with room for learning in each moment and from one another. Technology is set to play an important role in the further development of virtual and blended learning experiences in a post-COVID world.

Independence testing

	2020/2021	2019/2020	2018/2019
Sample of tested partners and staff	503	271	174
Exceptions (%)	7.8%	7.4%	18.0%
Sanctions	39 (32 financial sanctions, 7 written warnings)	20 (10 financial sanctions, 10 written warnings)	31 (14 written warnings and 17 notifications)

Sanctions in the case of violation of independence requirements are dealt with by the Independence Sanction Committee, who submits its proposals to the Board of Management.

To further encourage the compliance mindset, there is a lot of attention and support from the different boards on the subject of independence, with support for the practice in general and around digitisation of our services specifically, through training, guidance and frequent communications. We have also renewed our control system (QMSE) to measure to what extent we are compliant with amongst others the independence guidelines. No serious independence violations occurred this year.

As the table above indicates, for this year we have increased the frequency of our independence testing from annually to monthly and increased our sample size to 503. The percentage of exceptions is in line with prior year, despite our increased testing. Of the 39 exceptions, 2 exceptions were in breach with internal or external independence regulations, yet did not compromise our overall independence to any audit client. The remainder involved exceptions in administrative maintenance for permitted changes to personal investment portfolios (e.g. administrating changes too late). Through our accountability assessment 32 persons were financially sanctioned and 7 received a written warning. This distinction between a financial sanction and warning, and the height of the financial sanction itself was based on the severity of the identified exceptions and taken in line with our accountability framework.

Fraud and corruption

	2020/2021	2019/2020	2018/2019
Number of fraud panel consultations	69	118	121

The number of new consultations in case of suspicion of fraud or actual fraud decreased compared to last years. Even though the policy to consult did not change, we saw a larger decrease in cases discovered by us as auditors and a decrease in cases detected by our client.

PwC NL performs an extensive internal risk analysis each year, identifying various scenarios for potential fraud and corruption, planning actions, and implementing and testing relevant controls to mitigate risks identified. One of the elements of these controls is mandatory training for our staff. This training consists of two e-learnings: one on combatting corruption and money laundering, and one on the provisions of the Anti-Money Laundering and Anti-Terrorist Financing Act (in Dutch: Wwft) for professionals such as auditors and tax advisors. The target group for the 'Combatting Corruption and Money Laundering' training consists of 4,814 people (compliance rate: 99.2%). The target group for the Wwft training consists of 3,681 professionals (compliance rate: 99.2%). Next to that, we rolled out an Annual Compliance update training, covering a variety of riskrelated topics (target group 4,707, compliance rate 98.7%).

We have not seen any incidents of corruption at or related to PwC NL in 2020/2021.

Incidents to report

	2020/2021	2019/2020	2018/2019
Number of incidents reported to AFM	0	2	1

At the end of 2020/2021, the AFM closed the two incident reports of 2019/2020 on the basis of the internal investigations conducted by PwC NL and the improvement plans specified therein.

This year, we had no breaches (2019/2020: 0 breaches) that required notification to the Dutch Data Protection Authority under the GDPR (General Data Protection Regulation). We received no complaints from our clients regarding data privacy.

Network of confidential counselors

	2020/2021	2019/2020	2018/2019
Consultations with confidential counsellors	45	76	56
Complaints filed to the Complaints Committee	3	1	1
Notifications to the Business Conduct Committee	3	5	1

Sanctions in case of unacceptable behaviour are dealt with by the Complaints Committee and the Business Conduct Committee, on the basis of the Code of Conduct.

The decrease in the number of consultations with our confidential counselors during the year seemed to be at least partly related to working from home due to the COVID-19 crisis. Continuous encouragement of the 'speak up, listen up, and follow up' culture through internal campaigns and e-learnings, but also by engaging in conversations is important to keep the subject high on everyone's agenda.

During the year, we launched the Ethics Helpline to create a respectful work environment. In addition, we launched an Ethics & Business Conduct Platform to discuss, analyse and pursue Code of Conduct (see page 125) subjects across a wider scope of functional areas within the firm. We also implemented a Systematic Integrity Risk Analysis (SIRA) framework to give us more structured insights into the integrity risks we are exposed to.

Society's expectations focus on 'Transparency, integrity, independence and respect', which we have deeply integrated into our purpose and values. Our behavioural aspects are also covered in our values and Code of Conduct. The Code of Conduct sets out what we stand for and what is expected of us. In practice, this means that we expect every PwC person to act with integrity, dignity, honesty and respect.

Compliance with the Code of Conduct is not voluntary. It is an integral part of the contract of employment signed by all partners and staff, and our people are expected to do mandatory training on the code: one on the code itself and one on the (prevention of) insider trading. About 98.8% and 98.9% respectively have done so. Non-compliance with the code may have serious consequences.

Client feedback results

Client satisfaction score			Recommendation		
2020/2021	2019/2020	2018/2019	2020/2021	2019/2020	2018/2019
8.1	8.2	8.1	8.0	8.1	8.0

	2020/2021	2019/2020	2018/2019
Number of client surveys	473	376	475
Number of conversations	219	211	121
Total	**692**	**587**	**596**

Throughout the year, we continued to make client feedback a priority by taking a step back to reflect together with our clients. Our continued focus on obtaining more qualitative feedback resulted in 219 (virtual) feedback conversations with our clients last year. Additionally, we continued to obtain feedback through surveys. We saw an increase in the number of surveys completed compared to last year due to the simplification of our processes and implementation of new feedback tooling (473 in 2020/2021 versus 376 in 2019/2020).

Based on the feedback received from our clients through conversations and surveys, we learned that they are generally satisfied with our services, providing us with a 8.1 overall client satisfaction score. Our clients value our ability to tailor our services to their needs, the quality of our work and the expertise of our people. When asked for the key areas of improvement, our clients told us that they would like us to provide them with more insights ('tell me things I don't know'), help them make a difference and be more efficient in our service delivery.

We have started to pivot our feedback conversations towards a broader dialogue, focussing not only on the quality of our work, but also seeking to deeply understand what drives value for our clients and how we can optimise their experience in working with PwC. We strongly believe that reflecting with our clients and acting on their feedback is instrumental in building long-term trusted relationships.

Although we realised an 18% increase in the number of feedback data points compared to last year, we recognise that there is still significant opportunity for improvement as we lack formal feedback from a large part of our clients. We need to be more rigorous and consistent in order to make client feedback an integral part of our way of working.

In order to take this next step, we need to further increase the amount of feedback interactions and secure timely and adequate follow-up to 'close-the-loop' with our clients. Our 2021/2022 Client Feedback Program is designed to strengthen our feedback governance, simplify processes, increase awareness among our people and empower them to engage in meaningful conversations that enable us to improve the customer experience.

Status of legal proceedings

PwC provides services to an extensive list of clients, and in a small number of cases this leads to legal proceedings. Below you will find a brief explanation of the current cases.

Assurance

We are involved in the aftermath of some bankruptcies of companies where PwC was the external auditor. The more important of these are: Econcern, Phanos and LCI Technology.

Econcern
The civil proceedings between an investor and PwC are ongoing. The court has rejected the investor's claim. However, the investor has appealed against this judgement. The appeal is ongoing.

Phanos
The oral hearing regarding a disciplinary complaint filed by the bankruptcy trustee against the PwC external auditor concerning alleged errors in the annual financial statements of Phanos took place on 9 November 2018. The Disciplinary Counsel of Accountants considered some aspects of the complaint to be justified and has issued a reprimand. Both the bankruptcy trustee and the auditor have appealed. The objections have been filed, and the oral hearing by the Trade and Industry Appeals Tribunal (CBb) is still to be scheduled.

LCI Technology
PwC has reached a settlement with those involved in the case.

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

- *SHV/Eriks*
Negative publicity arose in February 2017 regarding an alleged case of bribery fraud at Econosto, an SHV/ Eriks group company. The Attorney General's office is investigating a number of potential irregularities and made public that PricewaterhouseCoopers Accountants N.V. is a suspect. This investigation is still ongoing.

- *Brouwer groep*
This civil proceeding against PwC was brought by a former shareholder of the Brouwer groep, claiming errors in a 2001 valuation of his shareholding as a result of which the former shareholder claims to have suffered damage. The court rejected the former shareholder's claim on 13 April 2019. The former shareholder has filed an appeal against this decision. The oral hearing by the court of appeal took place on 14 June 2021. The verdict must be awaited.

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

The oral hearing was held by the Disciplinary Counsel of Accountants on 17 May 2019. The Disciplinary Counsel of Accountants issued its decision on 20 September 2019 and dismissed the disciplinary complaint as unfounded. The complainant has filed an appeal against this decision. The auditor has submitted his defence. The oral hearing of the CBb took place on 22 June 2021. The verdict must be awaited.
On 28 October 2019, Mijwo filed a second complaint against the same auditor, addressing about the same issues as addressed in the first complaint.

On 7 August 2020, the Disciplinary Court also dismissed this complaint as unfounded. The complainant has filed an appeal against this decision. The oral hearing is still to be scheduled.

- *Loterijverlies.nl B.V. c.s.*
The judge in a fiscal proceeding initiated by plaintiffs is a retired former partner of PricewaterhouseCoopers Belastingadviseurs N.V. Plaintiffs believe there is a conflict of interest and are claiming a small amount for compensation. PwC received the summons on 20 July 2020. During an appearance, Loterijverlies.nl B.V. withdrew its claim. Consequently, the file is closed.

Advisory

As of 30 June 2021, Advisory does not have pending matters.

Tax & Legal

- On 21 December 2015, the Dutch tax authority levied a fine on a PwC tax advisor in connection with alleged improper advice regarding a fiscal structure. This is being contested before the court. The court agreed to the objections and as a consequence, annulled the fine in its verdict dated 10 June 2021. The Dutch tax authority has appealed against this judgement.

- On 23 August 2018, PwC was held liable for damages resulting from alleged improper tax advice regarding social security premiums. Civil proceedings were started and the oral hearing was held on 29 August 2019. The court rejected all the claims. The claimant appealed against this decision. PwC has reached a settlement.

  PwC has concluded a transaction with the Public Prosecutor's Office which relates to a case where PwC was suspected of deliberately providing incorrect information to the Dutch tax authorities. Disciplinary procedures have been started against the partner and staff member involved.
- On 24 July 2020, a client started a civil procedure relating to advice concerning an international tax structure and the settlement of an estate. The procedure is ongoing.

Other

The following disciplinary complaint has been filed unrelated to services provided by PwC:
- On 25 June 2019, the Disciplinary Counsel of Accountants dismissed as unfounded the complaint filed by the Foundation Wakkere Accountant against three board members of the NBA. The foundation believes, amongst other things, that in situations where the internal systems of quality control are deemed to be inadequate, firms and auditors serving the SME market are penalised more harshly by the courts than are the larger firms and their associated auditors. On 29 July 2019, the Foundation Wakkere Accountant appealed the decision of the Disciplinary Counsel. One of the former NBA board members is a partner associated with PricewaterhouseCoopers Advisory N.V. The appeal hearing was held on 3 September 2020. Also the CBb dismissed the complaint as unfounded. As a consequence, the file is closed.

- On 14 May 2021, a former director of NBA filed a complaint against five board members of the NBA. According to the complaint, the former director is of the opinion that these members of the NBA board acted negligently in its investigation into the former director and his subsequent dismissal. The Disciplinary Counsel of Accountants will deal with this case on 17 December 2021. One of these NBA board members is a partner associated with PricewaterhouseCoopers Accountants N.V.

Recruit, develop and retain diverse talent

Workforce of the future
We believe in the strength of an inclusive culture. This forms the basis for nurturing diverse talent and recruiting future talent. It's also why we provide our employees with a plethora of opportunities to develop their professional, digital and human skills. We operate a strategic staffing policy with a focus on diversity in terms of STEM, gender, cultural background, and people with a distance from the labour market. We offer flexibility by allowing our employees to work independently of time and place and, if necessary, differentiating their terms of employment. That's how we wish to position ourselves as an attractive employer.

With the rise of the digital age and globalisation, new ways of working like digital nomads, remote working and virtual events are becoming commonplace. The keyword for these changes is flexibility, in terms of working hours, work locations and employment terms. The instant and dramatic change brought by the pandemic has shown us that flexibility is possible, but also necessary. That is why at PwC we have started looking at all our terms of employment to see where we can add more flexibility.

Working hours are the most obvious area. Looking to the future, letting go of a strict schedule around daily working hours should be possible. Instead of looking at when the hours are worked, the focus should be on getting the job done in a timely manner. Two years ago, to acknowledge that not everything can fit into a 9 to 5 working day every day, we introduced the flexicode, enabling our people to compensate for overtime needed to finish work in time with spare time at another moment during the same week. This past year, we piloted to extend that timeframe to a month.

And of course, this past year, COVID-19 forced a new way of working in terms of work location, with working from home becoming the norm. Post-COVID we will be switching to a hybrid way of working (see page 35).

We want to emphasise that flexibility only works if there is agreement and coordination. Flexibility means that we will need to engage with one another to explore options. We want our people to sit down at the start of each new engagement to discuss and agree with one another and with our clients on how they intend working together. To think about working hours, about hybrid meetings, about the well-being of each team member. Creating flexibility instead of a one-size-fits-all solution. This will be a challenge for all of us and calls for engagement and liaising.

Finding the right balance in our hybrid way of working
During the corona crisis in many organisations a significant number of employees were working partly or completely from home. Because of the good experiences many companies are looking for a good balance in the 'new way of working' in the post-COVID era. That also applies to PwC.

Just keep working from home as much as possible, is not the solution. We did a study called 'The costs and benefits of working from home' and it shows that there are risks involved. These risks mainly relate to the human side of the organisation: the aspects that are not immediately visible, less tangible and more difficult to quantify. These effects of working from home on innovation, productivity and the well-being of employees are only visible in the longer term, but can be long-lasting. These costs for the employers can run from € 375 million to € 1.5 billion per year.

Keeping that outcome in mind we are creating our new way of working. We realised that our firm is way too diverse, in terms of people, teams, activities and customers, to impose specific rules or strict guidelines. There is no 'one-size-fits-all' solution. However, we will have to consider one another's preferences, by seeking a connection and go into dialogue with our colleagues, a dialogue based on trust. The decisions we decide to make must also comply with our strategic objectives.

That is why we have set up a framework, which helps us to work together and devise a suitable approach for the hybrid way of working. This framework contains themes that must be taken into account, like how well-being is affected when working at home or in the office, the impact of travel on our Net Zero ambition, as well as client interests and quality. Besides personal preferences and team preferences, the framework addresses everything that must be taken into account when working together to devise a suitable approach to hybrid working.

We encourage and foster engagement in dialogue more broadly as well. Inspired by the BLM movement, this past year we have invited all of our people to participate in dialogue sessions with their teams to discuss their own experiences and views around discrimination and inclusion. The starting point was an email chain - kicked off by our chairman - in which colleagues shared personal experiences very openly and intimately. The idea behind it was to encourage our people to engage in potentially difficult conversations and in that way build trust and understanding. In addition, these sessions moved us further in the direction we want to go. Besides gender and culture as important focus groups, we also want to foster inclusion in a broader sense. What we eventually aim for is diversity of perspectives and ideas. We are working on being able to identify, when putting together a team, the most suitable people looking beyond Lines of Service, Business Units, education and of course gender and cultural background. That involves creating a culture of inclusion and diversity, but also of curiosity.

Well-being is an integral part of all these subjects and we are proud of all the things we have done this past year. Like our unique well-being budget offering a wide selection of well-being programmes and tools, sleep coaching by sleep experts, mindfulness sessions, personal coaching and focus training.

Our bi-weekly surveys showed us that well-being, especially when working from home, was dependent on the national COVID-19 measures. This past year, we tried to respond as best as we could to the needs of our people. For instance by setting up a nanny service during the second lockdown. We also invested in training our leadership to provide coaching from a distance. And we introduced a tool to better monitor boundaries in the calendar. Most recently, we engaged a company that leases circular furniture so we can offer our people the equipment they need to create a proper, ergonomic, home office.

Outlook

Looking forward, we take up the challenge to jointly explore how the new equilibrium of hybrid working will look like. With the new way of working, there is no one-size-fits-all solution. For instance, team leaders may prefer having their people working at the office, but employees themselves prefer more flexibility. It is quite difficult to move away from established order and culture, especially as people are generally not as comfortable with change. In addition, safeguarding social cohesion will also need to be reinvented.

Flexibility, leadership and dialogue are our focus words for the agenda of tomorrow. Creating flexibility, and having our leadership take the lead and engage in open dialogue to build trust and encourage an inclusive, diverse and open culture across our organisation.

The nanny service was like a gift from heaven

According to Barbara Scholten, mother of baby twins and a two-year old, the nanny service was a gift from heaven. After taking maternity leave in September and part of October 2020, babysitting duties had been divided between eager grandparents, daycare and paternal leave. However, with the second lockdown in December, the daycare closed and the vulnerable grandparents were barred from babysitting duties. Juggling three kids and especially working around client calls was a nightmare. Barbara says, 'I actually had an email prepared for HR requesting to use my wellbeing budget for a babysitter.' However, just before she sent it off, PwC came up with the nanny service: PwC would pay all the costs of a nanny hired through one of two nanny services.

Barbara and her husband jumped on the offer. Coincidentally, their regular nanny was already registered with one of the services and with a second qualified nanny, their working days were fully covered, finally giving Barbara and her husband the relief they desperately needed. Barbara says she very much appreciates how much care PwC has shown this past year for the wellbeing of its employees. The weekly surveys were great. She also praises the PwC's flexibility during this period. 'I felt like they really looked at individual well-being. Some of the people on our team who live alone or in a tiny apartment would have very likely had a burnout if an exception hadn't been made to allow them to work in the office.'

Inclusion and diversity require action from everyone

PwC staff members Pauline Mbundu and Remold Krol talk about the internal exchange of letters in the light of the Black Lives Matter movement, about racism and discrimination, and about inclusion and diversity. How do they look back on a year in which these issues were prominently spotlighted in the media, in society, and within PwC?

Pauline: 'For me, of course, it didn't just start with the exchange of letters. BLM exists since 2013 and I have been interested in the movement since the start due to my cultural background. But writing my letter was something quite personal and impactful for me. I had to look back over the past twelve years, at both the pleasant and unpleasant things. This was pretty intense!'

'Fortunately, the exchange of letters was a very valuable experience for me and also, I believe, for PwC as a whole. That exchange of letters in the course of the summer of 2020 gave an extra push to the issue and in my opinion has led to greater attention for it within PwC, and a more profound approach to it. I myself received a lot of positive responses from colleagues with different backgrounds: male and female, white people and persons of colour – a reflection of the organisation. A lot of colleagues also wanted to talk to me about BLM, diversity and inclusion, to share their experience, or delve deeper into the matter. This was valuable for all of us.'

Remold: 'As a white male, you don't think much – if at all – about what you look like. That's because you belong to what I'd call the privileged majority. So when reading the letters, I didn't think much about what the author would look like. After all, that didn't matter. But the actual content of the letters did make me face up to the facts. I realised that distinctions are made between people on the basis of external features. To a certain extent, unfortunately, it sometimes does make a difference who the messenger is. I became more aware of how we divide up people into groups and often use that as a criterion instead of their individual qualities.'

'What really struck me about the letters is that every one of the writers referred to the feeling that – now and again – they've been ignored, haven't been appreciated, and have had to prove themselves again, over and over. That's why it's good that PwC is focusing even more on inclusion. But diversity alone isn't enough. The aim must be for everyone to be involved, to feel at home, and to be able to be themselves.'

Pauline: 'BLM and the exchange of letters within PwC have led to me daring to speak openly about how I feel as a black woman and how certain behaviour affects me and the people close to me. Previously, I preferred not to do so. I'm now more open about it, without being afraid of opposition. The open atmosphere that PwC has created has made me stronger and more self-confident in that respect. And also about discussing the issue with colleagues, because they too are increasingly aware of issues that have affected me my whole life. I think we are really working on becoming comfortable with the uncomfortable.'

Remold: 'I've become more aware of the problem. I now think more often about whether I've behaved correctly towards my colleagues. Have I been inclusive in how I communicate, has nobody been ignored, are promotions and rewards based on effort and qualities rather than on unconscious prejudices? I've also noticed that other PwC colleagues and the organisation as a whole are thinking about things in the same way.'

'I hope that where inclusion and diversity are concerned we'll progress towards belonging. That way, we can ensure that everyone feels safe and can be themselves at PwC.'

Pauline: 'I totally agree with that. Everybody ought to be judged on the basis of their talents and their achievements, regardless of what they look like or what their surname is. The approach that PwC has adopted does justice to that ambition.'

Pauline Mbundu (38)
Manager Consulting
Chair of Connected Cultures

Pauline has worked at PwC's Consulting division for twelve years now and is one of the letter writers around Black Lives Matter. Besides her work at PwC, she's also the founder of the African Young Professional Network foundation and chair of the Bolingo Community foundation.

Remold Krol (49)
Manager Consulting

Remold has been with PwC for five years and is one of the letter readers around Black Lives Matter.

People Survey

	2020/2021	2018/2019	2017/2018
Favourable answers	70%	70%	66%
People Engagement Index (new)	83%	n/a	n/a
People Engagement Index (legacy)	81%	84%	83%

People Engagement Index (new)	People Engagement Index (legacy)	2020/2021	2018/2019	2017/2018
I would recommend PwC as a great place to work for	I would recommend PwC as a great place to work for	81%	82%	82%
I am proud to work at PwC	I am proud to work at PwC	88%	89%	88%
My personal values align with the values demonstrated at PwC		84%	n/a	n/a
I feel like I belong at PwC		75%	n/a	n/a
I enjoy working at PwC		86%	n/a	n/a
	I expect (plan) to be working at PwC twelve months from now	77%	81%	80%
	I am satisfied with PwC as a great place to work	79%	82%	81%

During the period April-May 2021, we conducted our annual Global People Survey. Last year, due to the COVID-19 pandemic, we skipped the survey (except for Assurance). Instead we organised bi-weekly surveys to stay connected. This year, our employees voiced their opinions about working at PwC in large numbers again.

The key measure, the People Engagement Index (legacy), although decreased to 81% positive response, is still amongst the highest in the PwC network. Despite the fact that we have had a challenging year that demanded the necessary flexibility and adaptability from us. In addition to engagement, themes such as personal growth & development, ethics and leadership effectiveness showed high scores. The theme of flexibility & well-being also received a good score, however we see that there is still room for improvement in actually making well-being a priority in our daily work.

People Engagement Index (legacy) by gender and origin

	2020/2021	2018/2019	2017/2018
Male	82%	84%	84%
Female	82%	82%	81%
Dutch origin	84%	86%	85%
Western migration origin	77%	83%	83%
Non-western migration origin	81%	86%	82%

Other areas for improvement are appreciation and transparency in appraisal and promotion processes. On the Inclusion & Diversity theme, we see a good score in itself, but at the same time we still see differences in scores based on cultural background. We strive for an inclusive culture in which the work experience is equal regardless of cultural background.

In the coming period, we will ask our leaders and employees to study the GPS results together with the Values Survey. Both surveys provide insight from different angles into themes that our people find important. Based on this, we will work together on follow-up actions to address outcomes we can do better at and learn from.

Sick leave

	2020/2021	2019/2020	2018/2019
Sick leave	3.9%	3.9%	4.0%
Long-term sickness absence	2.9%	2.9%	2.8%

This year, absenteeism was different to previous years, affected by the COVID-19 lockdown. Initially we saw that absenteeism rates dropped significantly at the start of the pandemic. Later during the year, the percentage of sick leave increased slowly. Our well-being pulse surveys showed that the well-being of our people was strongly influenced by government COVID-19 restrictions; announcements of new and more restrictive measures negatively influenced a sense of well-being. During the second lockdown, many people indicated that the lack of personal contact with colleagues and social isolation was emotionally difficult. We have taken a number of measures to reduce absenteeism, including upskilling team leaders and HR managers on mental health and spotting signs of stress, and hiring care professionals specialised in reintegration and recovery.

Turnover

	2020/2021	2019/2020	2018/2019
Overall turnover	14.1%	11.2%	11.3%
Percentage turnover top talent	12.1%	8.2%	11.0%

At the start of the fiscal year, turnover was similar to last year; the effect of the pandemic seemed minimal. As spring 2021 progressed, we saw turnover rise in certain parts of our business. In recent months we are seeing a significant uptick in competition in the labour market.

Intake

	2020/2021	2019/2020	2018/2019
Male	55.8%	54.4%	53.1%
Female	44.2%	45.6%	46.9%
Dutch origin	59.7%	56.8%	53.8%
Western migration origin	12.1%	14.1%	16.2%
Non-western migration origin	28.2%	29.2%	30.0%

* Registration of ethnicity is voluntary and about 88.1% of our people and 85.5% of our new joiners have done so.

Despite the many initiatives regarding the yearly effort obligation for gender and cultural intake and promotion, it remains difficult to realise the intake goals.

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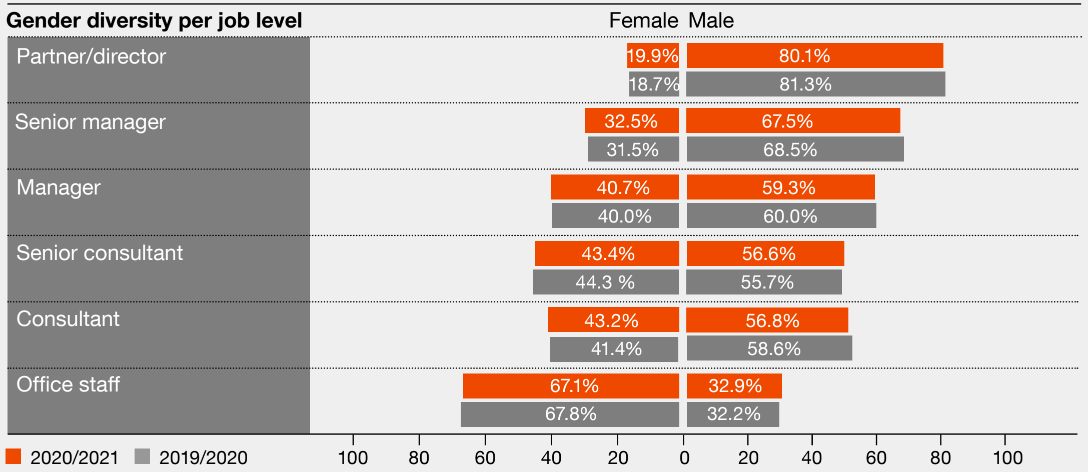
Gender ratio

In 2018/2019 we set the ambition to realise a gender ratio at partner/director level in our firm by 2030 of at least 30% female partners and 35% female directors.

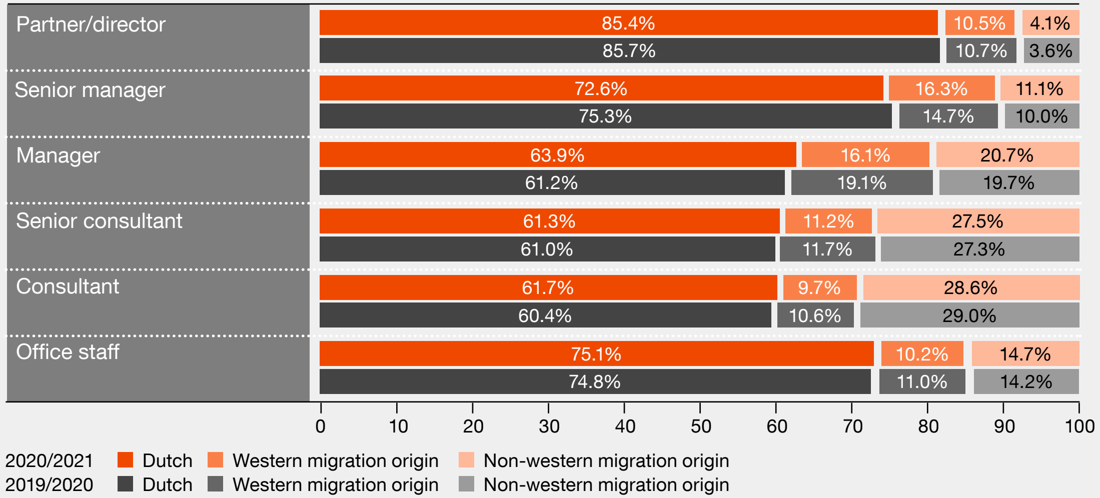
Ratio	2020/2021	2019/2020	2018/2019
Partner/director	19.9/80.1%	18.7/81.3%	18.7/81.3%
Total staff	44.3/55.7%	44.1/55.9%	43.7/56.3%



Cultural ratio

In 2018/2019 we set the ambition to realise a ratio of 15% non-western origin at partner/director level in 2030.

Ratio	2020/2021	2019/2020	2018/2019
Partner/director	85.4/10.5/4.1%	85.7/10.7/3.6%	86.2/10.3/3.5%
Total staff	68.0/11.8/20.2%	67.2/12.5/20.3%	68.0/12.4/19.6%



Promotions

	2020/2021	2019/2020	2018/2019
Male	19.3%	17.0%	16.5%
Female	17.6%	14.5%	14.8%
Dutch origin	18.7%	16.4%	15.8%
Western migration origin	17.7%	18.2%	18.2%
Non-western migration origin	20.5%	15.7%	14.7%

* Registration of ethnicity is voluntary and about 88.1% of our people and 85.5% of our new joiners have done so.

Turnover

	2020/2021	2019/2020	2018/2019
Male	14.7%	11.1%	10.9%
Female	13.2%	11.3%	11.8%
Dutch origin	12.7%	10.9%	10.3%
Western migration origin	17.8%	10.9%	12.1%
Non-western migration origin	17.9%	12.9%	13.8%

* Registration of ethnicity is voluntary and about 88.1% of our people and 85.5% of our new joiners have done so.

% STEM intake

	2020/2021	2019/2020	2018/2019
% STEM intake	12%	16%	19%

We have the ambition to become more digital enabled. Therefore, we recruit people with a background in science, technology, engineering and mathematics (STEM). At the same time we have been working hard on the digital upskilling of our staff, which has helped us make progress towards our ambition.

Our annual analysis confirms equal pay
A key indicator of an inclusive culture is the extent of people receiving equal pay for equal work. To gain insight into pay equality across the entire organisation, we have committed ourselves to the external and independent certification process conducted by the Swiss Equal Salary Foundation on gender. This process consisted of a thorough regression analysis of our salary data and confirmed the conclusion of our year-long analysis. Similar to an ISO for wages, the EQUAL-SALARY certification process includes two phases. Firstly, experts contracted by EQUAL-SALARY run a statistical analysis of salary data based on a methodology developed with the University of Geneva.

Secondly, if the results are positive and show an overall gender pay gap under 5%, the process is moved further, and an audit is done by SGS who certifies the conformity of the process. During this phase, SGS assesses both the company's overall commitment to equal pay as well as its implementation in Human Resources processes.

To be fully inclusive, employees are involved through a survey and interviews during the audit. Only the companies having fulfilled all the requirements of the procedure get the EQUAL-SALARY certification, meaning they have reached excellence in equal pay.

The EQUAL-SALARY certification allows organisations to verify and communicate that they pay women and men fairly. It is a practical and scientific solution to achieve transparency, while preserving confidentiality.

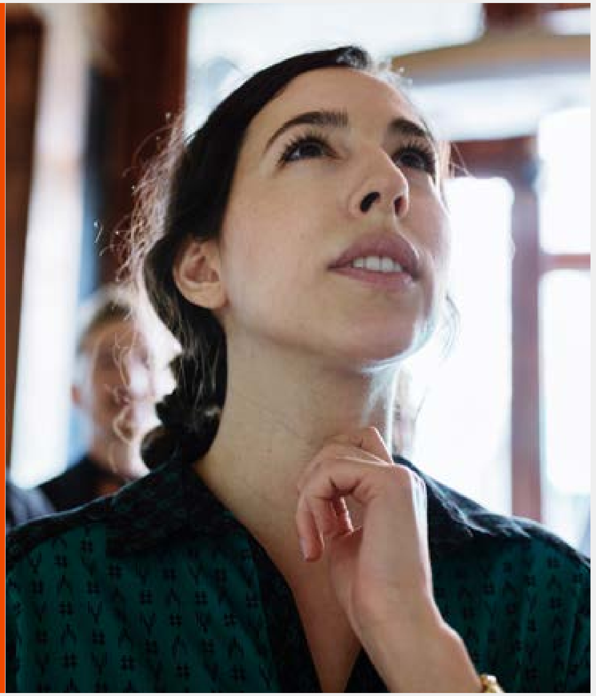
PwC NL has successfully passed this process which means that we are officially certified by the Equal Salary Foundation on equal pay and equal opportunities.

In addition to the external analysis, we analysed salaries and bonuses paid to all people, including partners and support staff, over the last three years internally. Equality is important to us and in line with SDG 10 this analysis was conducted for both gender and cultural background.

The conclusion from the external and independent analysis is that the average pay difference, including bonuses, between male and female colleagues is 3.2% in favor of female colleagues. The external analysis is focused on the equal pay between male and females.

Our own analysis also covers cultural differences. Based on our own analysis, for colleagues with a Dutch origin the average pay difference is 1.8% in comparison to people with a western migration origin and 3.6% for colleagues with a non-western migration origin. In both cases, the differences are in favour of colleagues with a Dutch origin. As far as the bonuses are concerned looking at cultural differences, we found that the average pay difference between colleagues of Dutch origin and colleagues with a western migration is 3.4% and for Dutch origin versus non-western origin this average difference is 2.2%. In both cases, the differences in bonuses are in favour of colleagues with a Dutch origin.

The identified differences in the external as well as our own analysis fall within the accepted range of 5%.



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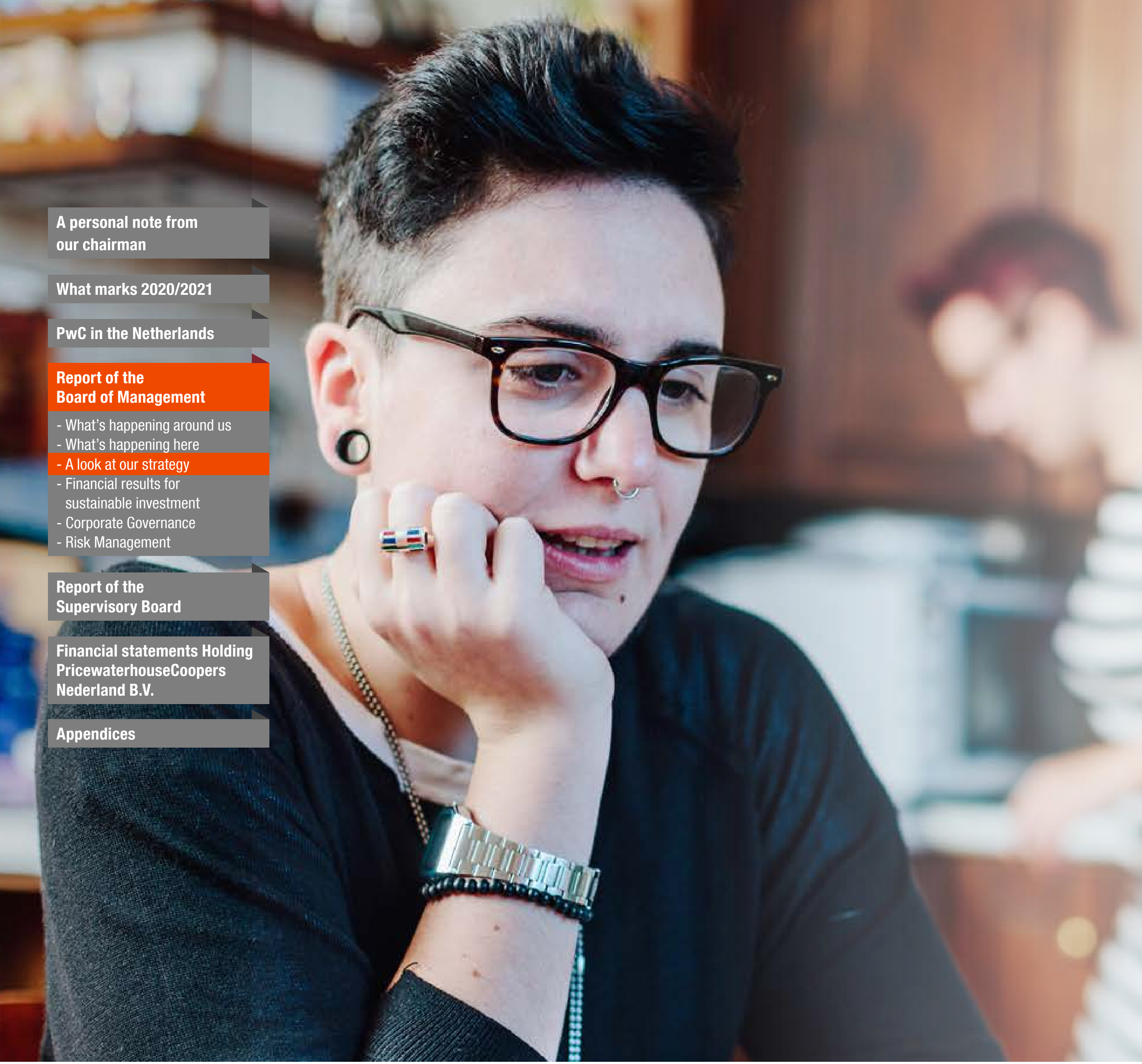

Our diversity policy and programmes

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

- Storytelling: in response to the Black Lives Matter movement, we launched a series of letters kicked off by our CEO and taken over by several colleagues who shared personal stories and experiences with discrimination and inclusion. The letters were shared across our organisation.
- Dialogue sessions: we rolled out dialogue sessions throughout the whole organisation to 'become comfortable with the uncomfortable'. Topics as discrimination and inclusiveness were discussed to raise awareness and foster open-mindedness and inclusion.
- Measuring and monitoring: we have set targets on intake, promotions and turnover for female colleagues and colleagues with a non-western migration origin. We monitor progress and analyse the causes when targets are not met to be able to take additional measures.
- Third-party observance: during the evaluation process a specifically trained person takes the role of Third-Party Observer focussing on potential biases, to increase objectivity.
- Multicultural professionalism (mandatory for all partners and staff): this training leads from the premise that everyone will have a number of preconceptions from seeing the world through their own eyes. Multicultural professionalism encourages people to look at things from a different perspective and by doing so generate a better understanding and appreciation of each other.
- Female leadership: this programme makes our female leaders more aware of gender-based differences and similarities on the work floor and supports them in putting those on the agenda in an authentic way.
- The Europe female mentoring programme: a cross-company, cross-country programme where talented female PwC employees are matched to female leaders of other companies and organisations coming from a different country. Sharing experiences and coaching are the goals of this programme.
- Cultural and female sponsorship: female talent and talent from a non-western migration origin are assigned a partner or director as sponsor who acts as advocate for them and who supports them with progressing at our firm.
- Networks: we have various networks in place such as PwC Women NL; SHINE to provide a supportive environment for LGBT+ and Allies; disAbility for talent that faces disabilities, Connected Cultures and YoungPwC. These networks organise various activities to build an inclusive culture.
- 'Seeds of PwC': a seven-month traineeship for status holders with special attention for onboarding & coaching with the intention to provide work experience and explore options for long-term employment.

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Create long-term value

Sustainable
Our focus on long-term value creation remains as relevant as ever. We design our activities in such a way as to have a sustainable impact on people, planet, and prosperity. We specifically invest in our environmental ambition (CO_2 emissions from our vehicle fleet and air travel, zero waste, and reuse of office equipment) in order to achieve Net Zero operations by 2030. Our overall objective is to contribute to a sustainable world and to be credible as a market participant, which is why we quantify our contribution to achieving the SDGs (see page 22).

Sustainability is an increasing topic of conversation (see also the CEO Survey), calling for changes in policies, strategies, and continued and meaningful contributions worldwide. At PwC, we focus on improving our services, upskilling our colleagues and developing new policies, not just for ourselves and our clients, but also to contribute to society.

When it comes to sustainability, the generally perceived most relevant themes currently are, the climate crisis, growing inequality and biodiversity.

Climate crisis, is one of the most pressing problems facing our world today. Like many other organisations, we have made a worldwide science-based commitment to reach Net Zero greenhouse gas emissions by 2030.

For example, we are steadily increasing the energy efficiency of our offices, switching to biodynamic and circular LED lighting, with the help of the social enterprise Lumeco.

And this year we have achieved our ambition of switching to 100% renewable electricity, and we made our first biokerosene purchase. Furthermore, we participate in a project of the WEF (World Economic Forum) around the development of an accounting framework for sustainable aviation fuels.

COVID-19 has brought business travel and accommodation to nearly zero all of a sudden, giving us an opportunity to start from scratch when it comes to sustainable mobility behaviour. To that end, we have launched the Environmental Footprint Insight tool, which shows your impact on an individual, organisational, and project level. It highlights three different perspectives: environmental, well-being and financial impact. Several PwC countries are implementing this transformation tool and also various clients shown interest.

The second theme: equality and diversity has been high on the agenda for years and the Black Lives Matter movement brought this back to the forefront sharply, setting a large number of new initiatives in motion around diversity.

Our partnership with Lumeco: not just as our supplier
One of our business partners is social enterprise Lumeco. Lumeco specializes in the large-scale conversion of fluorescent lighting to LED, with maximum support from people with a distance to the labour market. One of PwC's aspirations as a business partner is to enable an optimal contribution for everyone. Through our collaboration, we can help Lumeco provide worthwhile employment.

Our initial choice for Lumeco was purely based on the fact that they had the best proposition. We wanted to upgrade to circular lighting in our parking garages and had a list of requirements based on the outcome 'what effects will you provide'. It required solution-based thinking and being critical and innovative during the negotiations. This resulted in various conversations during which both parties grew together. A trusted learning curve emerged and we started to understand each other.

At the core, our partnership is mutually beneficial. On our side, we made progress on three of our goals: enabling optimal contribution for everyone, reducing our environmental footprint, and improving the well-being of our people. By creating circular lighting in our parking garages and later extending that into biodynamic lighting, which takes into account diurnal rhythm, daylight and human presence, we optimised usage and improved well-being. We are currently rolling out this new lighting wherever possible. On the other side, the collaboration with us enabled Lumeco to further look at the incorporation of the reuse of existing materials into their services, the modulair build-up of the end product, the lifecycle and Light as a Service. But their key takeaway is that, through our collaboration, they have learned how to position their product in the market, converting its added value into a wider commercial appeal.

And that is ultimately what we want as a business partner. To find solutions together, through cross-pollination and by bringing together different perspectives.

Unfortunately, according to our SDG-barometer, COVID-19 has had a negative impact on equality, the divide increasing between rich and poor, around gender and ethnicity, but also among our youth. The barometer also shows that the initial growth in trust in institutions like the government has now reversed to a decline.

To help address the negative impact of COVID-19, we have set up pro-bono projects to support the groups and organisations that have been hit hardest by COVID-19, like our project with the Child Hotline. But also our COVID Helpdesk (set up at the start of the crisis to help small to medium entrepreneurs) which received nearly 2000 unique visitors a month during the first and second lockdown period. Another pro-bono project involves the social enterprise Women Inc, which is related to SDG 5 about equality. For this organisation, which promotes equal opportunities for women and inclusive employment practices, we have developed a calculation model that can be used to calculate how much it costs extra and how much it yields if women start working more. A topical question was how high (or low) you should make the childcare allowance, in order to get mothers to decide to work more.

On the subject of biodiversity, the third theme, which means the biological variety and variability of life on Earth, there are currently a few new initiatives for improvement in the area of business. As a member of the Dutch Biodiversity Recovery Platform (Deltaplan biodiversiteitsherstel), we want to help change the perceived importance. Right now we are working on the development of a KPI that measures and links biodiversity goals with business. Similar to CO_2, the KPI looks at variables such as water consumption, land use, acidification and toxicity in order to measure the impact on the environment.

We will make the biggest impact if we integrate the SDGs in our service delivery and offerings. We will only be credible if we walk the talk. That is why we encourage our people to raise the subject with clients and their supervisory bodies when discussing their strategies. We also help organisations integrate the SDGs into their strategies.

Use of biofuel certificates can speed up the sustainability process in aviation
Working with several partners PwC helped the World Economic Forum (WEF) compile the report 'Powering Sustainable Aviation Through Consumer Demand: The Clean Skies for Tomorrow Sustainable Aviation Fuel (SAFc) Framework'. The report provides answers to two questions: How does the system of Sustainable Aviation Fuel certificates (SAFc) work and how can Greenhouse Gas Accounting ensure an accelerated emission reduction in the aviation sector?

These questions are relevant because the aviation sector is looking for sustainable alternatives with lower emissions. The technology for electrically powered planes is not yet mature enough and the innovation process is slow due to extreme safety requirements that innovations must meet. But the urgency has now dawned, because the impact of climate change will be far greater than the COVID-19 pandemic.

Using biofuel is currently our most sustainable option for long haul flights, apart from 'not flying'. Biofuels can deliver a CO_2 reduction of up to 85%. However, the price of biofuel is higher than that of kerosene and if aircraft operators cannot bear the full cost of Sustainable Aviation Fuel (SAF), the SAF certificate plays an important role. Biofuel producers generate a SAF certificate for every tonne of SAF they produce from sustainable raw materials. By purchasing these certificates, companies and private individuals contribute to aviation emission reductions, because these purchases generate new funds to accelerate the increase in SAF production capacity.

PwC feels a responsibility to help change the 'system'. That's why in 2019 we signed a contract with SkyNRG, the Board Now programme, in which we agreed to purchase biofuels for a minimum of five years. We also donated the first electric aircraft in the Netherlands, the Pipistrel, to the Royal Netherlands Aerospace Centre (NLR) for further research into electric flying. In addition, PwC made a donation to the Sustainable Flying Platform, which has recently enabled charging points for electric aircraft to be installed.

Outlook

We support companies, governments and organisations in reducing CO_2 emissions and in the energy transition. But sustainable development is about more than that. It touches on everything we do, from the future of work to sustainable taxation, and from sustainability reports of companies to logistics and 'green' financing by the financial sector. This makes sustainable outcomes not a subject in itself, but an integral part of an organisation. It is a topic on which we work together using all our specialties. That is how we truly help society and our clients to make progress.

Underneath it all, these themes are linked together by one common solution: sustainable behavioural change. COVID-19 has forced us to take the first steps. The question now is how to take these steps further and in the right direction as a company and working with our clients and society. We are on this road together and taking steps together, but the journey is far from finished and far from straightforward.

A customer story

Sustainability rooted in the foundations

With almost sevenhundred Jumbo supermarkets and over seventy La Place restaurants, around a hundred thousand employees, hundreds of suppliers and millions of customers, the Jumbo supermarket chain is situated right at the heart of society. That is also the only place that it can be situated to achieve long-term success. The family business is well aware of this.

'Our impact on the world around us is considerable', says Claire Trügg, responsible for corporate communication and sustainability at Jumbo. 'The family and the company are both committed to shouldering the responsibility that goes along with that.'

Until about three years ago, Jumbo organised efforts to improve its sustainability mainly on a project-by-project basis. But at a certain point the company realised that sustainability had to be rooted in its foundations if it was serious about having a positive social and environmental impact. The questions Jumbo had were precisely what PwC's Integrated Reporting framework was developed to answer.

'The PwC framework is a great help because it unpacks complex matters and makes them easier to understand', says Marieke van Zoggel, CSR advisor at Jumbo.

'We've found it very valuable to be able to explain what sustainability means to Jumbo, in the broadest sense of the word', adds Claire Trügg. 'Sustainability is no longer a separate topic but an integral part of our strategy and our way of working. Everyone knows where we stand, what our goals are, and what we still need to do to continue creating long-term value.'

Read the entire interview in our public report.

Investment sustainability measures

	2020/2021	2019/2020
Minimum spend	€ 2.0 million	€ 1.9 million
Investment actual	€ 2.3 million	€ 1.1 million
Minimum spend next year	€ 0.3 million	€ 2.0 million

Since 2017/2018, we have been monetising our CO_2 emissions as a next step in taking responsibility for protecting our environment. In calculating the cost of our carbon footprint, we apply a rate of € 100 per ton of CO_2. This rate is based on a study by the Netherlands Bureau for Economic Policy Analysis (Centraal Planbureau), which estimates the minimum social cost (which differs from the current market price) of carbon emissions at € 100 per ton of CO_2 in 2030. We use this money to take measures to reduce our negative environmental impact and to invest in sustainable innovations and carbon offset programmes.

The part of the budget not spent last year, a total of € 0.8 million, was added to the 2020/2021 budget. With the changed circumstances due to COVID-19, we wanted to know how to invest our resources most effectively. We saw a steep drop in our CO2 emissions in 2020/2021 which has led to a strongly reduced monetisation budget for the fiscal year 2021/2022, a total of € 0.3 million. This is the minimum spend ambition to take our responsibility. Our actual budget is based on our Net Zero action plan.

In 2020/2021, we invested in the development of Environmental Footprint Insights, a tool designed to inform our employees about their environmental performance, launched on 10 May 2021. We also continued investing to reduce the energy use of our buildings and gain a better understanding of our impact on biodiversity.

For an extensive overview of all measures taken, we refer to pages 129-134.

PwC network ambition - Net Zero by 2030
In September 2020, PwC made the worldwide science-based commitment to achieve Net Zero greenhouse gas (GHG) emissions by 2030. PwC commits to decarbonise its operations, including its travel footprint, and neutralise its remaining climate impact by investing in carbon removal projects. We will also engage with our suppliers to help them address their climate impact.

At PwC Netherlands, we applaud the PwC's new network ambition and see this as confirmation of our belief we need to do more about climate change and emission reduction. This will affect our operations, our people and our clients. Although the new ambition gave us some challenges this year in re-assessing our impact areas, complying with different standards and implementing PwC's territory alignment, we do believe standardisation and making progress together is the way forward. With our new baseline and strategy twe feel confident that we can achieve our Net Zero ambition together.

Circular and Net Zero compared

	2015-2020	2020-2030
Ambition	100% circular by 2030	Net Zero by 2030
We mean	Zero emissions, zero waste, optimal (re)use	Zero emissions, zero waste, optimal (re)use
KPIs	Circular score (%) CO_2 reduction (%)	Environmental impact (tCO_2e)
Measurement	Relative impact per FTE compared to base year 2014/2015	Absolute impact compared to base year 2018/2019
Scoping	Mostly air mobility and qualitative criteria for procurement	Expanded scoping with paper, hotels, IT equipment
Compensation	Carbon offset certificates	Carbon removal certificates

PwC Netherlands has had a circular ambition since 2015, but we have chosen to merge with the Global Net Zero ambition. This way, we avoid confusion in the market and within the network.

From this year onwards, we will report in accordance with GHG protocol of the World Resources Institute (WRI) and in line with the criteria and recommendations of the Science Based Targets Initiative to stay below 1.5°C emissions scenarios, the preferred goal of the Paris Agreement.

Our new ambition affected the reported environmental impact in base year 2018/2019.
- Between 2014/2015 and 2018/2019, an absolute tCO_2 reduction of 7.5% has been achieved. Taking into account our workforce growth between that period, this comes down to a relative tCO_2 reduction of 24.6% per FTE.
- In accordance with Global Net Zero SBTi, 2018/2019 will be the new base year.
- Our circular KPI (49.6% in 2020/2021, 42% in 2019/2020) is consolidated into our environmental impact KPI, which includes the relevant impacts from circular material flows (waste and material inflow).
- In 2018/2019, the total tCO_2 emission was 20,054, which is a 6.1% increase due to new scoping reflecting our emissions profile better.

Our environmental impact

PwC has the ambition to have Net Zero emissions by 2030. As part of this ambition, we monitor our GHG emissions.

By GHG emissions we mean the greenhouse gases described in the Greenhouse Gas Protocol (GHG Protocol) expressed in CO_2 equivalents. These include CO_2, CH_4, N_2O, HFCs, PFCs, SF_6 and NF_3. The GHG Protocol is the international standard for reporting greenhouse gases. In the report, the emissions are categorised into three scopes:

Scope 1: Direct emissions from owned/controlled operations
Scope 2: Indirect emissions from the use of purchased electricity, steam, heating, and cooling
Scope 3: Upstream emissions

To realise our Net Zero ambition, we also set intermediate targets:
2021/2022: maintain 25% reduction of pre-COVID mobility
2021/2022: 100% renewable electricity
2023/2024: 40% emission reduction
2024/2025: zero waste and a fossil-free carfleet
2024/2025: 30% less motorised mobility (50% less in 2030)
2024/2025: 50% Science Based Targets coverage with suppliers

Please refer to pages 130-131 for all definitions.
Please refer to pages 129-134 for an extensive overview of all the measures we have taken this last year.

Sum of tCO_2e		year		
		2020/2021	2019/2020	2018/2019
Scope 1	Total GHG emissions scope 1	**1,094**	**3,745**	**5,057**
	Natural gas combustion in buildings	569	487	455
	Lease cars - fossil fuel	525	3,258	4,602
Scope 2	Total GHG emissions scope 2	**273**	**1,678**	**2,093**
	Total purchased electricity (excl. renewable)	0	248	544
	Purchased non-renewable heat	57	51	69
	Purchased renewable heat	186	165	179
	Lease cars - electricity usage	30	1,214	1,301
Scope 3	Total GHG emissions scope 3	**1,411**	**9,864**	**12,904**
	Purchased goods and services	102	797	1,190
	Capital goods	918	807	200
	Waste generated in operations	76	250	325
	Business travel - air	41	5,601	8,398
	Business travel - car	267	971	1,140
	Business travel - public transport	7	167	126
	Employee commuting*	0	1,271	1,525
Total GHG emissions of PwC NL		**2,778**	**15,287**	**20,054**
Additional reduction measures				
	Biokerosene purchases for air travel**	-32	0	0

* Based on travel allowance by employees not entitled to lease car; all other commute kilometers are included in scope 1, 2 and 3
** Currently reported out of scope 1,2,3 of Greenhouse Gas Protocol

Other environmental KPIs

In addition to our GHG protocol, we have defined several KPIs to monitor our environmental performance.

SDG	KPI	Unit	2020/2021	2019/2020	2018/2019
7	Energy efficiency	kWh/m2	166	162	171
7	Renewable energy use	%	72%	70%	72%
7	Renewable electricity use*	%	100%	89%	89%
7	Renewable electricity generation	%	0%	0%	0%
12	Environmental impact of waste	tCO_2e/FTE	0.015	0.047	0.064
12	Environmental impact of purchased goods	tCO_2e/FTE	0.194	0.301	0.275
13	Environmental spend	%	113%	59%	108%
13	Reduction compared to base year FY19**	%	86%	24%	0%
13	Carbon offsetting (including carbon removals)	%	100%	100%	100%
13	Carbon removal offsetting	%	10%	0%	0%

* Definition according to RE100 requirements
** Travel came almost to a halt due to the COVID-19 pandemic.

Please refer to pages 130-131 for all definitions.

An overview of our Corporate Sustainability investments

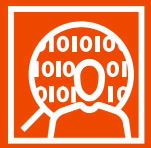
	2020/2021	2019/2020	2018/2019
Beneficiaries reached through our community programme work	502	718	250
Number of people involved (% of people involved)	567 (9.7%)	776 (12.6%)	1,167 (19.8%)
# of hours of Corporate Sustainability pro bono activities	17,303	22,071	22,962
# of hours of Corporate Sustainability activities	43,864	38,399	39,164
Monetary value of our Corporate Sustainability programme	2,720,000	801,000	783,000

Through our pro-bono work we supported a total of 502 beneficiaries.

Part of our pro-bono work is for Social Enterprises: we worked together with 89 social enterprises and carried out 6 projects during which we taught digital skills to create a better future. We also supported the social enterprise sector through several partnerships (as our founding partnership with Social Enterprise NL), research projects and workshops. 4.2% of our people were involved and we spent 3,622 hours in total on projects for social enterprises.

We believe that PwC and our clients can learn a lot from social enterprises when it comes to long-term value creation. Moreover, working together with social enterprises based on equality will contribute to our transformation. We want to support others to grow and work in ways that bring out the best in them. We can create a societal impact with our buying behaviour. That is why we are a partner of the Buy Social Network.

Drive digital transformation



Digital
We remain committed to further digitalising our way of working (BXT, Digital Lab, Data Platform - see page 50) and service delivery (tooling/digital assets) and upskilling our employees. We do so by investing in new capabilities and alliances and by strengthening our BXT and Experience Consulting teams. As part of our digitalisation effort, we are also finalising the rollout of our global operational system by introducing a single platform (SAP S/4HANA Cloud) and new KYC/Acceptance applications.

New digital systems, platforms and other technological developments continue to cause disruption. Additionally, in the past year, the pandemic accelerated automation plans and remote working at many companies. Employees across every sector will need to acquire new skills to enable them to think and work in different ways. This goes for our clients, who are facing increasingly complex issues, but also for us at PwC. We need to be prepared for tomorrow's challenges.

PwC is being asked to combine this technology with expertise in security, data, front office technology, product development and business model implementation. Our human potential is central to our approach; people make the difference, supported by technology. That's what we mean by technology enabled.

Many companies are going through major business transformations, driven by technology. Moving from on-premise solutions to the cloud is not comparable to a straightforward system implementation. It often requires adjusting existing business processes and ways of working and the impact can be substantial across the organisation. Ultimately, however, end-users will gain greater and more continuous insights and will for example be able to work with predictive analytics, all at lower cost and with more security.

In order to continue to stay relevant, we need to be at the forefront of these technological developments. As we are not a pure technology company, we cannot do this alone. So we have built up alliances with relevant and innovative technology and data partners. We have over 100 joint business relations (including larger alliances like Workday, Salesforce, Oracle, SAP and Microsoft), allowing us to jointly transform businesses through technology-enabled services.

We are increasingly focussing on digital-enabled integrated solutions. In order to accelerate this, we invested in setting up Tomorrow 2.0, a hub where we develop scalable, multidisciplinary and innovative business cases that solve key business issues that also bring societal relevance.

Energy Transition in Oil & Gas: Helping Q8 with becoming a Mobility as a Service provider

Last year, we started helping Q8 with innovating its customer value propositions by transforming its traditional petrol and diesel fuel-based business towards a mobility service provider. Core in this transformation is strategising and replacing its outdated IT systems for a next generation payment cards & mobility services platform.

Oil companies are facing increasing societal and shareholder pressure to become more sustainable and need to change how they play in a fundamentally changing market. The advancement of electric cars, hydrogen and changing customer mobility preferences require oil companies to rethink their business model.

Q8 is part of Kuwait Petroleum International (KPI), the international branch of Kuwait's national oil company. KPI acknowledges the threats and, especially, the opportunities of changing market dynamics. Customers are asking for a seamless experience across new mobility services delivered 'as-a-service' through a network of digital ecosystem partners. This includes electric-charging, car sharing, tolling, parking, road-side assistance and other, more confidential, concepts currently under development.

Turning this business model vision into a 'future-proof' reality is complex and challenging. KPI, like many of its peers, is faced with outdated IT systems built on inflexible technology and complex 'legacy spaghetti' following years of custom developments, mergers, and acquisitions.

As a result, KPI acknowledged the need for modernising its full IT architecture and developing a cloud-based back office that allows to market, process, and invoice any type of product and service. To deliver seamless customer and employee experiences, the new platform will include, among others, 150 harmonised primary processes, capabilities to manage identities (e.g. cars, cards, devices) and new customer portals and mobile apps.

Delivery of the new cloud-based platform requires an impressive (technology-led) transformation impacting virtually all aspects of its operating model. For a start, imagine delivering seamless and secure customer journeys and service fulfillment through a network of over 100 ecosystem partners across 27 countries.

PwC and Strategy& have been supporting KPI since the earliest conceptual stage up to the presently ongoing development phase of the new platform. We have had a true 'strategy-to-execution' involvement. Our multidisciplinary team offers the full suite of (strategy, technology, operations and regulatory) experience needed to deliver this transformation. PwC's sweet spot is to support clients like KPI from initial strategy formulation and testing, via solution crafting and selection, to implementation.

Learn is the component that focuses on upskilling. We believe that all our people should have a foundational knowledge of data analytics and emerging technologies. We have trained the majority of our staff on this level and ensure that new colleagues are enrolled. Apart from foundational training, we also offer intermediate and advanced level training programmes.
Additionally we have set up a Digital Accelerator programme. Digital Accelerators are a community of front runners within PwC who immerse themselves in an in-depth digital tooling and change training programme, in order for them to become local champions driving (digital) change within their teams and Business Units. They contribute to the unlocking of the business benefits enabled by our firm-wide upskilling programme.

Work gives us access to advanced tooling through a digital Workbench that hosts the latest tech tools including data analysis and visualisation programmes. Workbench is a cloud-based platform that allows engagement teams to work together to create materials and digital assets in a secure collaboration environment.

Share is represented by our Digital Lab, an online platform where our people can contribute the digital assets that they created, such as automations and visualisations, and share them with their colleagues. These micro-innovations help us continue to improve quality, operate more efficiently, save time and reduce manual work - creating a better experience for ourselves and for our clients.

Learn.
Work.
Share.

During the development process we explicitly measure progress, share lessons learned and best practices organisation-wide, and celebrate successes.

We are proud that a majority of our staff have completed the foundational upskilling programme and we are starting to reap the benefits of this investment. Our Your Tomorrow programme consists of three components: Learn, Work and Share.

Many colleagues are currently taking the final test (consisting of four Digital Quests) that needs to be successfully completed to earn a Digital Acumen badge. Over *1,000 digital acumen badges* have already been earned and many colleagues proudly shared their achievement on social media.

Our Digital Accelerator programme is going strong, with many colleagues actively reaching out to become one of the front runners. We have just trained the fourth group of colleagues from all Lines of Service, bringing the total number of digital accelerators to 134.

Digital

	2020/2021	2019/2020
Number of digital accelerators	134	53
Number of digital acumen badges	1,095	n/a
Number of Digital Lab users	620	n/a
Number of digital assets in Digital Lab	72	n/a

We also support our clients in upskilling their employees, with an in-house developed approach where we provide not only the software, the tool, but also digital upskilling for their employees, including change management, to help them digitalise their day-to-day operations and make digital part of the culture.

Challenges

Foremost is that we start realising the benefits of our digital upskilling on a larger scale. This requires a willingness of individuals to embrace new ways of working, to be and work more agile, and to get out of their comfort zone and look at problems from multiple perspectives. Of course such behavioural and cultural change takes time, leaders should lead by example and facilitate innovation.

For some of our people it is sometimes challenging to encourage creativity and imaginative power when working in a regulated environment. To learn from failure and give people room to experiment, but also support the appropriate processes, to provide the checks and balances.

And although the front runners are leading the field, it is important to ensure that the gap does not become too wide. In addition, we need to make sure we channel our energy towards scalable activities that bring value, rather than tailored projects that are difficult to replicate.

Digital assets complement and enrich our professional services that traditionally are based on a time and materials business model. We are exploring means to find a careful balance between the investment needed to develop software solutions and the expected return on investment. Furthermore, we are exploring how we can further benefit from the power of our international network by importing and exporting digital assets.

Finally, a dilemma in working with technology alliances is that we need to be technology-agnostic. This means that when a client has to make a choice on their systems or solutions, we must present all the options available without a preference, and maintain objectivity.

The Innovation App: a result of the Digital Accelerator Programme
At the start of 2020, Marc Julianus, audit professional with PwC, added the role of digital accelerator* to his activities. Marc told us that it was 'the best training of my career, you could really notice that this programme has a very high priority within PwC and we had very good trainers and members of the board from several different European countries were present.' According to Marc, most people only have a vague idea of what digitalisation can mean for them, but actually identifying and realising opportunities is difficult. This programme gave him the skills and knowledge to actually turn those ideas into successful solutions.

As an audit professional himself, Marc knows that with an audit, quality is the highest priority. Digital solutions increase consistency and efficiency while also creating insight and speeding up the audit. All contributing factors to a high-quality audit. However, Marc found that, though there are already many digital solutions available within PwC, few within the audit practice knew where to find or use them. So Marc put one and two together and created the Innovation App.

The Innovation app is basically a series of questions about the engagement, such as what it looks like, what type of client it is, in what industry and what activities need to be performed. Based on the answers, the app generates a list of the available and useful digital solutions relevant for that engagement, including directions on where to find them. Marc and his Innovation App are a perfect example of Learn, Work and Share, with the app being the connecting factor between people and digital solutions. It instantly proved successful. The app went live in May 2021.

*Digital accelerators are colleagues who, after an extensive nine-month digital learning programme, use their skill and knowledge to accelerate PwC's digital transformation. They contribute to client solutions and create efficiencies by building digital solutions and teaching colleagues to create workflows, make visualisations and incorporate robotics process automations and data analytics in their work.

Outlook

We will continue to strengthen our go-to-market through our technology alliances. Companies will increasingly move from on-premise solutions to cloud platforms and start connecting and integrating the various cloud platforms. Working with our alliances we intend to expand our digital services portfolio to support these major transformations that impact everything - from a company's technology, to its processes, and its people.

We will also implement our own SAP cloud platform, in order to align many processes (pricing, planning, billing, time and expenses recording). That is the next step in building a state-of-the-art internal cloud landscape and ensuring a consistent use in our own operations of data throughout the various cloud platforms (SAP, Salesforce, Workday).

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Business partnering

Business partner
In our dealings with our clients, our network and within our ecosystem, we have the ambition to stand out with our combined skills, expertise, and experience. To increase our impact "at the table", we offer our clients a broader perspective and in-depth opinions. We challenge ourselves to raise the level of discussion, for example by upskilling on relevant themes. We take part in the public debate by communicating our vision, contributions, and dilemmas.

Business partnering for PwC requires cross-pollination and a new perspective on how we work together. We do this not only internally with co-creating better solutions for our clients but also we team up with external partners and stakeholders at large to contribute, share and collaborate on topics with societal relevance.

Integrated solutions
Our multidisciplinary model (integrated collaboration) forms the basis for our services. That is only possible if we continue to intensify collaboration between our three Lines of Service (Advisory, Tax & Legal and Assurance) and the people who support them within our firm (Firm Services). The only way we will achieve true innovation is by embedding collaboration and inclusion: not just by using different disciplines or different Lines of Service, but also by appreciating different cultures, different inner worlds. Instead of looking at things from a single perspective or area of expertise, diversity provides a range of perspectives that encourages creativity, helping to improve existing ideas or create new ones. We can only be successful if we work together and equally respect and appreciate one another's input and perspectives.

Lead by example
In order to be credible in what we do and stand for we must walk our talk. What we offer or advise our clients, we are working on ourselves. Experts from Firm Services share their story on topics like sustainability or facility management with our clients, including our struggles and triumphs, to improve our services to them. This also works the other way around. When our people bring the lessons learned from clients back to us, we can improve as a firm as well.

We continuously invest in our organisation, like technology investments designed to improve the effectiveness and efficiency of our processes and by innovating our service offerings and delivery. Our people also bring the lessons learned from clients back to improve our own operations, sharing knowledge about behavioural change and project management skills during implementation of Da Vinci (our new engagement management and financial information system), Salesforce and Microsoft. But also other knowledge sharing, like building a framework to measure our SDG impact or developing the client eXperience programme in co-creation with several internal departments.

Tomorrow 2.0
Within the realm of our market themes, the significant and complex challenges of our clients increasingly require integrated solutions. Because increasingly, we find that our clients' challenges require the best we can offer as a multidisciplinary firm with experts across all fields. In other words, they require our solutions to be truly integrated.

These integrated solutions are developed by experts across our various Lines of Service and in close connection with relevant ecosystems and technological alliances. By combining different perspectives and placing co-creation with the client at the very heart of the solution development process (through our Business, eXperience & Technology-methodology), we arrive at new and often unexpected solutions.

The development of integrated solutions requires true collaboration and co-creation. To accelerate such collaboration, we have initiated a platform that we call Tomorrow 2.0. On this platform, we create an environment that maximally fosters collaboration and co-creation. It is a place where we can experiment and learn. In the coming year, Tomorrow 2.0 will focus on developing our integrated offerings within the scope of our five market themes.

A recent example of a new integrated offering is *Environmental Footprint Insights*.

Develop thought leadership & contribute to public debate

It is important that we – as a business partner for our stakeholders – are transparent about what we do and what we stand for. That is why we are increasingly contributing to the public debate and sharing our views. We also discuss these views with our stakeholders, learn more about their expectations, and then report back on how we address them. This also means being transparent about the dilemmas we face and things we do not yet know.

We share knowledge and objective information and insights. We do so, for example through thought leadership based on facts and figures. And with the aim of opening up doors and windows to encourage a debate about issues such as diversity and inclusion or sustainability.

Outlook

One of the challenges of being a business partner is how we can enable an optimal contribution for everyone and ensure that all the different perspectives and input are equally appreciated and respected across our organisation. And how we can encourage everyone to work to achieve shared goals.

If we want to learn from one another's perspective, we will need to move away from individual needs towards collective needs and encourage our people to share their expertise. Because then, and only then, we will be truly collaborating on an inclusive level and be able to improve our organisation and, by extension, the services we provide to our clients and society.

View on sustainable collaboration

As part of the project View on Sustainable Collaboration (*Zicht op duurzame samenwerking*), PwC and Social Enterprise NL joined forces to search for an answer to the following dilemma: Municipalities and social enterprises often strive for the same goals. But too often they do not work together. A lost opportunity, because it is through collaboration that they can make a bigger and more sustainable impact. And that is good for the municipalities, the social enterprise, but also in particular for local residents. Due in part to COVID-19, there is a growing need to reduce inequality. Social enterprises can play a key role here, as their primary goal is to achieve social impact. Where does collaboration between municipalities and social enterprises stand? What are the challenges and opportunities? How does COVID-19 crisis impact this collaboration?

Off the beaten track

Across the entire food chain, from ground to mouth, people and organisations work on the challenges of making the food system more sustainable and healthier. They are trying to reduce their impact on the environment and climate, with less wasteland and more attention to animal welfare. Impact enterprises put these kinds of social issues at the core of their business operations. Collaborations between large multinationals and smaller impact enterprises are increasingly common. These combine the social drive and innovation power of the impact enterprise with the scale, knowledge and expertise of a multinational to create a win-win situation. Working with Impact Hub Amsterdam, we have highlighted several examples of successful collaboration in our Off the beaten track (*Buiten de gebaande paden*) publication.

Integrated service delivery

	2020/2021	2019/2020	2018/2019
	40%	45%	40%

This percentage tells us about the extent to which our Lines of Service collaborate. Expressed as a percentage of the turnover.

This year, 40% of our revenue was generated from engagements with each Line of Service involved.
The decrease compared to last year is due to a number of very large firm-wide projects, which have been replaced by new turnover, but not firmwide turnover per se.
By comparison, 28% of this year revenue was generated from projects involving one Line of Service.
A reason for this can also be found in the mandatory firm rotation as our integrated service delivery is of course done within the independence laws and regulations that apply.

Thought leadership

	2020/2021	2019/2020	2018/2019
Number of hours dedicated to Chief Economist Office	10,711	11,752	11,259

Our Chief Economist (CE) develops thought leadership on a variety of and always relevant topics. For example, about the larger social developments (captured in the ADAPT framework) that influence the strategic agendas of governments, companies and organizations, social development goals, the Green Deal, the elections, the social determinants of health, and working from home.

Last year 27 publications were developed. Most publications were related to the ESG market theme.
It is striking that the publications about working from home attracted the most attention from the public.

In addition to conducting research and preparing publications, the Chief Economist hours are spent on sharing the results of our studies, both through relationship events, (social) media, and internal events in the context of upskilling. of our employees. With the research, publications and all related activities, we contribute to the public debate, to knowledge sharing and aim for recognition by the market and our customers as a thought leader, as well as making our own employees more vocal.

Tax Transparency

We inform our stakeholders, clients and third parties with which we do business regarding our tax approach as we consider this to be a vital part of our purpose to build trust in society and solve important problems and our role in the further development of sustainable tax. To build trust, we support cooperative compliance programmes with tax authorities and we greatly value relationships based on trust, transparency, and mutual understanding. We have therefore engaged in Horizontal Monitoring in the Netherlands and have periodic meetings with the Dutch Tax Authorities.

This year, we measured and published our tax-contribution in the Netherlands by using the tax related reporting requirements that are addressed in Standard 207: Tax of the Global Reporting Initiative. Reference is made to paragraph 'Overview link material topics to GRI aspects' on pages 138 and 139 of this Annual Report for the disclosures required by Standard 207, including our *tax strategy* and *country-by-country reporting*.

Digital host Tax-E takes clients through different perspectives on Tax
As stated in our update on our business partnerships, we strongly believe it is our role to bring together different perspectives and link up competencies. The significant and complex challenges our clients are facing call for integrated solutions: a single perspective is no longer enough to find and deliver the right solution.

In view of the constantly changing dynamics of the tax environment, we felt it was necessary to help our clients gain an insight into this complex world. So we designed the Talk About Tax game, in which the digital host Tax-E explores and raises awareness of different perspectives on current tax dilemmas among our clients, stakeholders and colleagues so as to help them provide sound tax advice and take well-informed tax decisions.

Tax dilemmas are the order of the day. Socially, politically and within companies, the debate about taxes and tax morality matters more than ever. The COVID-19 crisis has only added to this. The debate is wide-ranging and covers such issues as tax payments by multinationals, tax incentives for electric vehicles, the impact of higher excise duties on cross-border trade, and the introduction of a tax on digital services.

This virtual game shows - in a fun and interactive way - that each dilemma can be tackled from different perspectives, for example from the government's, the general public's or the tax advisor's perspective. By selecting different stakeholders, the gamer becomes more aware of the different views on these dilemmas. Our experts guide our clients towards the right choices for them.

PwC and World Press Photo, a partnership based on values

Since 2019, PwC has been a proud partner of World Press Photo. Marc Diepstraten, member of PwC's Board of Management talks to Joumana El Zein Khoury, new executive director of the World Press Photo Foundation, about our partnership. 'One of the reasons our partnership works so well is because we share the same values', she says.

Joumana remembers that from the first time they met, 'we spoke about partnership and not about sponsorship. That was really important as it immediately set the tone for the relationship between PwC and World Press Photo (WPP). Of being open and honest, but also of helping each other in good and in bad times. Of listening to what is happening in the world, of reacting in a context sensitive manner and bringing about solutions.'

Marc adds that 'for PwC, forming a partnership with World Press Photo met our desire to contribute to society not just financially, but also as a knowledge and expertise partner with value in kind'.

Trust is a key factor in photography

An important issue on which WPP receives help from PwC is checking the authenticity of photos. 'In today's world, where there is a lot of fake news around, it is very important to make sure that the photos that are being awarded are genuine photos and have not been manipulated', Joumana explains. 'Specialists from PwC helped us check this.' Marc explains: 'In addition to our check we had a strategic cybersecurity session with the entire management team of World Press Photo leveraging our interactive Game of Threats simulation. Game of Threats is about critical decision-making and it enabled World Press Photo to understand the complexity of cybersecurity and the steps they need to take to better protect their organisation from attacks.'

Diversity in many ways

PwC also advised World Press Photo on their diversity and inclusivity policy and rebranding. Joumana: 'We wanted to create an international advisory board as part of the renewed diversity and inclusivity policy. PwC organised a brainstorm session on how to do this in the best way possible, without overwhelming but rather helping us with the decision-making process.'

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2021 Photo Contest,
World Press Photo of the Year

The First Embrace

Rosa Luzia Lunardi (85) is embraced by nurse Adriana Silva da Costa Souza, at Viva Bem care home, São Paulo, Brazil.

Photographer
Mads Nissen (1979) is a photographer based in Copenhagen, Denmark.

Politiken/Panos Pictures

But she is most excited about the rebranding and strategising of World Press Photo. 'In order to be and stay relevant, in today's changing world, in the world of photo journalism and in a global environment, we really need to rethink the questions: what is our role, what is our impact and how can we be most impactful? PwC has helped us develop a new strategy that we have launched this year.'

For PwC, partnership is about how we work together, share knowledge and look at expertise and learn from each other. Part of that is also bringing back the lessons learned to our firm. According to Marc, the discussion about diversity was mutually beneficial. 'I thought we were quite far in our journey on diversity, but it has so many different angles and that is something we learned from you, about how to look at it.'

Marc agrees with Joumana's description when she says, 'Photos have the power of making a person understand a very big problem by bringing it back to their level. Because it is such an intimate way of looking at a problem, you immediately understand it. And that is the power of photos and the stories they tell.'
Bringing that back to PwC, Marc says, 'The power of World Press Photo really resonates with our people in being able to express what they are thinking and having that broader conversation about really difficult subjects.'

David Verweij, our Sponsorship manager about our partnering; '*From sponsorship to Partnerships*. Within sponsoring we focus on PwC's social involvement and how we can play a meaningful role in this as a knowledge and expertise partner. This means that we engage with them about their societal challenges. This is where you are seeing a clear shift from sponsorship to partnership: where working together and engaging in a dialogue are at the heart of our collaborations. Within these agreements, in addition to a financial contribution, there is always a value-in-kind component: hours of our people that we make available to use PwC's knowledge and expertise to address (social) problems, challenges and issues.'

A hug that gives positive energy
After the announcement of the World Press Photo of the Year 2021, we displayed the winning photo from Mads Nissen prominently on the building of our head office in Amsterdam. On that occasion we asked the Danish photographer what he wanted his picture to convey.

According to Mads, with great photography, like great literature, you need duality, a yin to a yang. 'With this picture I hope people will realise the seriousness of the COVID-19 crisis. At the same time it is a positive message. There is a study that says if you hug someone for just twenty seconds, you release all kinds of positive hormones. And that is healthy for you ánd the person you are hugging. When somebody sees my picture, I hope he thinks: when I get home, I'm gonna hug my wife, my kids, my mother, and even my colleague and let the positive feeling flow.'

Read the full interview with Mads Nissen on our *website*.

Financial results for sustainable investments

Financial overview

A strong financial performance in times of a pandemic
Like any other company, we had never faced a challenge like this before and it was uncertain how the COVID-19 pandemic would impact the demand for our services. Our financial performance of the year reflects an overall continued demand for our services. Net revenue only slightly decreased to € 936.3 million (2019/2020: € 949.8 million). A slightly lower headcount and a strong one-off decline in variable costs (e.g. travel, physical meetings and training and social events) more than offset the decrease in net revenue, resulting in an increase of our operating profit to € 200.6 million (€ 164.5 million).

We continued to invest in the quality and innovation of our services
Each Line of Service continued to invest in technology. Part of these technology investments was aimed at the effectiveness and efficiency of our processes and service delivery, such as the automation and standardisation of existing services primarily in Tax & Legal and Assurance. But also at developing digital assets and capabilities in technology, data, cloud and cyber primarily in Advisory.

	2020/2021	2019/2020	2018/2019
Percentage (billable) client hours versus hours non-billable of working hours	60/40%	61/39%	63/37%

The COVID-19 pandemic affected the demand for some of our services and subsequently the number of billable hours and productivity of our workforce in specific areas of our business.

Advisory

Consulting continued to be impacted by COVID-19 whereas Deals picked up significantly during the year
Advisory's revenue decreased by 4% compared to last year which is almost in line with what we budgeted. Profit increased by 3% which was better than expected due to lower cost levels. The revenue movement is mainly driven by the impact of COVID-19 on the economy and consequently the lower demand for some of our services in certain industries, in particular in the first half of the financial year. Due to the lockdown Advisory has incurred more than € 8 million lower variable operating costs.

Advisory (€ x1.000)	2020/2021	2019/2020
Net revenue	318,208	331,486
Operating costs	263,328	278,104
Operating profit	**54,880**	**53,382**
FTE: - Partners	73	69
- Other professionals	1,005	1,018
	1,078	**1,087**

Advisory offers a broad portfolio of service offerings supporting clients across all industries and sectors. Some parts of the business were more impacted by COVID-19 than others. In particular, financial services and sectors like manufacturing and consumer markets were down compared to last year's performance. On the other hand, COVID-19 has resulted in governments taking on a bigger role generally, leading to increased demand from public sector organisations. Our health services practice also performed well. We also saw a significant uptick in the deals market in the second half of the year, particularly driven by Private Equity.

Advisory addresses the need of organisations to transform as their environment is changing continuously and the lifecycle of business models is shortening. COVID-19 has accelerated the need for our clients to reconfigure. In 2020/2021, the deals market was first to pick up as M&A remains a key priority on our clients' strategic agendas. We have also seen an increase in areas of our business where we assist our clients in strategy and digital transformations. Our clients continue to move their business to the cloud and we expect this market will continue to grow. We also see a strongly growing demand for ESG-related services, such as sustainable finance, environmental footprint insights, ESG due diligence and sustainable value chains.

In addition to the five firm-wide market themes, Advisory invests in capabilities and strategic growth areas such as Front Office Transformation, Operations Transformation, Digital Trust and Cloud Transformation.

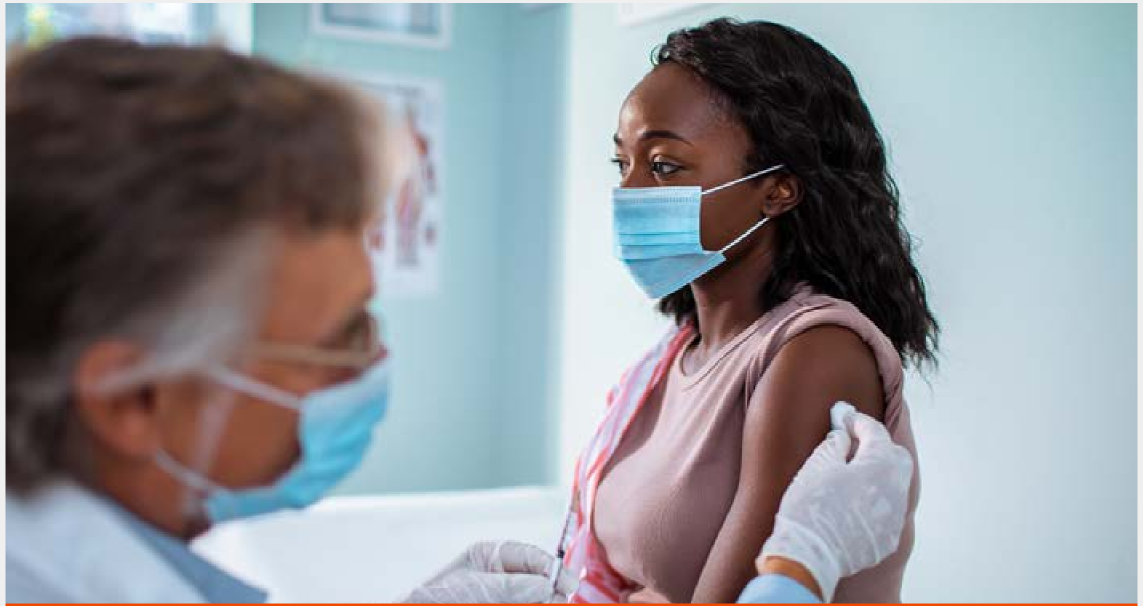
Our offerings are underpinned by our sector knowledge, technology deployment on projects, our integrated solutions approach, and collaboration with our technology alliance partners and other business partners. Our clients are not only looking for advice or support with implementation or execution, but are more and more interested in assets and tools. In addition to the digitalisation of our service offering, we are developing these capabilities by continuously upskilling our people to be able to meet these changing demands. Our people must know the business of our clients, be an expert in a particular field, and also be digitally savvy.

Our average staff base remained fairly stable during 2020/2021, but we expect our workforce to grow in 2021/2022 to support our growth ambitions.

Some parts of Consulting have experienced a challenging year due to the delay and partial discontinuation of projects in the early months of the pandemic. The impact was greatest in banking and consumer markets. We successfully applied new technologies, also in collaboration with our tech alliances such as Salesforce, SAP, Oracle, Microsoft and Workday. We used data analytics tooling and our BXT philosophy to help solve important problems for our clients and society. Strategy& continued to perform strongly as many organisations need to rethink their strategy in a rapidly changing environment.

The M&A market was affected significantly at first, but recovered quickly after the first impact of COVID-19 and continues to be very active. There is an abundance of liquidity in the economy and our clients see M&A as a strategic priority in their transformation processes. Our private equity clients are very active in the market and are leading the pace in M&A. On the other hand, we see that the restructuring market remains slower than expected due to the prolonged government support during the lockdowns. Deals increased revenue and profitability in most areas. Deals invests significantly in ESG value creation diligence and Value Creation. By providing holistic views, we can provide our clients with better and deeper insights in an M&A context, which is especially important in an increasingly competitive M&A landscape for our clients.

Our Cybersecurity, Forensics & Privacy business recovered in the second half of the financial year and has seen a continued demand for services related to the digital transformation agenda of our clients around the themes of cybersecurity, digital identity and privacy. This is the result of an acceleration of virtual working, and the existing cyber threat landscape. Our (digital) forensic service delivery makes a stable contribution to revenue.



Supporting our national vaccination programme

How does delayed delivery of the vaccine or changes in vaccine readiness impact the runtime of the vaccination programme and the speed in reaching group immunity? How do you determine the order of priority for different target groups, and convert a tactical plan into a feasible delivery plan to be carried out by local health authorities and general practitioners?

From the moment we became involved with the Dutch vaccination programme, our primary role was to support the National Institute for Public Health and the Environment (RIVM) with these questions. The RIVM manages the vaccination programme with the COVID Logistics Coordination Centre (LCC) playing a central role in planning and distributing the vaccines and supplies such as syringes and needles.

Through our Supply Chain & Procurement expertise group, we collaborated with the LCC to shape the planning processes. The weekly processes, in which long-term plans based on optimisation models developed by PwC are simulated, form the basis for planning of the Vaccination Programme. As part of the programme, dozens of scenarios and alternative timetables are analysed and presented for decision-making.

In close collaboration with the other departments at the LCC, we helped deliver operational excellence, allowing the plan to be executed with minimal disruption and at maximum speed.

Assurance

Increased need for assurance services and lower overhead have triggered a higher result
Revenue decreased by 4% and profit increased by 60%. The net decrease in revenue is caused by a decline of advisory-related projects and the decline of disbursements that we charge to clients (mainly travel costs). The decrease in operating costs was for approximately € 13 million caused by the pandemic.

Assurance (€ x1.000)	2020/2021	2019/2020
Net revenue	368,198	384,585
Operating costs	307,493	346,765
Operating profit	**60,705**	**37,820**
FTE: - Partners	108	111
- Other professionals	1,888	1,934
	1,996	**2,045**

The profitability increased as a result of increased efficiency mainly driven by digitisation of (audit)engagements, fee increases in audit and an increase of the number of transaction-related engagements with higher net rates. In addition, cost reduction on overhead, decrease in travel cost and other staff-related costs contributed to a better result.
The COVID-19 pandemic has led to some additional work, firstly with regard to regular audits to assess the impact of the pandemic on companies and secondly with regard to additional audit engagements due to the compensation of the *Tijdelijke Noodmaatregel Overbrugging voor Werkgelegenheid* (NOW), provided by The Ministry of Social Affairs & Employment (SZW). SZW has drawn up an auditor's protocol, which provides a framework for auditors to assess whether companies legitimately received any compensation. However, the impact of NOW audit engagements on revenue was limited in FY2021 (€ 4.5M). The NOW audit engagements are expected to continue until 2023.

The COVID-19 pandemic also contributed to a lower cost of delivery of (audit) engagements, we travelled less and increased the use of digital assets to increase audit quality and efficiency. We also invested to increase the number of digital accelerators in audit engagements and technology specialists within CMAAS and RAS. We reduced workload and hired temporary colleagues to assist us with the audits mainly during peak season. Our staff decreased slightly compared to last year (FY21: 2,060; FY20: 2,109).

ESG Reporting
More than ever before, climate risks are affecting stakeholder decisions and how a company is perceived by the general public. Reporting on the impact that a company has on our planet, but also on society, is therefore increasingly important. A number of companies – most of them listed on the stock exchange – publish a sustainability report, or an 'integrated report' combining financial and non-financial information. In anticipation of the new Corporate Sustainability Reporting Directive (CSRD) announced by the EU this year, a greater balance between financial and non-financial information is expected in the run-up to 2023 (when large enterprises will be required to report on sustainability). As compared to the current Non-Financial Reporting Directive (NFRD), the new directive significantly extends both the content and the scope. With effect from 2023, an enterprise will be required to explain how sustainability developments affect it, for example through additional tax levies or raw material shortages, but also what the company's impact on society is, for example on the environment or human rights within the supply chain. That explanation must be presented in the shape of strategy, risks, policy, and specific indicators with targets and results.

The main criticism of current sustainability information is that it's not sufficiently comparable, relevant, and/or reliable. With the demand for global standards in this field becoming ever louder, the CSRD is also intended to address that criticism. So as to increase the reliability of sustainability information, the EU requires mandatory investigation by an independent third party. That party will initially provide a limited degree of assurance and in the future perhaps even a reasonable degree of assurance (the latter being the degree of assurance generally provided by auditors in respect of annual financial statements). This will create new challenges for auditors too. It will impose new demands for the training of auditors and for the composition of audit teams that combine the various areas of expertise. PwC's investment in this area has therefore been considerable, both as regards the past year and the year ahead. We have expanded our team that focuses on reporting and auditing sustainability information, adding four experienced partners, and we intend to further expand in this area. This represents investment not only in know-how regarding regulations, reporting, and auditing methodology but also sustainability strategy, biodiversity, climate, and technology. By combining these fields of specialisation during our audits, we can deliver the quality that society demands of us. In the run-up to implementation of the new directive, the road to relevant and reliable sustainability information will not be a smooth one, but it does represent the way forward.

As digitalisation continues, we see a greater need in the market for assurance and advice on systems. In addition, driven by societal developments there is an increased demand for advice and assurance on climate change, Sustainability/ESG and other non-financial information. Clients' need for support on including sustainability in strategy and execution increased, mainly for clients operating in the Financial Service Sector (due to regulation, i.e. EU Taxonomy), but also non-Financial Services clients that voluntarily pioneered this theme. With the endorsement of the Corporate Sustainability Reporting Directive (CSRD) as per 1 January 2023 and other expected regulations, we have started to invest heavily in expanding our sustainability practice and upskilling our people. An ESG Centre of Excellence has been set up for sustainability services, including reporting and assurance on ESG information. In addition, our focus on audit quality requires that we discuss these challenges with the organisations we audit, with the aim of helping them – and therefore society – address those challenges.

CMAAS and RAS, which are involved in complex transformation projects and have seen an increase in M&A activities, also performed above expectations. The increase in M&A activities included carve-outs and supporting companies with acquisitions for Special Purpose Acquisition Companies (SPAC). A SPAC is a company with no commercial operations that is set up strictly to raise capital through an initial public offering (IPO) for the purpose of acquiring an existing company. As the end of the pandemic is in sight, we expect capital market activities to increase further in the near future.

Tax & Legal

Continued solid business and financial performance
Revenues of Tax & Legal stabilised compared to last year, but the profit has improved by 13%.
Our operating costs reduced by € 7 million as a direct result of the pandemic.

Tax & Legal (€ x1.000)	2020/2021	2019/2020
Net revenue	320,252	317,622
Operating costs	236,286	243,036
Operating profit	**83,966**	**74,586**
FTE: - Partners	100	102
- Other professionals	1,082	1,124
	1,182	**1,226**

As the COVID-19 crisis continues throughout 2020/2021, it has been a challenging year for our practice and most of our clients. Our clients are looking for ways to navigate the unprecedented uncertainty. Their challenges have become increasingly complex and require an integrated approach where cross-industry, cross-functional and digital skills are key ingredients. In 2020/2021, we helped our clients to navigate in today's rapidly changing world by combining our deep technical knowledge with the breadth of our services, technology and experience. In addition to large one-off projects requiring an integrated service approach, our practice has a strong client base with many of our clients requiring our ongoing assistance, ranging from compliance services to support during a transformation or dealing with changing regulations and business environments. In particular, our International Tax, Indirect Tax, Deals and Financial Services businesses delivered a strong financial performance.

Working from home has proven to be a challenge that our people have mastered vigorously, staying in close contact with one another and our clients. Despite the challenges that presented themselves, we continued to invest in strengthening our capabilities, quality, and strategic growth areas. We invested significantly in upskilling our staff, improving our risk and quality processes to further build trust in society and freeing up staff to focus on growth areas and strengthening our in-depth knowledge. Changes in the labour market, social focus on diversity and remuneration policy, changing client demand, and technological developments all required investments in our workforce in the past year.

We aim to build trust in society in the way we deliver our services. Our services must therefore not only encompass in-depth technical knowledge, but also have a broader impact. Our (tax) advice is therefore not only about application and compliance with laws and regulations, but also about the interests of and impact on (social) stakeholders. To achieve this we work on the basis of our 3-step compass: 1) compliance with applicable legislation and regulations; 2) taking into account the principles of our PwC Global Tax Code of Conduct; and 3) assessment of whether our advice is consistent with the client's tax and business strategy. In addition to the way we provide our services, we are aware of our role as gatekeeper and the trust this creates in society. In 2021/2020, we continued to invest in our (digital) processes and to further embed DAC6 in our practice and culture surrounding these processes.

In 2020/2021, Tax & Legal continued to serve the market by investing in technology. A distinction is made between technological investments that reduce our cost of delivery, investments in new services, and investments to make and keep our workforce (digitally) fit. The shift from traditional tax services to technology-enabled tax consulting and compliance has continued and is enabling us to make a greater impact on our clients.

Taxation as an ESG component
PwC has the ambition to contribute, possibly together with knowledge partners, to a future-proof economy with an appropriate tax system. A sustainable approach to taxation is a precondition for this. Tax reform starts with social issues such as tackling climate change and income inequality. PwC has therefore supported the proposals of the independent think tank *The Ex'tax Project** for shifting taxes on labour towards the consumption of raw materials and consumables and towards consumption. We are seeing a clear shift in business from a focus on shareholder value to broader stakeholder value. That translates into new tax strategies. Entrepreneurs are aware of their social role. It is still quite a journey, but the time when companies mainly aimed to pay as little tax as possible is long gone for the largest group.

The reform of the tax system offers the Netherlands opportunities. Shifting the burden from labour to pollution and use makes it possible to reduce CO_2 emissions and reduce resource use. This is important for the competitiveness of our economy. PwC believes that taxation can be placed more in the context of solving social problems and financing them. The Netherlands is internationally regarded as a front runner in circular entrepreneurship. We want to provide politicians and policymakers with a handle for a well-founded and robust tax system. We do this by identifying the major social challenges, to which we then link tax themes. This provides guidance for determining which problems should be tackled first and which fiscal resources can support this.

* Ex'tax is the proposal to put taxes on natural resources and pollution, and using the revenues to lower the tax burden on labour and increase (social) spending. Such tax reform creates incentives to save resources and the natural world. It also enables job creation and supports those who need it most. Ex'tax enables an inclusive circular economy.

Market themes

The large and complex challenges of our clients require integrated solutions, because a single perspective or approach is usually no longer sufficient to find and apply the right solution. This calls for more integrated collaboration. We do this, among other things, on a number of themes that transcend our Lines of Service and are relevant for every industry. We expect these themes to remain relevant in the coming years and are also working on them ourselves. We have specified the following themes: ESG, Risk & Regulation, Future of Work, Future of Finance and Value Creation.

Future of Work

If we look at the Future of Work, we are seeing that clients are working on issues such as upskilling and well-being, improving employee experience, the S of ESG, and further digitisation and HR cloud implementation. These issues will remain relevant in the coming year and we intend tackling these issues in an integrated manner and in co-creation with our clients. In the past year, we also clearly saw a need in the market for guidance on working from home in times of COVID-19. The studies we published on this subject therefore attracted a relatively large amount of attention. We are now working with various clients on their challenges regarding the new (hybrid) working post-COVID.

Risk & Regulation

Despite the crisis, compliance-related projects continued in the past year. For the coming year, we expect an increase in Risk & Regulation projects aimed at strategic improvements of the Risk & Regulation organisation, and projects aimed at the transformation from risk mediation to risk anticipation. In addition, the more transformational programmes needed are expected to resume after the summer.

Revenue market themes

In € x1.000	2020/2021	2019/2020
ESG	5,613	3,319
Future of Work	71,392	77,395
Future of Finance	110,215	121,696
Risk & Regulation	127,864	144,315

Revenue change market themes in %	2020/2021	2019/2020
ESG	69.1%	-8.2%
Future of Work	-7.8%	11.3%
Future of Finance	-9.4%	3.6%
Risk & Regulation	-11.4%	33.0%

Future of Finance

On the Future of Finance theme, we see issues related to the transformation of the finance function using cloud ERP, analysis and reporting, and upskilling of employees. We expect these to become even more relevant in the coming year as technological and digital advances have taken off during the pandemic.

ESG

Last year, we saw an increase in ESG-related issues, also within the other market themes. While some of our clients were already focusing on ESG, based on their ambition to create long-term value, we are now seeing other clients join in more quickly. This is partly prompted by new legislation and regulations and the expectations and requirements of stakeholders. The court ruling in the Shell versus Milieudefensie case about reducing CO_2 emissions accelerated the number of questions raised to many of our clients. We are in a dialogue with them. For the coming year, we therefore expect the growth of sustainable progress/ESG to increase sharply within each of the industries, including those outside the chemical sector. Incidentally, this applies not only to the E but also to the S and G.

Value Creation

Our focus on Value Creation was born out of the feedback we received from our clients reporting that creating value from M&A had become a real challenge. In these uncertain times, Value Creation, whether in M&A or in the normal course of business, is now undoubtedly more important than ever before. Our aim is to help our clients approach their business challenges with a broader, value-focused and strategic mindset. The Value Creation framework is based around strategic repositioning, performance improvement opportunities, and balance sheet and tax structuring. It has evolved to incorporate value preservation, an enhanced focus on capital allocation/portfolio strategy, and also the 'multiple impact,' which includes ESG and non-traditional sources of value. We see great potential and expect demand for these services to increase in the coming year.

Industries

Compared to last year, 2020/2021 revenue decreased by 2.1%. The revenue decrease manifested itself mainly in the Financial Services sector (-9.8%) due to the finalisation of large regulatory projects last year. Revenue has declined in the Energy, Utilities & Resources industry (-8.6%), as well as in Technology, Media and Entertainment and Telecommunications (-1.9%) as these industries (and specifically the sectors Energy and Media and Entertainment) were severely affected by the lock-down measures with respect to COVID-19.

Industrial Manufacturing & Automotive showed revenue growth (+7.3%) mainly in the Automotive, Pharma and Life Sciences and Engineering & Construction sectors. Government & Public Services revenue also increased (+1.9%) due to an increase in demand for advice from the Government, Healthcare and Educational sectors. Our revenues in the Consumer Markets industry increased (+1.0%) in the sectors Hospitality & Leisure, Transportation & Logistics and Forest Paper & Packing. The revenue increase in Private Equity (+10.3%) was driven on the back of the abundance of capital and the attractiveness of the Dutch market for investments.

Trends differ across industries

Net revenue per Industry in %	2020/2021	2019/2020	2018/2019
Financial Services	29%	32%	37%
Technology, Media & Telecom	9%	9%	9%
Consumer Markets	26%	25%	18%
Industrial Manufacturing & Automotive	12%	11%	11%
Government & Public Sector	8%	8%	8%
Health Industries	7%	5%	6%
Energy, Utilities & Resources	9%	10%	11%

Revenue changes in %	2020/2021	2019/2020	2018/2019
Financial Services	-10%	-1%	10%
Technology, Media & Telecom	-2%	1%	12%
Consumer Markets	1%	38%	2%
Industrial Manufacturing & Automotive	7%	11%	2%
Government & Public Sector	2%	14%	7%
Health Industries	14%	-9%	-10%
Energy, Utilities & Resources	-9%	-6%	10%

Cash flow and financing

	2020/2021	2019/2020	2018/2019
Cash and cash equivalents	€ 33 million	€ 30 million	€ 12 million
Solvency ratio	17.0%	14.4%	16.5%
Amounts funded by partners	€ 271 million	€ 207 million	€ 189 million
Average funding per partner	€ 966,000	€ 735,000	€ 681,000
Investments in clients (work in progress and accounts receivable)	€ 167 million	€ 207 million	€ 210 million

The Group has no debt to financial institutions and our capex investments are funded from operational cash flow.

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

The exchange risk arises primarily from positions and transactions in US dollars. Significant positions are covered by hedge contracts, while interest, credit and liquidity risks are not covered by financial instruments but primarily through internal controls.

A more detailed description is included in the financial statements (see page 112).

2021/2022 Outlook
The financial performance of the year was clearly affected by the pandemic. As we expect the pandemic to come to end and restrictions are gradually lifted across the globe, we expect demand for our services to further increase. Our revenue from clients is dependent on macroeconomic, industry and client-specific developments. The global environment in which we operate is volatile and change and disruption appear to accelerate post-COVID-19; macroeconomic developments, (potential) international trade and technology conflicts, (geo)political developments, are all affecting business confidence. We expect the demand for our services to increase, resulting in growth in revenues. Once the restrictions are lifted, we expect an increase of variable costs, partially to pre-COVID levels, lowering our profitability compared to fiscal year 2020/2021.

Corporate Governance

Corporate Governance Code

Although we are not a listed entity, where applicable we apply the Corporate Governance Code voluntarily. We believe that compliance contributes to confidence in good and responsible management and integration into society and, with long-term value creation as a principle, it is in line with our own ambitions (see pages 24-25).

Board of Management

During the financial year 2020/2021, the Board of Management consisted of:

- Ad van Gils, Chair, CEO
- Agnes Koops-Aukes, Line of Service Assurance
- Jolanda Lamse-Minderhoud, Risk & Quality and CFO, COO
- Maarten van de Pol, Line of Service Advisory
- Marc Borggreven, Human Capital
- Marc Diepstraten, Line of Service Tax & Legal
- Renate de Lange-Snijders, Clients & Markets and Corporate Sustainability

The members of the Board of Management who are responsible for the Lines of Service Assurance, Tax & Legal and Advisory, chair the respective Lines of Service Boards. Short résumés of the Board of Management are included on pages 66-67.

Balanced male/female ratio in Board of Management and Supervisory Board

As of July 2018, our Board of Management consists of three women and four men (i.e. 43% female). Our Supervisory Board also consists of three women and four men on 1 July 2020. On 30 June 2021, there is a vacancy for the position of the Chair of the Supervisory Board and that makes it a 50% balance.

Allocation of responsibilities within the Board of Management

The seven members of the Board of Management each have their own individual portfolio with specific focus areas. The allocation of responsibilities among the members of the Board of Management reflects the Board of Management's need to manage and supervise both the various Lines of Service and market segments as well as functional tasks such as Finance, Human Capital, IT, Risk & Quality, Marketing and Corporate Sustainability.

Avoiding conflicts of interest

No member of the Board of Management takes part in discussion or decision-making processes that may give rise to a conflict of interest between the Board member and PwC. If in such cases no board resolution can be adopted, the resolution shall be adopted by the Supervisory Board. To our knowledge, no transactions involving any potential or real conflict of interest took place in 2020/2021.

Governance bodies Holding PricewaterhouseCoopers B.V.

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

- Board of Management
- Supervisory Board and its committees (see the report of the Supervisory Board)
- Line of Service Boards (LoS Boards)
- Business Units (BUs)
- Works Council

Bodies	Main powers and activities	Appointment by	Members 2020/2021
Board of Management	- Responsible for the performance of the company and for managing the company, guided by the interests of the company and of the enterprise connected with it. - Ensuring that the company will act in accordance with the objectives as defined in the Articles of Association of the Company. - Responsible for i) defining the long-term goals and strategy of the company, ii) the preparation and execution of general policies and iii) identifying and analysing risks associated with the strategy and business activities of the company. Developing policies and procedures around risks that are consistent with the company's strategy and risk appetite. - Ensuring that the company is in good standing and in full compliance with the relevant legislation, rules, standards and procedures. - Responsible for the preparation of the financial budget and annual plans for the company.	The chair of the Board of Management is appointed by the General Meeting on the basis of a binding proposal from the Supervisory Board. Appointment is for a term of up to four years, with eligibility for reappointment for one additional term of up to four years. The chair of the Board of Management will appoint the members of his/her team (see more information below).	- Ad van Gils (Chair) - Agnes Koops-Aukes - Jolanda Lamse-Minderhoud - Maarten van de Pol - Marc Borggreven - Marc Diepstraten - Renate de Lange-Snijders All members qualify as policymakers of PricewaterhouseCoopers Accountants N.V. and Coöperatie PricewaterhouseCoopers Nederland U.A.
Supervisory Board	Supervises the Board of Management and the overall business affairs of Holding PricewaterhouseCoopers Nederland B.V. and its affiliated group enterprises and assists the Board of Management by providing advice. The Supervisory Board has established four committees from among its members: the Audit Committee, the Public Interest Committee, the Remuneration Committee and the Selection and Appointment Committee. Their task is to assist and advise the Supervisory Board in fulfilling its responsibilities. The tasks and procedures of the committees are outlined in their charters, which can be found on our website. The present composition of the committees can be found on pages 79-84 of this Annual Report.	The members of the Supervisory Board are appointed by the General Meeting of Holding PricewaterhouseCoopers Nederland B.V. on the basis of a binding proposal submitted by the Supervisory Board on the advice of its Selection and Appointment Committee. Members of the Supervisory Board are appointed for a term of up to four years, with eligibility for reappointment for one additional term of up to four years.	- Carel van Eykelenburg (Chair and part of the Supervisory Board until 5 February 2021) - Jan Sijbrand (Vice-chair and interim chair) - Naomi Ellemers - Annemarie Jorritsma - Frits Oldenburg - Cees van Rijn - Yvonne van Rooy

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

Ad van Gils
Ad van Gils (born 1967) joined one of the legacy firms of PwC as an auditor in 1991 and became partner on 1 July 2002. From 1 July 2013 up to 1 July 2018, he was an authorised executive director of the Board of Management of PwC. As of 1 July 2018, Ad is Chair of the Board of Management.

Portfolio as of 1 July 2018:
- Chair of the Board of Management
- Member of the PwC Europe Leadership Team (as of 8 July 2020 the PwC Europe Board) of PwC Europe SE
- Member of the EMEA Leadership Team
- Member of the PwC Network Strategy Council

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

Agnes Koops-Aukes
Agnes Koops-Aukes (born 1969) joined one of the legacy firms of PwC in 1992 as an auditor and became partner on 1 July 2007. As of 1 July 2018, Agnes is an authorised executive director of the Board of Management, responsible for Assurance and Chair of PricewaterhouseCoopers Accountants N.V.

Portfolio as of 1 July 2018:
- Assurance

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

External positions:
- Member of OPAK (Overlegplatform Openbare Accountantskantoren), the consultative platform for public accounting firms
- Member of the Public Interest Steering Group (NBA)
- Member of the Oversight Board of Groninger Museum (as of 1 June, 2021)

Jolanda Lamse-Minderhoud
Jolanda Lamse-Minderhoud (born 1969) joined one of the legacy firms of PwC as an auditor in 1992 and has been a partner since 2006. She was appointed to the board of PricewaterhouseCoopers Accountants N.V. in 2010 and has been an authorised executive director of the Board of Management since 1 July 2013. As of 1 July 2018, Jolanda is CFO/COO and responsible for Quality & Risk for PwC Netherlands.

Portfolio as of 1 July 2018:
- Chief Financial Officer
- Chief Operations Officer
- Quality & Risk

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

External positions:
- Member of the Oversight Board of TNO (the Dutch organisation for Applied Scientific Research)
- Member of the Oversight Board of Wildlife Justice Commission (as of 15 July 2020)

Maarten van de Pol
Maarten van de Pol (born 1972) joined one of the legacy firms of PwC in 1996 as an auditor and became a partner on 1 July 2007. As of 1 July 2018, Maarten has been an authorised executive director of the Board of Management, responsible for Advisory and Chair of PricewaterhouseCoopers Advisory N.V.

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

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

Marc Borggreven
Marc Borggreven (born 1970) started his career in 1997 with one of the legacy firms of PwC. He became a partner on 1 July 2007. As of 1 July 2018, Marc has been an authorised executive director of the Board of Management, responsible for Human Capital.

Portfolio:
- Human Capital
- Member of Management Committee of PwC Europe SE (Human Capital)

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

Marc Diepstraten
Marc Diepstraten (born 1966) joined one of the legacy firms of PwC in 1990 and became a partner on 1 July 2001. As of 1 July 2016, Marc is an authorised executive director of the Board of Management, responsible for Tax & Legal and Chair of PricewaterhouseCoopers Belastingadviseurs N.V.

Portfolio:
- Tax & Legal
- EMEA Tax Leader

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

Renate de Lange-Snijders
Renate de Lange-Snijders (born 1972) joined one of the legacy firms of PwC in 1996 and became partner on 1 July 2008. As of 1 July 2018, she became an authorised executive director of the Board of Management, responsible for Clients & Markets.

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

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

Line of Service Boards

The members of the LoS Boards act as directors of their respective Line of Service operating company.
The LoS Boards translate and implement the firm-wide strategy to their Lines of Service.

Their operational responsibilities include the day-to-day affairs and results of the LoS, the quality of the professional practice and client service, Human Capital, risk management and the evaluation of partners and directors.

The members of the LoS Boards are appointed for a maximum of two four-year terms. The members of the Board of Management who are responsible for an individual Line of Service also chair the relevant LoS Board and are the single statutory director of the relevant Line of Service operating company. The Chair of each LoS Board appoints the other members of the LoS Board as proxy holders with the title of authorised executive members of such a board. The Supervisory Board approves the decision-making regarding the appointment of the members of the Assurance Board.

Assurance Board	Tax & Legal Board	Advisory Board
• Agnes Koops-Aukes (Chair) • Michel Adriaansens (until 1 January 2021) • Raneesh Jagbandhan (as of 1 January 2021) • Wytse van der Molen • Joris van Meijel	• Marc Diepstraten (Chair) • Jeroen Boonacker • Marcel Jakobsen • Janet Visbeen • Brenda Mooijekind	• Maarten van de Pol (Chair) • Gert-Jan van der Marel • Wendy van Tol • Remco van Daal

Business Units

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

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

Works Council

PwC's Works Council has 23 members, representing the various Lines of Service and Firm Services (9 from Assurance, 5 from Tax & Legal, 5 from Advisory and 4 from Firm Services). The Works Council represents the collective interests of PwC's staff. It provides advice to the Board of Management, either upon request or on its own initiative, and has specific rights such as the right to prior consultation in the event of major decisions and on employment conditions. The Works Council meets regularly with a representative of the Board of Management.

Remuneration

For the remuneration-related items and the application of our Remuneration Policy during the year, we refer to our integrated Remuneration Report as contained in the appendix of this Annual Report on pages 121-124.

Governance bodies Coöperatie PricewaterhouseCoopers Nederland U.A.

Bodies	Main powers and activities	Appointment by	Members 2020/2021
General Meeting	- Approves (or dismisses) resolutions of the Board of Management regarding the entering into new association agreements with partners. - Appoints the Chair of the Board of Management. - Approves the annual financial statements, budget and overall strategy of PwC Netherlands. - Appoints the external auditor on nomination of the Supervisory Board.	Not applicable	All members of Coöperatie PricewaterhouseCoopers Nederland U.A. ('the operating companies of the individual partners')
Membership Council	Represents the collective interests of the members of Coöperatie PricewaterhouseCoopers Nederland U.A. and provides advice on matters that are presented to Coöperatie. The Membership Council may also provide advice to the Board of Management of Coöperatie, either upon request or on its own initiative, and may act as advocate in the interests of the partner concerned in cases of internal dispute.	The members of the Membership Council are appointed by the members of Coöperatie for a term of up to four years, with eligibility for reappointment for one additional term of up to four years.	• Diederik van Dommelen (Chair) • Willem Schouten • Hans Dullaert • Sander Gerritsen • Shana Laurie de Hernandez • Jacobina Brinkman • Jeroen Elink Schuurman • Paul Nillesen

Risk Management

Risk Management is essential in our daily operations, adhering to the risk appetite and aligning the risk procedures to this. By determining and implementing our strategy, we take into account the potential risks that affect us the most. If we don't address these risks adequately, we may lose relevance to clients and to the society as a whole. This is why we monitor developments and trends as they evolve in society in general, in the business environment we operate in and in our organisation.

Risk appetite

The risk appetite describes the extent to which we are accepting risks in realising our strategic objectives and it is integrated in our business planning cycle. Considering the societal impact of our services, we have a prudent approach with a moderate risk appetite. However, our risk appetite differs per impact area, which are defined as 'Quality', 'Compliance & integrity', 'Reputation and brand', 'Clients', 'Financial and People'. The risk appetite for Compliance & Integrity and Quality is low. The risk appetite per impact area is decisive for how we react to and manage risks. Our risk appetite in general and per impact area has been translated into PwC NL operational risk management and internal control procedures and processes.

Network Standards and Risk Management Policies

As a PwC member firm we must comply with the PwC Network Standards and Risk Management Policies. These contain a wide variety of requirements to ensure that the strategies of the individual member firms are aligned with the network strategy, that the services we provide to our clients are 'quality services' and that strategic, operational and financial reporting, financial, regulatory and compliance risks are adequately managed.

Enterprise Risk Management

In addition to the annual risk assessments carried out in the Lines of Service and in the various functional areas (such as 'Ethics & Business Conduct', 'Information Protection' and 'Independence'), the Board of Management and the Line of Service Boards discuss the key risks in the Enterprise Risk Management (ERM) analyses. ERM is the process to proactively identify potential significant threats to the business and the achievement of our strategic goals, and to respond appropriately to the underlying events. The purpose is to help ensure that the opportunities identified during the business planning process can be realised and that the risks, considering our risk appetite, are managed to an acceptable level.

Other risk assessments

Our Internal Audit Department, independent review teams from PwC NL and the PwC network, and our Compliance Officer periodically review the design and the operational effectiveness of our internal risk management and control system. These reports are discussed with the Board of Management and shared with the Supervisory Board. Detailed information about our Risk Management and Control framework is set out on pages 73-75.

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Overview of main risks

The accompanying table summarises our gross main risks as determined during the Enterprise Risk Management process 2020/2021, links them to our strategic focus areas, indicates the potential impact of the risks should they materialise and lists the key measures we have taken to mitigate them.

We also indicate whether there were any changes in the residual risk after reflecting the impact of the (mitigating) measures taken. This is called 'net risk'. The heat maps reflecting the net risk per main risk are attached at the end of this table.

Focus areas	Main risk areas (no. in heat map)	Description	Gross risk	Response to mitigate the risk	Net risk and change compared to FY20
Build high-quality services	Regulation potentially seriously impacting our business (2)	- Given the regulatory climate, the ongoing public debate and press coverage on the audit profession including the follow up on results of the MCA and CTA, and on the role and responsibilities of tax advisors in the context of the tax morality debate (on a Global, EU (i.e. DAC6), OECD and NL government level) the risk of additional regulatory action and/or further business restrictions remains high.	High	- Intensive stakeholder dialogue with - amongst others - members of parliament, regulators, investors and clients - Execution of public policy plan for tax - Active participation in sector initiatives - Participation in European (Regulatory) Contact Group - NBA change agenda, active participation in working groups - Constructive and open attitude towards *Kwartiermakers*	High ↑
	(New) Independence *Separated from the one above (15)*	- Complying with external and internal independence requirements and/or manage the ongoing complexity and changes in independence regulations.	High	- Independence plan FY21 including heat map and risk matrix to mitigate the observed independence risks	Medium to High =
	Quality (3)	- The importance of delivering quality across PwC NL (in its widest sense) is and remains crucial. We define quality as compliance with legislation and professional standards, meeting the expectations of our clients and the needs of society at large and managing the professional development of our people.	High	- Firm-wide Quality Management System, policies and procedures (further embed QMSE within Assurance) - Implementation of Quality Improvement Team within Assurance - Internal and external training of our people	Medium =
	Information Protection and (Cyber) Security (7)	- The potential reputational and financial risks and consequences of IT security issues, cyberattacks, data leakages and other causes of non-compliance with client confidentiality and data protection requirements are very high. - Investing in adequate 'state of the art' preventative, detective and corrective measures (including training, policies, procedures and controls) is considered crucial to protect PwC (NL) as best as possible.	High	- Information Protection Committee and global network - PwC NL Cyber Resilience Plan - PwC NL GDPR Business As Usual further enhanced with a privacy control framework programme - Implementation and use of Technology Risk Framework - Revised PwC NL Data Retention (and Data Deletion) Policy: revised (automated) compliance procedures and monitoring mechanisms under development - Code on ICT behaviour - Access controls to PwC NL buildings	Medium to High =

Focus areas	Main risk areas (no. in heat map)	Description	Gross risk	Response to mitigate the risk	Net risk and change compared to FY20
Build high-quality services (continued)	Economic and political developments, destabilising environment (10)	- Unexpected/sudden economic changes. - Serious geopolitical issues.	Medium	- Continued monitoring of developments by both PwC network and PwC NL - European cooperation within PwC Europe and EMEA	Medium =
	Pandemic (COVID-19) *Separated from the one above* (14)	- The COVID-19 pandemic causes a great deal of uncertainty in our external and internal environment.	High	- COVID-19 Governance with direct Management Board representation - COVID-19 taskforce implemented, when necessary crisis management team is reactivated - Developments and surveys on people's well-being.	Medium ↓
	Reputation and financial risks following from claims (12)	- The number of claims initiated by receivers/bankruptcy trustees is increasing and the public interest in the audit profession and the quality issues reported triggers new claims (e.g. fraud). This is putting our reputation at risk.	High	- Continue to manage existing claims - Quality initiatives should result in lower risks of claims arising	Medium to High =
	Know Your Client (5)	- Proper acceptance and continuous monitoring of PwC NL clients to ensure that we do not engage in business with clients that could damage our reputation.	Medium to High	- KYC Plan Of Approach Next Level to further strengthen the KYC function - Client Committee with board involvement	Medium =
	Data strategy & governance maintenance (13)	- Data is critical to running our business and effectively serving our clients. It's therefore important to train our staff on the use of data and parallel to this increase the governance, maintenance and quality of data.	High	- Appointment of Chief Data Officer - Data policies increasing governance, guidelines and processes on handling data - Alignment with Network programme	Medium =
Recruit, develop and retain diverse talent	People – changing skill sets, diversity, 'advisors of the future' (6)	- PwC's ability to attract and retain 'the best and brightest' in a fast changing world, bringing in the required/desired diversity (gender, skills, background, technical expertise, etc.) requires ongoing attention.	Medium to High	- Diversity & Inclusion policies and actions. Set-up of I&D-council - Brand promise - Purpose & Values and development opportunities as talent management - Global People Survey and Values Survey actions - Well-being programme - Upskilling programmes	Medium =
Drive digital transformation	Innovation/digitalisation (incl. embedding 'tech enabled' into existing and new services) (4)	- The PwC network and PwC NL want to be(come) the leading tech-enabled professional services firm. The risk is that the market does not perceive PwC as such, that the speed of our innovation is too slow and that new (disruptive) parties enter the assurance and tax market - Impact of increasing digitalisation on business and pricing model	Medium to High	- Large scale investments on the level of PwC NL, PwC Europe and PwC Global network - Your Tomorrow plan Europe (including NL), which brings together all digital initiatives - Cooperation with/participation in 'high tech innovation' initiatives - Citizen and business led digital innovation programme - Manage and monitor 'time-to-market' of strategic tech initiatives - Digital assets proposition - Use of Technology Risk Framework for cross-border tooling	Medium to High =
	Transformation and change (8)	- Risk of doing (too) many things at the same time (risk of change overload, lack of focus and priorities, partner and staff 'fatigue').	Medium to High	- Communication about phasing of priorities - End-to-end Business Operating Solutions: There is strong governance in place with participation of Europe Steerco, NL SteerCo with LoS's representatives, as well as Risk & Independence representatives	Medium to High ↑

Focus areas	Main risk areas (no. in heat map)	Description	Gross risk	Response to mitigate the risk	Net risk and change compared to FY20
Business partnering	Ensure/maintain licence to operate (1)	- In the long-term we run the risk of losing our 'licence to operate' if we do not transform into a purpose-led and values-driven organisation	High	- Continued focus on our transformation and maintain focus on embedding the PwC purpose and values in our DNA, among others through brand promise/media campaign - Ongoing awareness; leading by example - PwC Code of Conduct and mandatory e-learning ('Living the Code') - Tone at the top assessment - Embedding values and behaviour in performance assessments - Values Survey update and actions - Contribution to sustainable integrated solutions for the society at large	Medium to High =
	Global collaboration with differences in size, maturity of markets, culture, macroeconomics, politics and societal content (9)	- Multiple dimensions to manage: Clients & Markets (Global Relationship Partners), Industries, Priority Services, internationalisation, cultural differences, channel choice, (global) contracting versus PwC Europe and other network changes	Medium	- PwC network alignment on purpose, vision and strategic priorities - Network and regional organisation leading and supporting territories in strategy execution - PwC Europe Executive Team/Europe Leadership Team - Clear catalogue of collaboration in PwC Europe focused on markets, business and operational synergies	Medium =
Financial results for sustainable investments	Financing of investments/ acquisitions and liquidity planning (11)	- Acquisition Strategy PwC NL, PwC Europe, PwC Global - Tight liquidity planning. - Availability of sufficient funds to invest.	Medium	- Planning and monitoring of liquidity position - Effective working capital management - European cooperation to have larger base for investments	Low ↓

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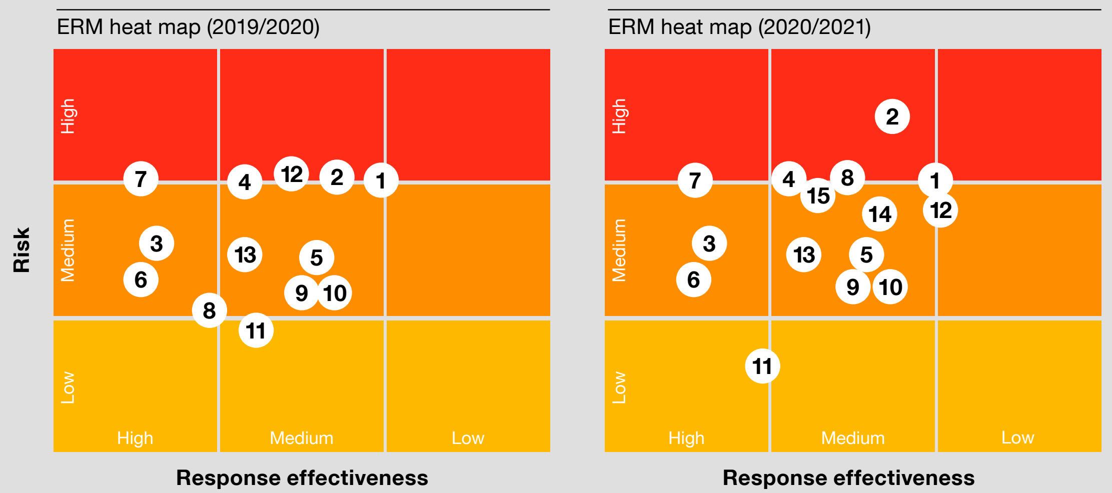
Risk heat map

The heat maps below reflect for 2019/2020 and 2020/2021 the change in risk during the year, and the extent to which we can mitigate the risks. The heat map reflects the response effectiveness and the changing world and expectations from society.



PwC NL main risk areas and change in net risk
1. Licence to operate, 2. Regulatory, 3. Quality, 4. Innovation/digitalisation, 5. Know Your Client - acceptance and monitoring of clients, 6. People - attract and retain top talent, diversity, changing skill sets, 7. Information Protection and (Cyber) Security, 8. Transformation and change, 9. Complexity of the Network (including non-execution risk), 10. Economic developments, 11. Financing acquisitions/liquidity, 12. Claims (culture), 13. Data Strategy/Governance, 14. Pandemic, 15. Independence.

Responsibility Statement by the Board of Management

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

The Board of Management reviewed and analysed:
- the strategic, operational and financial reporting, and the financial, regulatory and compliance risks, as discussed in the 'Risk Management' section on pages 69-73 of this Annual Report; and
- the design and operating effectiveness of the internal risk management and control system as discussed on pages 70-72 of this Annual Report.

The results of this review and analysis were shared with the Audit Committee and the Supervisory Board and PwC NL's external auditor. With reference to best practices provision 1.4.3 of the Dutch Corporate Governance Code, the Board of Management states that, to the best of its knowledge:
- this integrated Annual Report fiscal year 2020/2021 provides sufficient insight into major failings in the effectiveness of the internal risk management and control system. There are no major failings to report;
- the aforementioned system provides reasonable assurance that the financial reporting, as included in the financial statements, does not contain any material inaccuracies;
- based on the current state of affairs, it is justified that the financial reporting, as included in the financial statements, is prepared on a going-concern basis; and
- this Annual Report fiscal year 2020/2021 sets out those material risks and uncertainties that are relevant to the expectations of the company's continuity for the period of twelve months after the preparation of this report.

Our quality, risk management and compliance framework

At PwC NL we aim at delivering high-quality professional services. Our quality and risk management policies and processes cover two important aspects, namely the extent to which our services and deliverables comply with legislation, regulatory requirements and professional standards, and the extent to which the services meet the expectations of society, our clients and our people.

Quality and risk management policies and processes for all Lines of Service

The picture on the next page shows the main elements of our client and engagement acceptance process, part of our quality management framework and applicable to all our Lines of Service. Our quality control and risk management systems are embedded in our operational processes to provide our clients with high-quality services. From the acceptance of clients and engagements through to the delivery of the end product, our client servicing professionals are supported by various internal functions.

Acceptance of clients and engagements

The acceptance of a new client and/or engagement

Know Your Customer (KYC) acceptance procedures for (new) clients and engagements are carried out in accordance with Wwft requirements.PwC NL has appointed a dedicated Wwft & KYC Officer for oversight of Wwft obligations within PwC NL. The Wwft requires PwC to have adequate client due diligence policy and procedures in place in order to know their customers. This to avoid entering into business relationships with clients who could damage trust in PwC. Client due diligence processes include the risk-based identification and verification of the client, its representative(s) and the Ultimate Beneficial Owner(s) (UBO). In the event that specific risk indicators are present, enhanced due diligence is performed. Adverse media screening at onboarding and continuously throughout the client life cycle are used to monitor and follow-up on any changes/risks that could impact the KYC risk that a client relationship poses to PwC.

PwC NL, partners, directors and staff must be independent of the clients to which they provide audit and assurance services. The PwC Global Independence Policy (GIP) extends this requirement for partners to all PwC audit clients worldwide. In the Netherlands we extended this also for all directors. Compliance with additional independence regimes may be required based on the country of domicile and/or listing of an assurance client. Dutch law for example prohibits all services other than defined assurance services for an EU PIE (OOB) audit client and related entities thereof domiciled in the Netherlands. PwC assesses compliance with applicable independence regimes through a number of globally operated systems. The pre-approval process of non-audit services is managed by responsible audit partners through the Authorisation of Services (AFS) application

Before carrying out the engagement, we lay down the terms and conditions in an engagement letter. This contract sets out exactly what services, related activities and deliverables we will provide. It also includes the responsibilities of PwC NL and the client, the fee, and the applicable terms and conditions. The engagement partner and the client both sign this agreement to avoid potential misunderstandings as to what was agreed.

Carrying out the acceptance

PwC NL starts this phase with planning the engagement. We determine the capabilities, roles and responsibilities required to complete the engagement as agreed with the client. The engagement leader (who is always a partner, senior director or director) is responsible for the adequacy and quality of the performed work. Within our Assurance department we ensure, in order to meet the quality requirements, that independent reviews (real time reviews) are carried out during the engagement to support and coach the audit teams, in addition to our quality management system. Our other Lines of Service also have an quality management systems in place.

As a PwC member firm we are required to comply with the PwC Network Standards and to ensure that all partners and staff comply with the PwC Network Risk Management Policies. Compliance with the PwC Network Standards is annually validated with self-assessments, which are reviewed by network specialists. Compliance with the PwC Risk Management Policies is assessed through Quality Management (System) Reviews (QMR) and Engagement Compliance Reviews (ECR). Next to QMR and ECR, ad hoc reviews are carried out internally as deemed necessary in view of circumstances or as follow-up to the outcome of earlier internal and external reviews.

The Internal Audit Department (IAD) carries out a risk-specific programme of work throughout the year and reports its findings to the Board of Management, the Audit Committee (AC) and the Supervisory Board.

Testing of the quality of management systems and individual engagements

By law, the Compliance Officer (see page 126 – How we manage the execution of our strategy) has a legal supervisory responsibility regarding auditor compliance with laws and regulations and regarding the operation of the quality management systems. PwC NL has extended this responsibility to include its entire organisation. The Compliance Officer reports his or her findings to the Chair of the Board of Management, the Board of Management, the Public Interest Committee and the Supervisory Board.

Assurance
The services provided by Assurance are regulated. Statutory audits fall under the supervision of the AFM. The AFM reviews our Quality Management System (QMSE) and sample tests the quality of the statutory audits we have performed. In Assurance, National Office (NO) provides professional support to the practice in a number of different ways. It develops and supports the implementation of policies and procedures in the areas of accounting, auditing and risk management and this plays a key role in ensuring our compliance with legislative and regulatory requirements. A more detailed description of Assurance's QMSE is provided in the Transparency Report.

Tax & Legal
Quality is vital for building trust. We must continuously ask ourselves how quality underpins the services we deliver today and the new services we develop and deliver in the future. Our Quality Management System (QMS) involves an overarching quality objective supported by individual requirements whose key principle is to build the capabilities to deliver on our strategy and meet the expectations of our stakeholders. Our quality requirements recognise that we are a people business and centre on combining our deep technical expertise in a range of disciplines with leveraging technology and data to bring insights which add value for our clients and stakeholders.

Advisory
Quality is key in building trust and solving important problems and therefore we monitor and review the quality of our services as part of our wider Advisory Quality Management System. Our Advisory practice is also ISO 9001:2015-certified for its Quality Management System. External audits are carried out periodically to assess this system in connection with this certification.

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

Line of Service-specific policies

Next to the main elements mentioned above, each of our Lines of Service also has its own specific requirements and procedures in response to the difference in legislation, regulatory requirements and professional standards. Assurance, Tax & Legal and Advisory carry out their own periodic reviews and have their own extensive monitoring programmes to assure quality in service offerings and delivery and, where necessary, to implement improvements where shortcomings are noted.

Looking ahead

Against this background of the developments we see and as we have laid in this report, we are confident that our future-focused strategy, The New Equation, addresses the two fundamental and interconnected needs every organisation faces - the need to build trust across a broader range of stakeholders and the need to deliver sustained outcomes. With our long history of building trust, our multidisciplinary model, our investment in technology and the diverse talent of our people, PwC is uniquely positioned to deliver the solutions to help companies, organisations and governments fulfil these needs.

Amsterdam, 20 September 2021

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

*Authorised executive director

Report of the Supervisory Board

Report of the Supervisory Board

The Supervisory Board is pleased to present its report for the financial year 2020/2021. The COVID-19 pandemic made it a challenging year for both society and PwC. PwC has proven to be resilient and we are very proud of what PwC has achieved in these difficult times. Despite the challenges partners and employees had to deal with, PwC managed to maintain high-quality services and achieved good financial results thanks to everyone's dedication and commitment.

Our chairman, Carel van Eykelenburg, sadly passed away in February 2021. We will remember him with huge respect, we will miss his dedication and leadership and we are grateful for his commitment to keeping PwC focused on its long-term objective of remaining relevant for society.

About the Supervisory Board

The Supervisory Board supervises and advises the Board of Management and oversees the overall business affairs of PwC NL. The members of the Supervisory Board have a wide range of experience and knowledge in areas such as public administration, corporate governance, supervision, finance and reporting and behavioural science. More information on the backgrounds of the Supervisory Board members can be found on the PwC NL website.

The Supervisory Board Regulations, which can also be found on the PwC NL website, contain more detailed information on the duties and responsibilities of the Supervisory Board and its committees. The Supervisory Board's profile (detailing its size and composition) is also available on the PwC NL website (in Annex B to the Supervisory Board Regulations).

In this report, the Supervisory Board sets out how it fulfilled its duties and responsibilities during the financial year 2020/2021.

Meetings of the Supervisory Board

The Supervisory Board held nine digital meetings in the financial year 2020/2021. In addition to five regular meetings with the Board of Management, there were four additional meetings during which the Supervisory Board discussed a number of topics at length, including:

- PwC's ambitions as regards technology and the digital transformation, including future challenges ahead such as ensuring a proper return on investments.
- Environmental, Social, Governance (ESG) developments in the world, in the market and within PwC, with a special focus on the evolution of the ESG reporting and regulatory landscape and on how PwC can contribute to this, both for its customers in terms of services and its own journey.
- Roles and responsibilities within the PwC Network, including in relation to the roles and responsibilities of the Supervisory Board, the Global Strategy Refresh and the appointment of Jan Sijbrand as an independent non-executive member of the global oversight board of PricewaterhouseCoopers International limited.

The Supervisory Board meetings were very well attended in the financial year 2020/2021. Reference is made to the overview on page 82.

Regular agenda items

Recurring items on the agenda of Supervisory Board meetings include: compliance, finance and reporting, governance, risk and quality, public interest, (digital) transformation and change, strategy and markets, cooperation within the PwC Europe collaboration and the PwC network of member firms, the Code of Conduct (including complaints, notification and whistle-blowing procedures), human capital and partner affairs, succession planning, evaluation of the performance of the Board of Management, the Compliance Officer and the Supervisory Board itself and remuneration in general. The discussions also featured topical issues relating to one or more of the Lines of Service or to client and market developments.

Key discussion topics

Looking back at the past year, there were several matters we particularly focused on in addition to the above-mentioned topics dealt with during the additional sessions.

COVID-19

Contrary to expectations 2020/2021 turned out to be a year of lockdowns and uncertainty. We gave full support to the transparent and unifying way in which the Board of Management ensured continuity within PwC, with the well-being of partners and employees as the top priority.

We also monitored the developments within PwC relating to the auditing applications for government support (the NOW scheme). We share the concerns of the Board of Management regarding the level of detail of the NOW audits and supported PwC in engaging in the social debate about the related costs and whether they outweigh the benefits.

COVID-19 offers new perspectives on, for example, the possibilities of technology and the importance of human capital. We encourage the Board of Management to take these aspects to a higher level.

Strategy, risk management and stakeholder dialogue
Together with the Board of Management, we focused extensively on visible trends in society, on the contribution that PwC can make and how that contribution can be realised. We thoroughly support the external outlook of PwC's vision for 2030, as well as the decision to focus on building trust, delivering sustained outcomes and genuine connection in order to find integral solutions for the challenges of today. In doing so, the Board of Management is providing crucial depth to PwC's purpose and we encourage it to make clear choices and set priorities.

On the basis of, among other things, the renewed strategy monitor, we regularly discussed the progress of the strategy execution, which includes the proper addressing of risks, with the Board of Management. We also discussed PwC's risk management through a more in-depth focus on various risk assessments, including the Enterprise Risk Management analysis and the related changes, the Systematic Integrity Risk Analysis which was introduced in 2020 and self-assessment along the lines of the PwC Network Standards and Risk Management Policies.

This year, we also intensified our involvement in the stakeholder dialogue. Members of the Supervisory Board participated in numerous discussions with stakeholders from various segments. These discussions added depth to the supervision performed by the Supervisory Board and presented interesting themes for continued discussions with the Board of Management, such as sustainability, the friction between the transparency demanded by society and the confidentiality obligations as well as the situation of partners or employees who have an academic appointment next to their professional practice at PwC. More information is available from the contribution of the Public Interest Committee to PricewaterhouseCoopers Accountants N.V.'s Transparency Report (which can be found on the website of PwC NL).

Focus on quality
The provision of high-quality services is fundamental for trust in PwC's contribution. A substantial amount of the Supervisory Board's time was therefore dedicated to different aspects of quality. We discussed the AFM's inspection report on the progress towards achieving a quality-oriented culture, quality improvements and quality safeguards and we also monitored the follow-up by PwC. Furthermore, we evaluated our own contribution to improving quality through a self-assessment based on the AFM's expectations of internal supervision for 2020. Overall, we can conclude that we are able to strike a good balance between our different roles of sparring partner, supervisor and employer.

An important point of focus for the Supervisory Board was the (approval of the) amended quality policy and system of quality management for Assurance. We challenged the policymakers on the Board of Management and Assurance Board to reduce the system's complexity and create a robust connection between the circle of quality improvement and the purpose and values of PwC NL because, in the end, what is important are culture and behaviour, with quality as the main driver and public interest as paramount. Culture and behaviour are recurring factors of our supervision, including during the in-depth discussions with the Board of Management of root cause analysis and the lessons learned from troublesome practice matters. We are pleased to see the continued focus on independence and on investments in the independence and compliance functions. It is important for PwC, its partners and employees to improve constantly and take responsibility because that is the only way to live up to rising societal expectations.

In the context of supervising the different aspects of quality, we appreciate the reports of, and discussions with, the Code of Conduct partner, the partner responsible for independence and the new KYC-officer. The Chief Audit Executive responsible for Internal Audit informed the Audit Committee meticulously regarding e.g. the implementation of the further embedding of the new Quality Management System within Assurance (QMSE). We also value the contributions of the Compliance Officer, in private discussions and during meetings, and his reports relating to his independent, direct reporting line to the Supervisory Board.

Talent
When realising the strategy and addressing risks and opportunities, people make the difference by cooperating and by then combining various perspectives. During the past year, we regularly discussed the issue of recruiting, developing and retaining the many talented employees at PwC with the Board of Management. We were interested to read the results of the Values Survey and we have observed a positive development with respect to the learning culture within PwC. We believe there are a number of challenges facing PwC when it comes to employer image and we fully support PwC's ambitions with respect to an inclusive culture and welcome the initiatives relating to the long-term embedding of talented people with backgrounds in science, technology, engineering and mathematics (STEM).

Furthermore, we closely monitored the follow-up to the internal dialogue about sustainable partnership and we supported the Board of Management in simplifying the process with respect to evaluation, mapping, goal setting and the development of partners. We expect to be able to continue implementing a quality-oriented culture by making transparency and development more central to this process.

Governance
In 2020/2021, we specifically dedicated time to several governance matters such as the stepping down, in January 2021, of Michel Adriaansens as the member of the Assurance Board responsible for Human Capital and Markets in order to continue his career at PwC as Risk Assurance Business Unit Leader. We are extremely grateful to Michel for his commitment and valuable contribution to the learning culture within PwC. We were delighted that Raneesh Jagbandhan was available to be appointed as a member of the Assurance Board (policymaker under the Wta). Given his years of experience with PwC's auditing practices, we expect Raneesh to be able to make a key contribution to the challenges facing Assurance, including a change of culture.

During the past year, we also focused a great deal of attention on the composition of the Supervisory Board and on the issue of succession. The process of finding a successor for Cees van Rijn (chair of the Audit Committee) is in full swing. Because this process had not yet been completed at the end of the financial year, the Annual Meeting reappointed Cees van Rijn (on the recommendation of the Supervisory Board) for a period of one year, ending no later than at the end of FY22 or however sooner a successor has been found and has joined the Supervisory Board.

The very sad news of the death of Carel van Eykelenburg forced us to start the process of recruiting a new chair of the Supervisory Board. In the meantime the vice-chair of the Supervisory Board, Jan Sijbrand, is acting chair of both the Supervisory Board and the Selection & Appointment Committee. During this period, Yvonne van Rooy has assumed (interim) responsibility for chairing the Public Interest Committee. Given the need to find successors in the short and longer term, the Supervisory Board's profile in terms of its size and composition has prompted further consideration of the long-term vision regarding the size and composition of the supervisory board. In both succession processes, the Supervisory Board experiences that professional independence requirements applicable to PwC, rather complicated finding sufficient competent candidates available.

External auditor appointment and signing authority
We approved the appointment of several partners, senior directors and directors to act as external auditors, with an extensive internal procedure consisting of observations, interviews and assessments prior to the Supervisory Board's approval. To assist the Supervisory Board in its decision-making process, the chairs of the Country Admission Committee provided input to several meetings of the Selection and Appointment Committee regarding both the candidates and the process followed. We also evaluated the external auditors' improvement plans and signing authority based on the 2018 non-compliant file review results. There were no cases of suspension or dismissal of external auditors.

Budget
In connection with the uncertainties of last year with regard to the impact of the COVID-19 pandemic, the budget-setting process for the financial year 2020/2021, including the audit firm's budget, was completed with the approval of the Supervisory Board in September 2020. Throughout the year we monitored the financial results very closely. Despite the impact of COVID-19, the financial results exceeded the budget.

In May 2021 we approved the budget for the financial year 2021/2022, including the audit firm's budget, after thorough preparations by the CFO and a positive recommendation by the Audit Committee.

Annual reporting
The Audit Committee was closely involved in the year's annual reporting and discussed this with the CFO, the Internal Audit Department, the external auditor and the finance director. BDO Accountants N.V. were reappointed for the coming two years as the external auditor after an assessment of their performance.

Additional sessions
Between meetings, the (acting) chair of the Supervisory Board had regular contact with the chair of the Board of Management this past year to discuss topical matters arising both inside and outside the PwC network. Throughout the year, individual members of the Supervisory Board had regular contact with members of the Board of Management in their roles as chair or member of the Supervisory Board's committees.

Supervisory Board members occasionally speak to the members of the Works Council, Membership Council and Governance Chairs within the PwC network. This year, there were 14 online orientation sessions attended by 78 partners and senior directors concerning, for example, the role of partners/directors as change agents of PwC's transformation, the impact of COVID-19 and the position of PwC NL in the PwC network. We value all these conversations and sessions because they offer a form of interactive supervision that enables us to get a clear insight into the organisation's development.

Prior to the meetings with the Board of Management, a Supervisory Board private meeting is held in the context of the Supervisory's Board outside-in approach and its role as a critical eye vis-à-vis the Board of Management. Next to that, several private sessions were held this year on arising topics, such as the preparation of the Supervisory Board's self evaluation and the process of succession.

Supervisory Board committees

The Supervisory Board has four committees, namely the Public Interest Committee, the Audit Committee, the Remuneration Committee and the Selection and Appointment Committee. These committees have an advisory role within the Supervisory Board.

The reports below show the composition and focus of each of the committees, together with a summary of the key matters on the committees' agendas.

Report of the Public Interest Committee
Overview of key issues discussed by the Public Interest Committee in 2020/2021:

- The audit firm's quality policy and quality management system, including the audit quality risk assessment and the reporting by Assurance on the quality indicators it uses to monitor the progress being made with respect to the quality agenda, together with updates from the quality improvement team.
- Developments of societal interest within PwC's practice, such as the friction between the transparency demanded by society and the confidentiality obligations as well as the situation of partners or employees who have an academic appointment next to their professional practice at PwC. Also public engagement regarding Tax & Legal, potential conflicts of interests within the deals practice and the activities of accountants regarding the risk of fraud and corruption.
- Developments relating to the audit profession, including updates regarding the Kwartiermakers appointed by the Minister of Finance to implement the recommendations of the Commission on the Future of the Accountancy Sector. Also the development of audit quality indicators and the Corporate Sustainability Reporting Directive.
- The discussions between the Supervisory Board and the AFM regarding the Audit Firm.
- Internal and external quality reviews, such as the follow-up to the results of the research performed by the AFM in 2019 into quality safeguards and updates on the research performed by the AFM in 2020 and 2021 into the quality of the audit opinions, internal quality reviews and supervision.
- Updates on incidents in relation to the audit firm, troublesome practice matters and legal proceedings.
- Updates on the stakeholder dialogue and the ensuing possible dilemmas for PwC.
- The Public Interest Committee provides further insight into the past year in its contribution to the Transparency Report by PricewaterhouseCoopers Accountants N.V. (which can be found on the PwC NL website).

Members (2020/2021)	Focus/Activities of the Public Interest Committee
All current members of the Supervisory Board, chaired by Jan Sijbrand until February 2021 and by Yvonne van Rooy as interim chair from February 2021 onwards.	- Focuses on the societal aspects which are relevant for PwC, including safeguarding the public interest in the audit opinions issued by PricewaterhouseCoopers Accountants N.V. and other topics concerning the public interest, regulatory affairs, and risk and quality. - Each meeting is attended by the chair of the Board of Management and other members of the Board of Management such as the chairs of the Assurance, Tax & Legal and Advisory Lines of Service depending on the Lines of Service related topics and the Board of Management member responsible for risk and quality, and also by the Compliance Officer, the Deputy Compliance Officer and the Director Public Policy & Regulatory Affairs. - Meets regularly with other members of the Assurance Board and other officers.

Report of the Audit Committee
Overview of key issues discussed by the Audit Committee in 2020/2021:

- Periodic financial management reports and forecasts, the 2019/2020 results and the draft annual financial statements.
- The business planning cycle for the budget, including the budget for Assurance.
- The reappointment of BDO for the coming two years as the external auditor following an evaluation of the cooperation with BDO, the external auditor's management letter and report, and a meeting with the external auditor to discuss the audit plan and approach.
- The internal audit charter, together with the internal audit year plan and internal audit reports.
- Technology updates, including information security and data protection updates, and updates on the implementation of a new engagement management and financial system.
- The corporate structure and financing of PwC and important capital investments.
- Enterprise risk management and the tax control framework.
- The impact of COVID-19 on PwC NL, including feedback from the Corona Taskforce and reflections on the different financial scenarios.

Members (2020/2021)	Focus/Activities of the Audit Committee
Cees van Rijn (chair) Annemarie Jorritsma Frits Oldenburg	- Focuses on finance and reporting, internal and external audits, risk and IT (security). - Has the CFO of the Board of Management as the primary contact person. - Meets regularly with those responsible for internal audit, risk and finance, IT/information security and the Assurance Board member responsible for finance. - Holds a private discussion annually with the external auditor (not attended by the CFO and Internal Audit).

Report of the Selection and Appointment Committee
Overview of key issues discussed by the Selection and Appointment Committee in 2020/2021:

- Evaluation of the selection of the partner candidates, senior director and director candidates before appointment as external auditors within Assurance, including the selection process itself.
- Goal setting and performance evaluation of the members of the Board of Management, the members of the Assurance Board in their role as policymakers under the Wta, the Compliance Officer and internal auditor.
- Human Capital strategy and developments, such as upskilling of staff, diversity and inclusion, People and Values Surveys and employer image.
- Partner affairs (including succession planning, the follow-up on the sustainable partnership discussions and the process relating to evaluation, mapping, goal setting and the development of partners), leavers, joiners and improvement plans.
- Succession planning with regard to policymakers, including the appointment of the new member of the Assurance Board, the reappointment of the chair of the Audit Committee as of 1 July 2021, the recruitment of his successor and a new chair of the Supervisory Board.

Members (2020/2021)	Focus/Activities of the Selection and Appointment Committee
Carel van Eykelenburg (chair and member until February 2021), Jan Sijbrand (chair and member from February 2021 onwards), Naomi Ellemers, Frits Oldenburg.	- Focuses on partner, senior director and director admissions, the appointment of policymakers, performance evaluations by the Board of Management and Assurance Board and human capital strategy and developments. - Has the chair of the Board of Management as the primary contact person. - Meets regularly with the CAD chair and member of the Board of Management responsible for Human Capital.

Report of the Remuneration Committee
Overview of key issues discussed by the Remuneration Committee in 2020/2021:

- Remuneration policy and the proposed remuneration of the members of the Board of Management and the members of the Assurance Board.
- Updates to the remuneration policy for partners and the process relating to the evaluation and remuneration of partners, particularly in the area of quality.
- The implementation and results of the Recognition and Accountability framework to facilitate a common approach within PwC NL with regard to holding partners and directors accountable for quality outcomes and quality behaviours.
- The evaluation and remuneration of Assurance partners/directors who act as external auditors, in terms of quality.
- Remuneration policies and conditions of employment for staff and directors, with a focus on flexibility, sustainable mobility, appropriate remuneration, and well-being.
- The Remuneration Committee's Remuneration Report, as adopted by the Supervisory Board, is included as an appendix to this Annual Report 2020/2021 (pages 121-124).

Members (2020/2021)	Focus/Activities of the Remuneration Committee
Annemarie Jorritsma (chair), Carel van Eykelenburg (until February 2021), Yvonne van Rooy, Jan Sijbrand.	- Focuses on the remuneration of the members of the Board of Management and Assurance Board, and of partners/directors and staff. - Has the chair of the Board of Management as the primary contact person. - Meets regularly with the chair of the Membership Council.

Learning and development

We consider continuous learning and development to be important aspects of good governance. The members of the Supervisory Board regularly participated, both collectively and individually, in educational sessions with experts in areas such as fraud and corruption, corporate sustainability and digital developments.

Independence

All Supervisory Board members qualify as independent within the meaning of the Supervisory Board Regulations and the Dutch Corporate Governance Code. No conflict of interest occurred which required a Supervisory Board member to abstain from attending a meeting or from adopting a decision.

	Carel van Eykelenburg	Naomi Ellemers	Annemarie Jorritsma	Frits Oldenburg	Cees van Rijn	Yvonne van Rooy	Jan Sijbrand
Initial appointment	2018	2015	2015	2015	2015	2015	2019
Re-appointment	n/a	2019	2019	2019	2019, 2021	2019	n/a
End of term	2021	2023	2023	2023	2022	2023	2023
Independent	yes	yes	yes	yes	yes	yes	yes
Attendance at Supervisory Board meetings	3/3 (100%)	8/9 (89%)	9/9 (100%)	9/9 (100%)	9/9 (100%)	8/9 (89%)	9/9 (100%)
Committee memberships and attendance	Public Interest (2/2) Remuneration (2/2) Selection and Appointment (2/2)	Public Interest (5/5) Selection and Appointment (5/5)	Public Interest (5/5) Audit (6/6) Remuneration (3/3)	Public Interest (5/5) Audit (6/6) Selection and Appointment (5/5)	Public Interest (5/5) Audit (6/6)	Public Interest (5/5) Remuneration (3/3)	Public Interest (5/5) Remuneration (3/3) Selection and Appointment (3/3)

Self-assessment

At a separate meeting, which was not attended by the Board of Management, the Supervisory Board discussed its own performance and the performance of its committees and members in a self-assessment facilitated by an external advisor.

The performance of the Supervisory Board, its committees and members is generally viewed as positive. The relationship between the Board of Management and the Supervisory Board is good and constructive, while the Supervisory Board continues to adopt a critical attitude. A number of follow-up points emerged which would further strengthen aspects of the Supervisory Board's performance, such as an increased focus on its advisory role vis-a-vis the Board of Management, creation of an optimal balance between the discussion of strategic aspects and the monitoring of routine reports, a more timely involvement of the Supervisory Board in issues of strategic importance, and the addition of some private- and offsite sessions of the Supervisory Board.

In keeping with the self-assessment in 2020 the Supervisory Board has continued to increase its focus on strategic considerations and the monitoring of its position in the corporate governance framework. In addition, a substantial amount of time was, and will be, spent on succession planning with regard to the Supervisory Board and Board of Management.

Evaluation of the performance of the Board of Management and Assurance Board

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

During this process, we observed that policymakers are willing to take on the challenges, in terms of what PwC stands for, in a positive way and as a team. The tone at the top gives the Supervisory Board confidence in a successful continuation of the transformation within PwC. The Supervisory Board encourages the Board of Management and its members to develop this further while at the same time focussing on a limited set of strategic objectives which are formulated in SMART format.

Remuneration Report

The Remuneration Report, included on pages 121-124, is an integral part of the Report of the Supervisory Board.

Annual Report

After a discussion of the Annual Report and financial statements, the Supervisory Board concluded that these present a fair view and have been prepared on a basis which is consistent with the previous year. The Supervisory Board would like to express its sincere thanks to everybody at PwC who, through their hard work, expertise and dedication, contributed to the achievements of PwC in the extraordinary circumstances of the financial year 2020/2021.

Amsterdam, 20 September 2021

The Supervisory Board

Jan Sijbrand (acting Chair)
Naomi Ellemers
Annemarie Jorritsma
Frits Oldenburg
Cees van Rijn
Yvonne van Rooy

Our Supervisory Board (status as of 30 June 2021)

Jan Sijbrand
(1954, male, Dutch)

Principal position:
- Former member of the executive board and chairman for supervision of De Nederlandsche Bank (DNB - the Dutch Central Bank)

Other positions:
- Independent non-executive member of the global oversight board of PricewaterhouseCoopers International limited
- Independent non-executive member of the Board of AIB Group plc and Allied Irish Banks, p.l.c.

Naomi Ellemers
(1963, female, Dutch)

Principal position:
- Distinguished University Professor at Utrecht University

Other positions:
- Member of the Royal Netherlands Academy of Arts and Sciences (KNAW) and chair of the Committee on Roots and Prevention of Inappropriate Behaviour in Academia
- Corresponding Fellow of the British Academy for the Humanities and Social Sciences (FBA)
- Honorary Professor at the University of Queensland, Australia
- Member of the advisory council of The Netherlands Board on Research Integrity (LOWI)

Annemarie Jorritsma
(1950, female, Dutch)

Principal position:
- Member of the Senate of the States-General (and party chair of the VVD in the Senate)

Other positions:
- Chair of the Supervisory Board of Alliander N.V.
- Member of the Supervisory Board of Wilgenhaege Groep Holding B.V.
- Chair of De Nederlandse Vereniging van Participatiemaatschappijen (Dutch Private Equity and Venture Capital Association)
- Chair of Koninklijke Nederlandsche Heidemaatschappij
- Chair of the Jury for Businesswoman of the Year

Frits Oldenburg
(1961, male, Dutch)

Principal position:
- Of counsel at FG Lawyers

Other positions:
- Member of the Board of the Vrouwe Groenevelt's Liefdegesticht Foundation
- Member of the Board of the Dutch Asthma Foundation
- Member of the Board of the Foundation for the Preservation of Rotterdam Heritage

Cees van Rijn
(1947, male, Dutch)

Principal position:
- Former CFO and member of the Board of Management of Nutreco N.V.

Other positions:
- Chairman of the Supervisory Board of Detailresult Groep N.V.
- Member of the Supervisory Board of Bankiva B.V.
- Chairman of the Supervisory Board of Plukon Nederland B.V.
- Member of the Supervisory Board of Erasmus Q-intelligence B.V.

Yvonne van Rooy
(1951, female, Dutch)

Principal position:
- Former president of the Executive Board of Utrecht University

Other positions:
- Chair of the Supervisory Board of Philips Electronics Nederland B.V.
- Member of the Board of Instituut GAK (Foundation Institute GAK)
- Member of the Supervisory Board of the Kunstmuseum Den Haag (Museum of Arts The Hague)
- Chair of the Board of Foundation Beschermers Nationaal Monument Kamp Vught (Protectors of the Camp Vught National Monument)
- Member of the Supervisory Board FujiFilm Europe B.V.
- Member of the Supervisory Board of 's Heeren Loo
- Chair of the Supervisory Board of de Raad voor Accreditatie (the Dutch Accreditation Council)
- Member of the Board of Stichting Continuïteit PostNL
- Chair of the Monitoring Committee Pensionfund Code

Financial statements

Holding PricewaterhouseCoopers Nederland B.V.

1. Consolidated financial statements

1.1 Consolidated balance sheet as at 30 June 2021 (before appropriation of result) (in €'000)

		30 June 2021		30 June 2020	
Fixed assets					
Intangible fixed assets	[1]				
Goodwill		4,598		8,798	
Software		218		348	
Development costs		-		898	
			4,816		**10,044**
Tangible fixed assets	[2]				
Leasehold improvements		12,676		14,856	
Office furniture		8,460		9,589	
Office equipment		7,519		12,324	
Fixed assets under construction		776		1,205	
			29,431		**37,974**
Financial fixed assets	[3]				
Other participating interests		5,718		5,958	
Deferred tax assets (non-current)		1,258		1,184	
Other receivables		14,720		14,702	
			21,696		**21,844**
Current assets					
Work in progress	[4]		**45,054**		**38,777**
Receivables					
Receivables from clients	[5]	170,076		227,276	
Deferred tax assets (current)	[3]	932		1,171	
Taxes and social security charges	[6]	-		291	
Other receivables	[7]	12,115		16,771	
Prepayments and accrued income	[8]	20,758		11,144	
			203,881		**256,653**
Cash and cash equivalents	[9]		**32,793**		**30,167**
Total			**337,671**		**395,459**

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

		30 June 2021		30 June 2020	
Equity and liabilities					
Group equity	[10]		**10,260**		**10,260**
Provisions	[11]		**16,493**		**21,786**
Long-term liabilities					
Subordinated loans	[12]	47,066		46,666	
Other loans	[13]	533		740	
Accrued expenses and deferred income (long-term)	[14]	3,250		5,696	
			50,849		**53,102**
Current liabilities					
Liabilities to suppliers	[15]	13,046		35,603	
Liabilities to shareholders	[16]	55,070		75,430	
Taxes and social security charges	[17]	48,517		45,063	
Other liabilities	[18]	123,462		132,633	
Accrued expenses and deferred income (current)	[19]	19,974		21,582	
			260,069		**310,311**
Total			**337,671**		**395,459**

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

1.2 Consolidated profit and loss account for the year ended 30 June 2021 (in €'000)

		2020/2021		2019/2020	
Net revenue	[20]		**936,254**		**949,774**
Cost of work contracted-out and other external costs	[21]	146,153		139,273	
Salaries		326,820		324,937	
Social security charges	[22]	71,275		72,011	
Amortisation and depreciation of fixed assets	[1,2]	12,914		13,178	
Impairment	[1]	898		-	
Travel costs and other personnel costs	[23]	82,110		123,988	
Other operating costs	[24]	95,456		111,870	
Total operating costs			**735,626**		**785,257**
Operating profit			**200,628**		**164,517**
Interest and other financial income		370		801	
Interest and other financial expenses	[25]	-5,220		-1,221	
Profit on ordinary activities before tax			**195,778**		**164,097**
Taxes	[26]	-1,210		-1,091	
Management fee Coöperatie PricewaterhouseCoopers Nederland U.A.	[27]	-194,568		-163,006	
Profit after tax			**-**		**-**

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

1.3 Consolidated statement of cash flows for the year ended 30 June 2021 (in €'000)

		2020/2021		2019/2020	
Cash flow from operating activities					
Operating profit			200,628		164,517
Adjustments for:					
Amortisation, depreciation and other impairments	[1-3]	14,087		12,858	
Movements in provisions	[11]	-5,293		647	
Movements in accrued expenses and deferred income (long-term)	[14]	-2,446		-2,364	
			6,348		**11,141**
Changes in working capital					
Receivables	[5-8]	51,925		-36,821	
Work in progress	[4]	-6,277		6,682	
Current liabilities	[15-19]	-51,237		53,574	
			-5,589		**23,435**
Cash flow from business operations			**201,387**		**199,093**
Interest paid	[25]	-4,758		-727	
Interest received	[25]	370		-	
Corporate income tax	[26]	-602		-647	
			-4,990		**-1,374**
Management fee Coöperatie PricewaterhouseCoopers Nederland U.A.	[27]		-194,568		-163,006
Cash flow from operating activities			**1,829**		**34,713**
Cash flow from investing activities					
Additions to intangible fixed assets	[1]	-92		-1,110	
Disposals of tangible fixed assets	[1]	1,000			
Additions to tangible fixed assets	[2]	-2,095		-11,482	
Disposals of tangible fixed assets	[2]	1,146		1,161	
Additions to financial fixed assets	[3]	-5,321		-5,710	
Disposals of financial fixed assets	[3]	5,433		2,218	
Acquisition of subsidiaries		-		-2,509	
Cash flow from investing activities			**71**		**-17,432**

		2020/2021		2019/2020	
Cash flow from financing activities					
Subordinated loans	[12]	400		600	
Other loans	[13]	-207		740	
Cash flow from financing activities			**193**		**1,340**
Net cash flow			**2,093**		**18,621**
Cash and cash equivalents - opening			30,167		11,726
Net cash flow			2,093		18,621
Foreign currency exchange differences			533		-180
Net cash and cash equivalents - closing	[9]		**32,793**		**30,167**

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

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

1.4 Notes to the consolidated financial statements

Activities

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

COVID-19 and the impact on the going-concern assumption

The Board of Management has considered the consequences of COVID-19 and determined that this does not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern. Key figures that have been assessed in this respect include turnover- and working capital development, liquidity and profitability. We have experienced that the demand for our services continues to exist, even in changing and challenging circumstances. Some of our services have proven to be slightly more sensitive to the economic situation, but this was for a larger part offset by an increased demand of other services. Even when market conditions may change (again) in the foreseeable future, we expect to remain relevant with our complementary and also evolving services. It has also been shown that when circumstances so require, we are also able to realise the necessary savings on the cost side. The Company has therefore shown that we can maintain profitability and we expect the same for the future.

In the measurement of assets (like receivables from clients and intangible fixed assets) and liabilities, consequences of COVID-19 were also considered. This includes analysis of the collection of debtors and identifying possible impairments. We do not expect material issues with the collection of our receivables in the next twelve months, as the ageing of the amounts outstanding was still healthy and write-offs have been limited, even in challenging circumstances. The working capital requirement does therefore not seem to impose a risk to our liquidity. On the liabilities side, it helps that there are no external financing facilities which require immediate repayment or replacement.

Considering our key financials and ratios and the current outlook of the market, the financial statements of the Company are prepared on the assumption that the Company is able to continue as a going concern.

Group relationships

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

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

Coöperatie holds the sole priority share in the Company. Coöperatie also holds an interest in Konsortium PwC Europe, registered in Frankfurt am Main, Germany. Konsortium PwC Europe is a consortium of the Dutch, German, Austrian, Belgian and Turkish PwC member firms and it holds a 100% interest in PwC Europe SE Wirtschaftsprüfungsgesellschaft. PwC Europe SE Wirtschaftsprüfungsgesellschaft concluded a cooperation agreement with the Swiss member firm, on the basis as if the Swiss member firm were a member of Konsortium PwC Europe. Coöperatie's equity share in Konsortium PwC Europe was 30.07% as of 30 June 2021 (30 June 2020: 29.47%). This interest in Konsortium PwC Europe is revised annually as of 1 July and is related to the number of the Dutch member firm professional practitioners relative to the total number of professional practitioners in the PwC member firms of the PwC Europe consortium. A resolution has been adopted to reshape the form of the PwC Europe co-operation, in order to tailor it more to the current needs of its participating firms.

Basis of reporting

The consolidated financial statements have been prepared in accordance with the requirements of Part 9, Book 2 of the Dutch Civil Code and Dutch Accounting Standards (*Richtlijnen voor de jaarverslaggeving*) as published by the Dutch Accounting Standards Board. Where no specific accounting policy is noted, assets and liabilities are carried at the historical cost amounts at which they were acquired and incurred, respectively.

As the Company's financial statements are included in the consolidated financial statements, the Company's profit and loss account has been prepared in abridged form in accordance with Article 2:402 of the Dutch Civil Code.

Principles of consolidation

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

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

The entities included in the consolidation are the following:

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

Fiscal unity

Except for PricewaterhouseCoopers Academy Netherlands VOF, PricewaterhouseCoopers Deelnemingen B.V. all of the above-mentioned consolidated entities form a fiscal unity for value-added tax purposes with Holding PricewaterhouseCoopers Nederland B.V.

All the above-mentioned consolidated entities form a fiscal unity for corporation tax purposes with Holding PricewaterhouseCoopers Nederland B.V.

Acquisitions of group companies

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

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

Estimates

In applying accounting policies and financial reporting requirements, the Board of Management needs to make judgements and estimations that can be critical to the amounts reported in the financial statements. Where necessary to provide the insight required by Article 2:362, clause 1 of the Dutch Civil Code, the nature of these judgements and estimations, and details of the underlying assumptions, are provided in the note disclosures for the relevant balance sheet items.

Related parties

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

The nature and extent of transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions, together with any other information necessary to provide sufficient insight.

Accounting policies for assets and liabilities

General

Unless otherwise indicated, all amounts in the financial statements are reported in thousands of euros. Amounts followed by ‘M’ are in millions of euros.

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

Changes in accounting policies and comparison with prior year

The Group’s financial year runs from 1 July to 30 June.

With effect of the current financial year, it is no longer permitted to measure provisions at nominal value if the time value of money is material. If the time value of money is material, measurement at the present value of the provision is mandatory. The accrued interest on the provision is recognised as interest expense. This change in accounting policy has been recognised retrospectively in these financial statements. The impact on equity is very limited. The impact on the result of the current year is minimal. In the interests of improved insight, deferred tax assets are presented this year both as non-current and current rather than non-current. The comparative amount deferred tax assets non-current (€ 1.2M) has been reclassified from non-current (financial fixed assets) to deferred tax assets current (receivables).

The comparative amount for prepaid insurance premiums (€ 2.3M) has been reclassified from receivables from related parties (€ -2.3M). The comparative amount of salaries (€ -4.4M) in the profit and loss account has been reclassified to other personnel costs (€ 4.4M) and consequently the segment information for prior year has been adjusted. The breakdown of total net revenue prior year into net revenue from external clients and net internal revenue within paragraph 1.8 Segment information has been adjusted. The revenue from external clients prior year presented in reference [20] Net revenue has been adjusted as well.

Foreign currencies

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

Financial instruments

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

Goodwill

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

Software

Software is carried at acquisition cost less accumulated depreciation and impairment provisions. Software is depreciated on a straight-line basis over its expected useful life.

Development costs

Expenditure on development projects is capitalised if it is likely from both a commercial and technical perspective that the project will be successful (i.e.: if it is likely that economic benefits will be realised) and the cost can be determined reliably. The amortisation of capitalised development costs commences at the time when the asset is taken into use and takes place over the expected future useful life of the asset. Research costs are recognised in the profit and loss account.

Tangible fixed assets

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

Impairment of fixed assets

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

Financial fixed assets

Participating interests over which significant influence is exercised are carried at net asset value, determined using the same accounting policies as used in these financial statements. Participating interests acquired are recognised initially at the fair value of the identifiable assets and liabilities on acquisition and thereafter on the basis of the accounting policies used for these financial statements using this initial value as a basis. If the measurement of a participating interest based on the net asset value is negative, it will be stated at nil. If and insofar as the company can be held fully or partially liable for the debts of the participation, or has the firm intention of enabling the participation to settle its debts, a provision is recognised for this.

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

Deferred tax assets are recognised for all deductible temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the accounting policies used in these financial statements on the other, on the understanding that deferred tax assets are only recognised insofar as it is probable that future taxable profits will be available to offset the temporary differences and available tax losses. The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law. Deferred income taxes are recognised at nominal value.

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

Work in progress

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

Receivables

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

Cash and cash equivalents

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

Provisions

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

Personnel provisions relate to long-term disability benefit top-ups, long-service entitlements and severance pay. The provisions for commitments under non-activity arrangements and long-service entitlements are carried at present value using a discount rate of 0.6% (30 June 2020: 0.5%) and taking into account staff turnover probability. The provision for long-term unemployment benefit top-ups is carried at its present value using a discount rate of 0.6% (30 June 2020: 0.5%).

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

Subordinated loans

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

Accrued expenses and deferred income (long-term)

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

Liabilities

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

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

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

Operating leases

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

Accounting policies for the profit and loss account

General

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

Net revenue

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

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

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

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

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

Amortisation and depreciation of intangible and tangible fixed assets
Intangible fixed assets, including goodwill, are amortised over their estimated useful lives from the date they are available for use. The effects of any changes in estimated useful economic lives are reflected prospectively in future amortisation charges.

Depreciation of tangible fixed assets is based on acquisition cost and is charged to the profit and loss account on a straight-line basis reflecting the estimated useful lives of the assets and their expected residual values.

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

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

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

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

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

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

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

Basis of preparation of the consolidated statement of cash flows

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

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

1.5. Notes to the consolidated balance sheet as at 30 June 2021 (in € '000, unless otherwise stated)

[1] Intangible fixed assets

The movements are as follows:

	Goodwill	Software	Development costs	2020/2021 Total	2019/2020 Total
Balance as at 1 July					
At cost	19,157	5,254	898	25,309	21,257
Accumulated amortisation	-10,359	-4,906	-	-15,265	-11,766
Carrying amount	**8,798**	**348**	**898**	**10,044**	**9,491**
Movements					
Additions	-	92	-	92	4,052
Disposals	-1,000	-2,682	-	-4,580	-
Amortisation	-3,200	-222	-	-3,422	-3,499
Acumulated amortisation on disposals	-	2,682	-	2,682	-
Impairment	-	-	-898	-898	-
	-4,200	**-130**	**-898**	**-5,228**	**553**
Balance as at 30 June					
At cost	18,157	2,664	898	21,719	25,309
Accumulated amortisation	-13,559	-2,446	-898	-16,903	-15,265
Carrying amount	**4,598**	**218**	**-**	**4,816**	**10,044**
Amortisation percentages	10-20	20-33	-		

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

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

Goodwill of originally € 2,942 was recognised on the acquisition of PricewaterhouseCoopers Technology Consulting (Netherlands) B.V. as of 30 June 2020 and is being amortised on a straight-line basis over four years. During the period from 5 June 2019 to 30 June 2024, the Company will share 30% in the revenues and costs of PricewaterhouseCoopers Technology Consulting Belgium B.V. In addition, 70% of the balance of income and expenses of the corresponding Dutch activities with PwC Belgium, Germany and Switzerland is settled during the same period. The receivable or debt arising from this right and this obligation are included in the balance sheet under other receivables, other payables and goodwill. As a result, the original goodwill was adjusted by € 1.000 in this year and this has been recognised as 'disposals' in the above statement of movements.

The development costs relate to investments made for the roll-out of a new finance and engagement management solution and for the end-to-end integration with the existing systems landscape as part of PwC's Global BOS (Business Operations Solutions) programme. The programme includes the development and implementation of a wide range of cloud applications to facilitate and integrate the main backoffice and frontoffice processes for the members of the global PwC Network.

The development costs initially recognised on the balance sheet have been impaired during the year due to negative developments relating to the project. The impairment costs are shown separately in the profit and loss account.

[2] Tangible fixed assets

The movements are as follows:

					2020/2021	2019/2020
	Leasehold improvements	Office furniture	Office equipment	Fixed assets under construction	Total	Total
Balance as at 1 July						
At cost	57,768	17,298	33,462	1,205	109,733	103,538
Accumulated depreciation	-42,912	-7,709	-21,138	-	-71,759	-66,298
Carrying amount	**14,856**	**9,589**	**12,324**	**1,205**	**37,974**	**37,240**
Movements						
Additions	486	260	669	680	2,095	11,482
Additions at cost from acquisitions	-	-	-	-	-	92
Disposals	-19,498	-3,699	-1,034	-1,109	-25,340	-5,379
Accumulated depreciation on disposals	19,497	3,712	985	-	24,194	4,218
Depreciation	-2,665	-1,402	-5,425	-	-9,492	-9,679
	-2,180	**-1,129**	**-4,805**	**-429**	**-8,543**	**734**
Balance as at 30 June						
At cost	38,756	13,859	33,097	776	86,488	109,733
Accumulated depreciation	-26,080	-5,399	-25,578	-	-57,057	-71,759
Carrying amount	**12,676**	**8,460**	**7,519**	**776**	**29,431**	**37,974**
Depreciation percentages	10	10	13-33			

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

[3] Financial fixed assets

The movements are as follows:

				2020/2021	2019/2020
	Other participating interests	Deferred tax assets	Other receivables	Total	Total
Balance as at 1 July	**5,958**	**1,184**	**14,702**	**21,844**	**18,032**
Additions	-	-	5,321	5,321	5,602
Interest receivable	-	-	-	-	108
Charge to the profit and loss account	-	-165	-	-165	-187
Repayment	-240	-	-5,028	-5,268	-2,031
Revaluation	-	-	-275	-275	320
Other movements	-	239	-	239	-
Balance as at 30 June	**5,718**	**1,258**	**14,720**	**21,696**	**21,844**

Other participating interests

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

The Group holds the following participations:

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

Deferred tax assets

Deferred tax assets relate to temporary tax differences of € 8.8M (30 June 2020: € 9.8M) arising mainly on differences in depreciation periods for tangible fixed assets and on the timing of recognition of office vacancy costs. An amount of € 0.9M (30 June 2020: € 1.2M) of the deferred taxes balance is expected to be recoverable within one year and is presented under the current assets.

Other receivables
Other receivables as at 30 June 2021 consist of four receivables. The fair value of other receivables does not differ materially from the carrying amount.

The first receivable is a Floating Rate Subordinated Unsecured Loan Note of € 1.7M provided to Lifeguard Finance B.V. on 20 February 2014. The receivable is subordinated to all other creditors of Lifeguard Finance B.V. Interest is payable semi-annually at the end of February and August and is set at the end of August each year at six-month Euribor plus 0.75%. For the period from 28 February 2021 to 31 August 2021 interest has been set at 0.75%. The principal, together with any unpaid interest, is repayable in full on 31 August 2022.

The second receivable concerns a loan note of $ 5.6M (€ 4.7M) arising on the incorporation of PwC Business Solutions B.V. An amount of $ 3.9M (€ 3.2M) was paid on 12 September 2017 and another $ 1.7M (€ 1.5M) on 18 June 2018. On 7 December 2018 and 11 November 2019 additional amounts of respectively $ 1.3M (€ 1.2M) and $ 0.6M (€ 0.6M) were paid. On 7 May 2020, 11 December 2020, 29 April 2021 amounts of in total $ 4.4M (€ 3.9M) were redeemed. For the period from 1 September 2021 to 31 August 2022 interest has been set at twelve-month LIBOR plus 0.75%. The total outstanding amount of these loan notes of $ 3.1M (€ 2.7M) together with the accrued interest is due and repayable on 30 June 2023.

The third receivable concerns a loan of € 3.5M granted to a related party, which gives an annual compensation based on the results of the related party and will be due for repayment no later than 2048. An impairment of € 3.5M was recognised in 2017/2018 in relation to this receivable as a consequence of lower expected repayments.

The fourth receivable concerns loan notes of € 5M provided to PwC Digital Technology Solutions B.V. on 24 June 2020. On 16 December 2020, 26 March 2021 and 25 May 2021 additional amounts of € 2.6M, € 1.2M and € 1.5M were paid. Interest of 3.5% is payable annually. The principal, together with any unpaid interest, is repayable in full on 30 June 2030.

[4] Work in progress

Work in progress at 30 June 2021 is stated net of on account billings aggregating € 83.2M (30 June 2020: € 107.5M).

[5] Receivables from clients

Receivables are due within one year and are not interest-bearing. A provision for doubtful debts of € 5.0M was carried at 30 June 2021 (30 June 2020: € 9.6M). The fair value of the receivables from clients approximates the carrying amount, given the current nature of the receivables from clients and the fact that, where necessary, provisions for doubtful debt have been recognised.

[6] Taxes and social security charges

	30 June 2021	30 June 2020
Corporation tax	-	291
Total	**-**	**291**

[7] Other receivables

Other receivables are as follows:

	30 June 2021	30 June 2020
Receivables from related parties	11,010	14,686
Receivables from personnel	473	222
Other	632	1,863
Total	**12,115**	**16,771**

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

[8] Prepayments and accrued income

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

	30 June 2021	30 June 2020
Prepaid insurance premiums	8,036	2,318
Prepaid rental costs	4,479	4,681
Prepaid car lease cost	2,124	96
Other	6,119	4,049
Total	**20,758**	**11,144**

[9] Cash and cash equivalents

Of the cash and cash equivalents, € 3.2M (30 June 2020: € 3.2M) was not freely available.

[10] Group equity

Disclosures regarding shareholders' equity are provided in the notes to the company financial statements.
A consolidated statement of comprehensive income is not presented, as there is no difference between profit after tax and comprehensive income (2019/2020: the same).

[11] Provisions

The movements are as follows:

			2020/2021	2019/2020
	Personnel	Other	Total	Total
Balance as at 1 July	**5,391**	**16,395**	**21,786**	**21,099**
Additions	1,369	276	1,645	8,111
Utilisation	-1,336	-1,731	-3,067	-4,260
Other	-	27	27	
Releases	-74	-3,824	-3,898	-3,164
Balance as at 30 June	**5,350**	**11,143**	**16,493**	**21,786**

Approximately € 14.2M (30 June 2020: approximately € 17.9M) of provisions is long-term.

Personnel provisions include amounts for long-term disability benefit top-ups, long-service entitlements and severance pay.

Other provisions include the office vacancy provision of € 3.2M (30 June 2020: € 4.4M) in respect of leased premises. This provision is based on the lease costs for future periods during which it is expected that the premises will not be occupied. Other provisions include a provision for obligations to restore leased premises at the end of the lease period of € 1.5M (30 June 2020: € 1.4M); this provision is recognised evenly over the lease period.

Other provisions also include professional liability provisions of € 6.2M (30 June 2020: € 10.4M) relating to work performed up to and including the balance sheet date. Releases relate primarily to changes in the estimated costs of claims outstanding.
All of the claims are disputed, and provisions are made for any loss still expected to be incurred by the Group relating to ongoing claims. The Group is insured against any such claims. While the outcome of these disputes cannot be predicted with certainty, legal advice and other information received indicate that they will have no significant effect on the financial position of the Group.

[12] Subordinated loans

PwC Europe SE Wirtschaftsprüfungsgesellschaft has provided financing of € 47,066 (2019/2020: € 46,666) in the form of a loan subordinated to all of the Company's other creditors. Interest accrues at a maximum of 12% per annum depending on profitability. The amount of the loan fluctuates depending on the number of professional practitioners made available.

	2020/2021	2019/2020
Balance as at 1 July	**46,666**	**46,066**
Net movement from new and terminated association agreements with partners	400	600
Balance as at 30 June	**47,066**	**46,666**

[13] Other loans

PricewaterhouseCoopers Enterprise Advisory B.V. has provided PricewaterhouseCoopers Advisory N.V. a loan with respect to the purchase of the shares in the PwC Technology Consulting (Netherlands) B.V. This loan will be repaid in four instalments. The interest rate is set at 3.5% per annum and will be repaid per 30 September 2021 for the first time. Securities are not granted.

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

Long-term accrued expenses and deferred income include the long-term element of incentives received under a number of office lease agreements that are being released to the profit and loss account over the duration of the related rental contracts. The portion that will be released to the profit and loss account in 2020/2021 is included in short-term accrued expenses and deferred income in current liabilities.

The deferred rental incentives are being released as follows:

	30 June 2021	30 June 2020
From 1-5 years	3,250	5,696
Carrying amount	**3,250**	**5,696**

[15] Liabilities to suppliers

Liabilities to suppliers are all due within one year.

[16] Liabilities to shareholders

The liability to shareholder Coöperatie has a remaining term of less than one year and is interest-bearing. The average interest rate for 2020/2021 was 3.312% (2019/2020: 1.648%).

[17] Taxes and social security charges

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

	30 June 2021	30 June 2020
Value-added tax	33,634	29,292
Wage tax and social security charges	14,461	15,771
Corporation tax	422	-
Total	**48,517**	**45,063**

[18] Other liabilities

Other liabilities are as follows:

	30 June 2021	30 June 2020
Work in progress for which on account billings exceed the project revenue earned	48,150	59,463
Bonuses payable	41,204	32,518
Accrued leave entitlements and holiday allowances	27,177	25,573
Amounts due to related parties	6,141	14,990
Other	790	89
Total	**123,462**	**132,633**

All other liabilities fall due in less than one year. The fair value of the other liabilities approximates the book value due to their short-term character.

[19] Accrued expenses and deferred income (current)

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

	30 June 2021	30 June 2020
Invoices to be received	16,384	17,694
Current portion of incentives received under lease agreements for office premises	2,446	2,449
Other	1,144	1,439
Total	**19,974**	**21,582**

Off-balance sheet liabilities and commitments

- PricewaterhouseCoopers B.V. stands surety for the annual Group profit-linked periodic benefit payments administered by Stichting Verrekenfonds, for the beneficiaries of one of the legal predecessors of the legacy firm Coopers & Lybrand. For 2020/2021, the payments amounted to € 0.4M (2019/2020: € 0.5M). The payments are due for the lifetimes of the individual beneficiaries.
- Guarantees provided in relation to lease and other obligations total € 3.2M as at 30 June 2021 (30 June 2020: € 3.2M), with the longest running guarantee expiring on 30 September 2029.
- The Group has undertaken, in certain circumstances, to assume an obligation of up to $ 12M (30 June 2020: $ 12M) of L & F Holdings Limited, an entity in which PricewaterhouseCoopers Deelnemingen B.V. holds a 7.1% participating interest.
- PricewaterhouseCoopers B.V. has undertaken to indemnify a third party for 2.4% of certain liabilities that that party may incur under an agreement to fund supplementary payments of non-Dutch pensions.
- PricewaterhouseCoopers Deelnemingen B.V. has undertaken to bear 2.4% of the damages certain third parties may suffer in relation to their responsibilities in a certain non-Dutch Retirement Medical Trust.
- On 17 June 2020 PwC Deelnemingen B.V. entered into a loan agreement with PwC Digital Technology Services B.V. of € 13M. As per 30 June 2021 an amount of € 10.3M has been drawn down.
- In June 2021, PricewaterhouseCoopers Belastingadviseurs N.V. announced that the activities of Focus Orange Advisory B.V. will be part of PwC as of 1 July 2021.

The Group has long-term rental contracts, other operating lease obligations and facility services insourcing obligations totalling € 226M (30 June 2020: € 259M).

These obligations mature as follows:

in € millions	30 June 2021	30 June 2020
< 1 year	58	65
From 1-5 years	117	132
> 5 years	51	62
Total obligations	**226**	**259**

Subsequent events

On 1 July 2021 PwC Belastingadviseurs N.V. took over the activities of Focus Orange Advisory B.V. for the amount of € 1.3M.

1.6 Notes to the consolidated profit and loss account for the year ended 30 June 2021 (in € '000)

[20] Net revenue

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

	2020/2021	2019/2020
Assurance	341,719	344,768
Tax & Legal	308,101	305,210
Advisory	286,391	299,365
Other	43	431
Total	**936,254**	**949,774**

Net revenue is earned primarily in the Netherlands. In addition to the work performed, the revenue includes the charging of costs incurred (particularly travel costs) to customers. This chargeback is lower this year because fewer travel movements were made as a result of COVID-19 (see also Travel costs and other personnel costs).

[21] Cost of work contracted out and other external costs

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

[22] Social security charges

Social security charges are as follows:

	2020/2021	2019/2020
Social security charges	46,272	47,202
Pension premiums	25,003	24,809
Total	**71,275**	**72,011**

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

[23] Travel and other personnel costs

Travel and other personnel costs are as follows:

	2020/2021	2019/2020
Travel costs	46,203	67,198
Other personnel costs	35,907	56,790
Total	**82,110**	**123,988**

A part of the travel costs in particular is reimbursed by customers and the decrease in these costs has therefore also led to a decrease in revenue.

[24] Other operating costs

	2020/2021	2019/2020
Occupancy costs	30,429	31,075
Technology	26,394	29,671
Sales and business development	3,990	8,547
External consultants' fees	463	1,102
Other costs	34,180	41,475
Total	**95,456**	**111,870**

The effect of the COVID-19 pandemic and focus on costs are reflected in all the categories of the Other operating costs. A significant decline was realised in all categories.

Other costs include membership contributions to PricewaterhouseCoopers International Ltd., insurances and other costs related to professional liability.

[25] Interest and other financial expenses

Interest and other financial expenses are as follows:

	2020/2021	2019/2020
Interest Payable to PwC Europe SE	895	634
Exchange differences	462	-
Other interest expense	3,863	587
Total	**5,220**	**1,221**

[26] Taxes

Taxes are as follows:

	2020/2021	2019/2020
Profit on ordinary activities before tax	195,778	164,097
Management fee Coöperatie PricewaterhouseCoopers Nederland U.A.	-194,568	-163,006
Book/tax differences		
- Non-deductible items	4,623	3,635
- Temporary differences	-1,802	-1,053
Taxable profit	**4,031**	**3,673**
Tax thereon	974	904
Adjustments relating to prior year deferred tax	165	187
Correction of previous years	71	0
Corporation tax due	**1,210**	**1,091**

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

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

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

The management fee Coöperatie contributes to the aggregate profit available for distribution to the professional practitioners, as further described in 1.7 (Other notes) on page 104.

1.7 Other notes (in € '000)

Management agreement and other costs

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

The General Meeting of the Company has the option of appropriating the profit remaining after charging the management fee as dividend to the holder of its ordinary shares, PwC Europe SE Wirtschaftsprüfungsgesellschaft.

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

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

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

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

	2020/2021	2019/2020
Management fee to Coöperatie	194,568	163,006
Results Coöperatie	-733	461
Profit available for allocation	**193,835**	**163,467**
Management fee payable by Coöperatie to its members	-186,994	-156,644
Return on capital contributions paid to members of Coöperatie	-6,841	-6,823
	-	-
Average number of partners (FTE)	281	282
Average management fee per partner*	690.4	579.8

* Includes return on members' capital contributions.

In addition to their management fee, the members of Coöperatie also receive car and expense allowances, aggregating € 8.2M (2019/2020: € 8.7M), and interest on their current accounts, aggregating € 4.2M (2019/2020: € 0.9M). These interest expenses are recognised as an expense by Coöperatie and are not included in these financial statements.

External auditor's fees

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

	2020/2021	2019/2020
Audit of the financial statements	301	318
Other audit engagements	25	25
Total	**326**	**343**

Operating leases

The Group charged € 48.4M (2019/2020: € 52.0M) to the profit and loss account for operating lease costs during the year, relating to office premises and the leased car fleet and parking space.

Financial instruments and risk management

Foreign exchange risk

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

Any significant foreign exchange risks relating to future cash flows from operating activities in foreign currencies are hedged by means of currency forward contracts under terms determined by reference to the timing of the underlying receivables and obligations. Gains and losses on instruments used to hedge off-balance sheet positions are deferred until the hedged positions are recognised. As at 30 June 2021, there were no contracts outstanding (30 June 2020: no contracts outstanding).

At 30 June 2021, receivables in US dollars and other currencies amounted to € 16.4M (30 June 2020: € 15.2M) and € 2.8M (30 June 2020: € 0.6M), respectively. Liabilities in US dollars and other currencies amounted to € 4.5M (30 June 2020: € 10.0M) and € 2.9M (30 June 2020: € 0.5M), respectively.

Interest rate risk and cash flow risk

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

- Subordinated loan of € 47,066 (2019/2020: € 46,666) payable to PwC Europe SE Wirtschaftsprüfungsgesellschaft, with interest accruing at a maximum of 12% per annum depending on profitability.
- Loan of € 1,733 (2019/2020: € 1,733) receivable from Lifeguard Finance B.V. with interest, receivable semi-annually, set at six-month Euribor plus 0.75% at the end of August each year (for the period from 28 February 2021 to 31 August 2021: 0.75%).
- Loan of € 2.7M receivable from PwC Business Solutions B.V. with interest, receivable annually, set at twelve-month LIBOR plus 0.75% at the end of August each year.

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

Credit risk

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

Liquidity risk

Liquidity risk is mitigated by the fact that the cash flow from operating activities generates sufficient liquidity to meet ongoing obligations. Furthermore, the Group has access to revolving credit facilities with two large Dutch banks of € 50M in total, of which 50% is seasonal (30 June 2020: € 50M).

Fair value

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

1.8 Segment information (in €'000)

2020/2021	Assurance	Tax & Legal	Advisory	Other [1]	Eliminations	Total
Net revenue from external clients	341,719	308,101	286,391	43	-	936,254
Net internal revenue	26,479	12,151	31,817	179,437	-249,884	-
Total net revenue	**368,198**	**320,252**	**318,208**	**179,480**	**-249,884**	**936,254**
Costs of work contracted out and other external costs	47,858	56,354	98,028	62	-56,149	146,153
Staff costs	141,464	94,779	93,592	68,260	-	398,095
Amortisation and depreciation of fixed assets	-	-	3,204	10,608	-	13,812
Other operating costs	118,171	85,153	68,504	99,473	-193,735	177,566
Total operating costs	**307,493**	**236,286**	**263,328**	**178,403**	**-249,884**	**735,626**
Operating profit	**60,705**	**83,966**	**54,880**	**1,077**	**-**	**200,628**
Net financial income and expenses	-978	-855	-1,797	-1,220	-	-4,850
Taxes	-468	-429	-314	-	1	-1,210
Management fee Coöperatie	-	-	-	-194,568	-	-194,568
Profit after tax	**59,259**	**82,682**	**52,769**	**-194,711**	**1**	**-**
Carrying amount of total assets as at 30 June 2021	**141,625**	**142,876**	**110,859**	**5,832**	**-63,521**	**337,671**

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

People employed in FTE [2]	Assurance	Tax & Legal	Advisory	Firm Services	Total
Average number in 2020/2021					
- Partners	108	100	73	-	281
- Other professionals	1,888	1,082	1,005	-	3,975
- Support staff	64	14	9	898	985
Total	**2,060**	**1,196**	**1,087**	**898**	**5,241**

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

2019/2020	Assurance	Tax & Legal	Advisory	Other [1]	Eliminations	Total
Net revenue from external clients	344,768	305,210	299,365	431	-	949,774
Net internal revenue	39,817	12,412	32,121	189,445	-273,795	-
Total net revenue	**384,585**	**317,622**	**331,486**	**189,876**	**-273,795**	**949,774**
Costs of work contracted out and other external costs	63,069	50,009	100,499	115	-74,419	139,273
Staff costs	144,225	94,891	93,254	64,578	-	396,948
Amortisation and depreciation of fixed assets	-	-	2,523	10,655	-	13,178
Other operating costs	139,471	98,136	81,828	115,799	-199,376	235,858
Total operating costs	**346,765**	**243,036**	**278,104**	**191,147**	**-273,795**	**785,257**
Operating profit	**37,820**	**74,586**	**53,382**	**-1,271**	**-**	**164,517**
Net financial income and expenses	-1,087	-1,016	-610	2,293	-	-420
Taxes	-428	-396	-267	-	-	-1,091
Management fee Coöperatie	-	-	-	-163,006	-	-163,006
Profit after tax	**36,305**	**73,174**	**52,505**	**-161,984**	**-**	**-**
Carrying amount of total assets as at 30 June 2020	**115,593**	**128,067**	**139,902**	**5,714**	**6,183**	**395,459**

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

People employed in FTE [2]	Assurance	Tax & Legal	Advisory	Firm Services	Total
Average number in 2019/2020					
- Partners	111	102	69	-	282
- Other professionals	1,934	1,124	1,018	-	4,076
- Support staff	63	15	12	867	957
Total	**2,108**	**1,241**	**1,099**	**867**	**5,315**

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

2. Company financial statements

2.1 Company balance sheet as at 30 June 2021 (before appropriation of result) (in €'000)

		30 June 2021		30 June 2020	
Fixed assets					
Financial fixed assets					
Participating interests	[27]	202,060		170,087	
Receivables from group companies	[28]	43,388		43,063	
Deferred tax assets		1,248		1,184	
			246,696		**214,334**
Current assets					
Receivables					
Receivables from group companies	[28]	3,413		3,250	
Deferred tax assets	[3]	932		1,171	
Taxes and social security charges		-		371	
Other receivables		-		1,182	
			4,345		**5,974**
Cash and cash equivalents			**3,652**		**911**
Total			**254,693**		**221,219**

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

		30 June 2021		30 June 2020	
Equity and liabilities					
Shareholders' equity					
Issued capital	[30]	6,750		6,750	
Share premium		3,510		3,510	
			10,260		**10,260**
Long-term liabilities					
Subordinated loans	[12]	47,066		46,666	
			47,066		**46,666**
Current liabilities	[31]				
Liabilities to shareholders	[16]	55,070		75,430	
Liabilities to group companies		140,532		87,801	
Taxes and social security charges		435		-	
Other liabilities		1,330		1,062	
			197,367		**164,293**
Total			**254,693**		**221,219**

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

2.2 Company profit and loss account for the year ended 30 June 2021 (in €'000)

	2020/2021		2019/2020	
Results of participating interests	196,153		160,360	
Other income and expenses after tax	-196,153		-160,360	
Profit after tax		-		-

2.3 Notes to the company financial statements

Basis of preparation

The company financial statements are prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code and Dutch Accounting Standards (*Richtlijnen voor de jaarverslaggeving*) as published by the Dutch Accounting Standards Board.
Holding PricewaterhouseCoopers Nederland B.V. has the following direct and indirect controlling interests:

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

As the Company's financial statements are included in the consolidated financial statements, the Company's profit and loss account has been prepared in abridged form in accordance with Article 2:402 of the Dutch Civil Code.

Fiscal unity

Except for PricewaterhouseCoopers Academy Netherlands VOF and PricewaterhouseCoopers Deelnemingen B.V., all of the above-mentioned consolidated entities form a fiscal unity for value-added tax purposes with Holding PricewaterhouseCoopers Nederland B.V.
All the above-mentioned consolidated entities form a fiscal unity for corporation tax purposes with Holding PricewaterhouseCoopers Nederland B.V.

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

General

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

2.4 Notes to the company balance sheet as at 30 June 2021 (in € '000 unless otherwise stated)

[27] Participating interests

These consist of direct holdings in the following entities:

- PricewaterhouseCoopers B.V., Amsterdam (100%).
- PricewaterhouseCoopers Deelnemingen B.V., Amsterdam (100%).

Movements during the year are as follows:

	2020/2021	2019/2020
Balance as at 1 July	**170,087**	**171,174**
Less: Divestment	-4,538	-
Less: Dividend distribution	-159,642	-161,447
Add: Results of participating interests	196,153	160,360
Balance as at 30 June	**202,060**	**170,087**

[28] Receivables from group companies

Receivables from group companies are as follows:

	2020/2021	2019/2020
PricewaterhouseCoopers Accountants N.V.	18,038	17,875
PricewaterhouseCoopers Belastingadviseurs N.V.	16,250	16,738
PricewaterhouseCoopers Advisory N.V.	12,513	11,700
	46,801	**46,313**
Due within one year	-3,413	-3,250
Balance as at 30 June	**43,388**	**43,063**

The Company has provided subordinated loans aggregating € 46,800 (2019/2020: € 46,313) to group companies. These loans fluctuate depending on the number of professional practitioners made available by Coöperatie. The nominal amount of the loan is € 162,500 (single euros) for each practitioner made available. Interest is fixed annually on the basis of the 15-year external capital market interest rate plus a risk premium. The rate for 2020/2021 is 5.25% (2019/2020: 5.75%).

[29] Issued capital

The Company's authorised share capital amounts to € 20,000 at 30 June 2021, divided into 800 ordinary shares of € 25,000 (single euros) each and 1 priority share of € 1. The issued capital amounts to € 6,750, consisting of 270 ordinary shares of € 25,000 each (single euros) and 1 priority share of € 1 (2019/2020: 270 ordinary shares and 1 priority share).

[30] Current liabilities

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

Off-balance sheet assets and commitments

The Company is jointly and severally liable for remittance of the corporation tax and value-added tax due under the fiscal unities for these taxes and for the revolving credit facility.

2.5 Other notes

Risk management in the area of financial instruments

Foreign exchange risk

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

Any significant foreign exchange risks relating to future cash flows in foreign currencies are hedged by means of currency forward contracts under terms determined by reference to the timing of the underlying receivables and obligations. Gains and losses on instruments used to hedge off-balance sheet positions are deferred until the hedged positions are recognised. As at 30 June 2021, there were no contracts outstanding (30 June 2020: no contracts outstanding).

Interest rate risk

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

Credit risk

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

Liquidity risk

Liquidity risk is mitigated by the fact that the cash flow from operating activities generates sufficient liquidity to meet ongoing obligations. Furthermore, the Group has access to revolving credit facilities with two large Dutch banks of € 50M in total, of which 50% is seasonal (30 June 2020: € 50M).

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

	2020/2021	2019/2020
Members of the Board of Management	6,099	6,099
Members of the Supervisory Board	452	478
	6,551	**6,577**

Members and former members of the Board of Management

The remuneration of the Board of Management, comprising the statutory director and the six authorised executive directors, amounted to € 6.1M for 2020/2021 (2019/2021: € 6.1M for the statutory director and the five authorised executive directors).
In addition to their remuneration, the members of the Board of Management also receive car and expense allowances, aggregating € 0.2M (2019/2020: € 0.2M).

Members and former members of the Supervisory Board

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

Reference is made to the Remuneration Report of the Supervisory Board included on pages 76-84 of this Annual Report.

Amsterdam, 20 September 2021

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

The Supervisory Board:
Dr. J. Sijbrand (Chair)
Prof. dr. N. Ellemers
A. Jorritsma
Mr. F.W. Oldenburg
Mr. drs. C.J.M. van Rijn
Mr. Y.C.M.Th. van Rooy

* Authorised executive director

3. Other information

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

Article 30 of the Company's Articles of Association prescribes the following:

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

3.2 Specific provisions of the Articles of Association governing shareholder control

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

17.3 Decisions of the Board of Management regarding the following matters may be taken only with the approval of the Priority Shareholder:

- Determination, on the initiative of the Chair of the Board of Management or Supervisory Board, of the duties and responsibilities of the Chair of the Board of Management, either through the implementation of internal procedures or in any other manner.
- Determination of a maximum number of professional practitioners with whom the Coöperatie and the Company may enter into an association agreement.
- Preparation and approval of the Company's business plans, annual plans and budgets.
- Proposals for the determination or amendment of the remuneration system for the associated professional practitioners.
- Initiating or terminating the Company's and/or its representatives' memberships of PricewaterhouseCoopers Network bodies.
- Transfer of the Company's shares.
- Disposal or liquidation of significant Company shareholdings, participating interests or business units.
- Entering into or terminating any merger, disaggregation, joint venture or similar ongoing form of cooperation with third parties that involves a value of more than € 25M.
- Initiation of any legal action, in addition to those set out above, that involves a value of more than € 25M, with any inter-related actions being aggregated as one action.

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

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

21.2 Decisions by the General Meeting of Shareholders regarding the following matters may be taken only with the approval of the Priority Shareholder:

- Appointments to the Board of Management.
- Removal or waiver of the binding nature of nominations for appointments to the Board of Management.
- Appointment of one or more persons to temporarily discharge the duties of a member or members of the Board of Management.
- Appointments to the Supervisory Board.
- Appointment of one of the Supervisory Board members as Chair.
- Determination of the remuneration of the members of the Supervisory Board.
- Changes to the Articles of Association.

A personal note from our chairman
What marks 2020/2021
PwC in the Netherlands
Report of the Board of Management
Report of the Supervisory Board
Financial statements Holding PricewaterhouseCoopers Nederland B.V.
1. Consolidated financial statements
2. Company financial statements
3.3 Combined independent auditor's and assurance report
of Association governing the appropriation of result
3.2 Specific provisions of the Articles of Association governing shareholder control
3.3 Combined independent auditor's and assurance report
Appendices

3.3 Combined independent auditor's and assurance report

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

Summary
We have summarized our opinion and the main features of our audit of Holding PricewaterhouseCoopers Nederland B.V. below. The full text of the independent auditor's report, which includes the audit opinion on the financial statements and the reasonable assurance report on the other (integrated) information included in the Annual Report is included on the following pages. The other (integrated) information in scope of our assurance engagement is included in 'What marks 2020/2021', the Report of the Board of Management (excluding 'Outlook' as per the pillar in paragraph 'A look at our strategy' and 'Financial results for sustainable investments', the figure about 'Started to measure our impact on SDGs' on page 22 and 'Responsibility Statement by the Board of Management' on page 73), and the appendices to this Annual Report (hereafter: other (integrated) information in the annual report).

	Financial statements	Other (integrated) information in the Annual Report
Opinion	Unqualified audit opinion on financial statements (see page 114)	Unqualified reasonable assurance opinion on other (integrated) information in the annual report (see page 114)
Materiality	• Materiality of € 9,362,000 • 1.0% of reported revenues (see page 115)	• Based on our professional judgement, we determined materiality levels for each relevant part of the sustainability information and for the sustainability information as a whole (see page 115).
Fraud risks and going concern	• Based on the audit procedures performed, we considered the potential fraud risks sufficiently mitigated (see page 116). • Based on the audit evidence obtained up to the date of our auditor's report, we support management's going concern assumption on accounting (see page 116).	• Based on our assurance procedures performed, we considered the fraud risks sufficiently mitigated.
Key audit and assurance matters	• Valuation and existence work in progress (see page 117) • Completeness and accuracy of provision for professional liability (see page 117)	• Fair view on material theme quality (see page 117)

A. Report on the audit of the financial statements and other (integrated) information in the Annual Report 2020/2021

Our opinion
We have audited the financial statements and components of the Annual Report for the year ended 30 June 2021 of Holding PricewaterhouseCoopers Nederland B.V. (hereinafter 'PwC'), based in Amsterdam.

We have audited	Our opinion
Financial statements The financial statements comprise: 1. the consolidated and company balance sheet as at 30 June 2021; 2. the consolidated and company profit and loss account for the year then ended; and 3. the notes including a summary of the accounting policies and other explanatory information.	*Financial statements* In our opinion, the accompanying financial statements give a true and fair view of the financial position of PwC as at 30 June 2021 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.
Other (integrated) information in the Annual Report 4. 'What marks 2020/2021', Report of the Board of Management (excluding 'Outlook' per pillar in paragraph 'A look at our strategy' and 'Financials results for sustainable investments', the figure about 'Started to measure our impact on SDGs' on page 22 and 'Responsibility statement by the Board of Management' on page 73), and the appendices to this Annual Report (hereafter: other (integrated) information in the annual report). The other (integrated) information in the Annual Report includes prospective information such as ambitions, objectives, targets and expectations. Inherent to this information is that the actual results may differ in the future and are therefore uncertain. We do not provide any assurance on the achievability of the prospective information in the Annual Report.	*Other (integrated) information in the Annual Report* In our opinion the other (integrated) information in the Annual Reports presents, in all material respects, a reliable and adequate view of: • the policy and business operations with regard to corporate responsibility; and • the thereto related events and achievements for the year ended 30 June 2021 in accordance with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) (Comprehensive option) and the supplementary internally applied reporting criteria as disclosed on page 126, 130 and 131.

Basis for our opinion
We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing and the Dutch Standard 3810N 'Assurance-opdrachten inzake maatschappelijke verslagen' (Assurance engagements relating to sustainability reports), which is a specific Dutch standard that is based on the International Standard on Assurance Engagements (ISAE) 3000: 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements and the other (integrated) information in the Annual Report' section of our report.

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

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

Reporting criteria financial statements
The information in the scope of our engagements needs to be read and understood together with the reporting criteria, for which PwC is solely responsible for selecting and applying, taking into account applicable laws and regulations related to reporting. The criteria used for the preparation of the consolidated and company financial statements are detailed in Part 9 of Book 2 of the Dutch Civil Code.

Reporting criteria other (integrated) information in the Annual Report
The criteria used for the preparation of the other (integrated) information in the Annual Report are the GRI Standards (Comprehensive option) of the Global Reporting Initiative (GRI) guidelines and the supplemental reporting criteria developed by PwC as disclosed on page 126, 130 and 131. We consider the reporting criteria used relevant and suitable for our assurance engagement.

Materiality financial statements
Based on our professional judgement, we determined the materiality for the financial statements as a whole at € 9,362,000 (FY20: € 9,500,000). The materiality is based on a benchmark of revenues (representing 1.0% of reported revenues), which we consider to be one of the relevant factors for shareholders of the company in assessing the financial performance of the company. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of € 468,100 (FY20: € 475,500), which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported based on qualitative grounds.

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

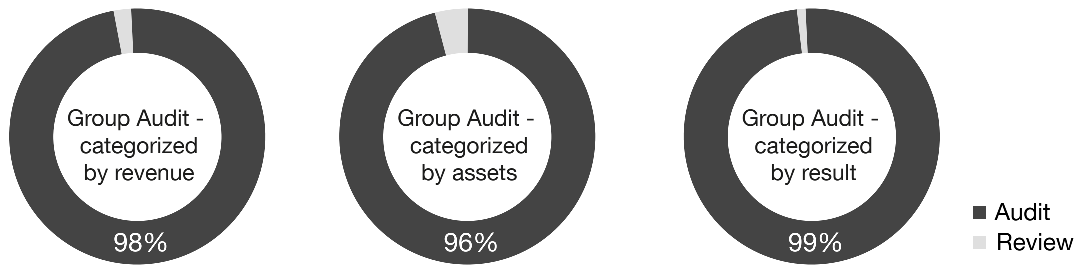
We agreed with the supervisory board that misstatements which are identified during the audit and which in our view must be reported on quantitative or qualitative grounds, would be reported to them.

Scope of the group audit
PwC is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of PwC. The other (integrated) information in the Annual Report incorporates the consolidated information of this group of entities.

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

We have:
- performed audit procedures ourselves at group entities:
  - PricewaterhouseCoopers Accountants N.V.;
  - PricewaterhouseCoopers Belastingadviseurs N.V.;
  - PricewaterhouseCoopers Advisory N.V.;
  - PricewaterhouseCoopers B.V.;
- performed review procedures or specific audit procedures at other group entities.

The following diagrams outline the coverage of our procedures, as a result of our scope, on important line items in the financial statements:



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

Our focus on the risk of fraud
Our audit is not aimed specifically at detecting fraud. In planning our audit procedures, we took into account the risk that the financial statements might contain material misstatements as a result of fraud and error. Furthermore, we have assessed the risk of corruption and bribery.

As described on page 31, PwC performs an internal fraud risk analysis. We analyzed the internal fraud risk analysis to obtain an understanding of the Company's fraud risk assessment and of the processes for identifying and responding to the risks of fraud and the internal controls that management has established to mitigate these risks. Within this scope and based on our questionnaire about compliance as completed by PwC, we discussed and evaluated the completed questionnaire with management exercising professional judgment and maintaining professional skepticism. Our questionnaire includes, for example, questions about applicable laws and regulations, questions about potential fraud risk factors and questions related to the risk of corruption and bribery. In our evaluation and discussions regarding the completed questionnaire, the risk of corruption and bribery was also assessed. We discussed potential fraud risks and fraud-prone situations with the Management Board and the Supervisory Board.

As in all of our audits, we addressed the risk of management override of internal controls, including evaluating whether there was possible bias by management that may represent a risk of material misstatement due to fraud. The audit procedures to respond to the assessed risks include, amongst others, an evaluation of the design and the implementation of internal controls that mitigate fraud risks, retrospective review of prior year's estimates, procedures on unexpected or unusual journal entries, the use of other data-analytics and we incorporated elements of unpredictability in our audit.

We also refer to our key audit matter 'Valuation work in progress' where we included our approach related to areas of higher risk due to significant accounting estimates where management makes significant judgments. Related to the work in progress position, we also determined the existence of the accounts receivable.

Based on our audit procedures described above and in our key audit matter 'Valuation work in progress', we considered the potential fraud risks as sufficiently mitigated.

Going concern
Management assessed the Company's ability to continue as a going concern and to continue its operations for at least 12 months beyond the date when the financial statements are issued (page 91). We performed the following procedures in order to identify and assess the risks of going concern and to conclude on the appropriateness of management's use of the going concern assumption of accounting. We discussed and evaluated the assessment with management exercising professional judgment and maintaining professional skepticism. We specifically focused on the process followed by management to make the assessment, management bias that could represent a risk, the impact of current events and conditions have on the Company's operations and forecasted cash flows, with a focus on whether the Company will have sufficient liquidity to continue to meet its obligations as they fall due. We considered, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern. Based on the audit evidence obtained up to the date of our auditor's report, we support management's going concern assumption on accounting.

Our key audit and assurance matters
Key audit and assurance matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements and non-financial information. We have communicated the key audit and assurance matters to the Supervisory Board. The key audit and assurance matters are not a comprehensive reflection of all matters discussed.

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

The key assurance matter 'Materiality analysis', which was included in our prior year's auditor report, is not considered a key assurance matter for this year as PwC did not compose a new materiality analysis this year but validated last year's materiality analysis. This validation did not lead to a different outcome, so the topic is not considered most significant in our audit of the other (integrated) information in the Annual Report 2020/2021. Furthermore, the key audit matter 'COVID-19 Pandemic' is no longer a key audit matter for this year because the impact and consequences on PwC's going concern assumption including the degree of estimation uncertainty in certain areas of the financial statements 2020/2021 is considered to be low.

KEY AUDIT MATTER Valuation and existence work in progress *Refer to note 4 of the financial statements*	**Our audit approach**
Valuation of work in progress is an important focus area during our audit due to significant accounting estimates where management makes significant judgements. Both the valuation and existence of work in progress are a potential fraud risk. The valuation of work in progress at balance sheet date requires a high degree of judgement due to inherent uncertainty about the accuracy of the expected results of current engagements which is based on an estimate of time and costs to be incurred in comparison with the fee received.	Our audit procedures included an assessment of the effectiveness of the internal controls within PwC as described in the internal fraud risk analysis to the extent relevant for the audit of the financial statements, testing relevant controls and performing substantive procedures. We concluded that the internal control system regarding the existence and valuation of work in progress and revenue recognition is sufficient and we relied on some internal key controls during our audit. As described in the internal fraud risk analysis, the controls are also designed to prevent fraudulent reporting of work in progress. The substantive procedures consisted of an analysis to determine whether the balance of the work in progress at year-end is invoiced in the next financial year, reconciliation of confirmations received from the responsible partners, analysis of net-rates during the year (retrospective review) and analysis of the realization of each partner in relation to the recognized valuation allowance. We tested the provision by comparing the realization for each partner during the year with the realization for each project included in work in progress at year-end. We discussed the findings of these analysis' with the responsible LoS controllers. Our procedures did not result in material findings with respect to the valuation work in progress at June 30, 2021.

KEY AUDIT MATTER Completeness and accuracy of provision for professional liability *Refer to note 11 of the financial statements*	**Our audit approach**
Completeness and accuracy of the provision for professional liability is an important focus area during our audit because of the estimates and assumptions that need to be determined regarding the extent of professional liability in certain cases.	We tested the effective operation of the internal control framework which secures the completeness of the provision for professional liability, to the extent relevant for our audit of the financial statements. During our audit, we received an overview of claims either recognized in the provision for professional liability and/or disclosed in the financial statements. We reconciled this overview with the financial statements and supporting internal and external documents. We assessed, when applicable, that claims fall within the scope of insurance agreements. We received lawyers' letters from the lawyers engaged by PwC informing us about any significant claims against PwC. With these, amongst others, we determined the accuracy and completeness of claims recognized and/or disclosed in the financial statements. We assessed the completeness of registered claims by discussing the claims with the PwC Troublesome Practice Matter (TPM) team, validating that registered claims are consistent with the partner confirmations, performing internet searches, performing a review of legal expenses, and reading the minutes of meetings of the Company's executive board and supervisory board. Furthermore, we assessed whether the observed claims are classified as a provision or an off-balance sheet item. Our procedures did not result in material findings with respect to the completeness, accuracy, and relevant disclosure of the provision for professional liability at June 30, 2021.

KEY ASSURANCE MATTER Material theme quality *(refer to page 24 Build high quality services)*	**Our audit approach**
According to the materiality matrix as included on page 15 one of the most material themes in the Annual Report is Quality. As a result, this theme is one of the most important parts of our audit of the other (integrated) information in the Annual Report.	We determined which information in the other (integrated) information in the Annual Report refer to the material theme Quality. We made a distinction between the information into numbers and text claims. With respect to this information, we determined the design and operating effectiveness of the internal control framework regarding this theme. Regarding the figures, we reconciled the figures with information from underlying databases. We determined the reliability of the information in these databases by reconciling the information with supporting external and internal information. For the text claims, we examined a selection, based on professional judgement, of the texts and made a reconciliation with supporting external and internal information.

Limitations to the scope of our audit

The other (integrated) information in the Annual Report includes prospective information such as ambitions, strategy, plans, expectations, estimates and risk assessments. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the other (integrated) information in the Annual Report.

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

B. Report on other information included in the Annual Report

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

- A personal note from our chairman;
- What marks 2020/2021;
- PwC in the Netherlands;
- Report of the Board of Management;
- Report of the Supervisory Board;
- Appendices;
- the other information on page 113.

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

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

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

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

The Management Board is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. Report on other legal and regulatory requirements

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

D. Description of responsibilities regarding the financial statements and the other (integrated) information in the Annual Report

Responsibilities of management and the Supervisory Board for the Annual Report
The Management Board is responsible for the preparation and fair presentation of the financial statements on pages 85 to 119 in accordance with Part 9 of Book 2 of the Dutch Civil Code. Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code, the other information as required by Part 9 of Book 2 of the Dutch Civil Code and the reporting criteria of PwC, based on the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) (Comprehensive option). Furthermore, the Management Board is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements and the other (integrated) information in the Annual Report that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements as included on pages 85 to 119, the Management Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Management Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

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

Our responsibilities for the audit of the financial statements and the other (integrated) information in the Annual Report
Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

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

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with the Dutch Standards on Auditing and the Dutch assurance standard 3810N, ethical requirements and independence requirements.

Our audit of the financial statements included among others:

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

Our audit of the other (integrated) information in the Annual Report included among others:

- Performing an analysis of the external environment and obtaining an understanding of relevant social themes and issues, and the characteristics of the organization;
- Identifying and assessing the risks of material misstatement of the sustainability information, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of the reporting criteria used and its consistent application, including the evaluation of the results of the stakeholders' dialogue, and the reasonableness of estimates made by management and related disclosures;
- Evaluating the overall presentation, structure and content of the sustainability information, including the disclosures;
- Evaluating whether the sustainability information represents the underlying transactions and events free from material misstatement;
- Evaluating the procedures performed by the internal audit department of PwC.

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

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

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

From the matters communicated with the Supervisory Board, we determine the key audit matters as being those matters that were most significant in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Utrecht, 20 September 2021

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

drs. J.F. van Erve RA

Appendices

Holding PricewaterhouseCoopers Nederland B.V. - Remuneration Report
for the financial year ended 30 June 2021

This Remuneration Report was prepared by the Remuneration Committee of the Supervisory Board on [20] September 2021 and adopted by the Supervisory Board on [20] September 2021. It is part of the Report of the Supervisory Board, included in the Annual Report of Holding PricewaterhouseCoopers Nederland B.V. The Annual Report is published on the website www.pwc.nl.

This report sets out the remuneration framework of PwC and addresses the 2020/2021 remuneration of partners, staff, Board of Management and Supervisory Board. Unlike in previous years, this year the general information about the remuneration within PwC has been included in this Remuneration Report.

Partner remuneration - Quality at the heart of our remuneration policy

Given the public importance of PwC's work, the remuneration policy for partners and directors is designed in such a way that quality, independence, the Code of Conduct and compliance with internal and external rules and regulations have an impact on performance evaluation and remuneration. The partner evaluation and remuneration process (the BMG&D process) is supervised by the 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 Client (weighting: 50%), People (weighting: 25%) and Firm/Strategy (weighting: 25%). Quality is a significant element in all three components. At target performance means full partner entitlement to the variable 50% element. A positive or negative outcome to the annual evaluation process can lead to an adjustment to the variable 50% element. 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.

PwC uses a Recognition and Accountability Framework 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 and puts in place the right interventions, and recognition for the behaviours and implementing consequences and reward that is 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).

'Regular' conduct (i.e. the behaviour that we at least expect from everyone) does not result in additional remuneration. We refer to this as 'baseline expectations'. Baseline expectations represent conduct in line with the Code of Conduct, complying with all applicable internal and external regulatory requirements and with proactive involvement within the firm. Non-compliance with baseline expectations can negatively affect total remuneration by 12.5-50%.

In short, the partner evaluation and remuneration process can be described as follows:

Table I

Start of the financial year		End of the financial year		
Mapping	**Goal setting**	**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 on a specific position within the category. The Remuneration Committee reviews the outcome of this process.	In consultation with the primary reviewing partner, individual partners set personal goals related to quality, the strategy and the transformation of PwC NL.	At the end of the financial year, a development and evaluation review 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 their contribution is in line with PwC's transformation to a purpose-led and values-driven organisation.	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 having obtained 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.

In this context, the Remuneration Committee and the Supervisory Board evaluate the performance ratings and mapping of all partners based on stratifications. With the assistance of the Members Council, the Remuneration Committee monitors the quality 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 on the results of quality reviews, which both 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.

The Remuneration Committee and Supervisory Board also challenged the Board of Management to improve and simplify the context of the evaluation and remuneration process, including the mapping criteria. Furthermore, on the advice of its Remuneration Committee, the Supervisory Board has approved policy-related changes and updates to the financial regulations for partners. The most significant changes are related to tax aspects and annual indexation of a retirement benefit.

Assurance
The audit firm's Transparency Report sets out the evaluation and remuneration policies of Assurance partners and directors in particular. The Remuneration Committee and Supervisory Board reviewed the FY21 outcomes of this process.

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 tax, is deferred and held during the deferral period of six years in a bank account with an independent foundation. When an external auditor issues an incorrect opinion for which the auditor is culpable and which has resulted in societal damage, part or all of the deferred remuneration is finally withheld from the partner and invested in measures to improve quality in PwC NL. The proposal to withhold remuneration is subject to approval by the Supervisory Board. In 2020/2021, no clawback was made under this scheme.

Staff remuneration and evaluation based on performance and behaviour

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

Following the annual revision of the primary and secondary conditions of employment, the Remuneration Committee and the Supervisory Board discussed the distinctive features of the PwC NL salary structure. The proposed changes to the remuneration policies and conditions of employment for staff and directors were assessed as well, resulting in the approval of a balanced package of employment benefits with a focus on flexibility, well-being, sustainability & mobility and appropriate remuneration, reflecting PwC's ambition to be an attractive and inspiring employer.

Equal Pay
This year, PwC successfully completed an external and independent certification process by the Swiss Equal Salary Foundation on gender and obtained the certificate on equal pay and equal opportunities. The Annual Report's section 'Recruit, develop and retain diverse talent', provides insight on the certification process and the outcomes of the internal analysis of pay and bonus income of all staff, including partners.

Pay ratios
Reference is made to table II of this Remuneration Report for the relationship of the highest remuneration within PwC NL to the median and the average of the total remuneration within PwC NL (including partners).

Remuneration of the Board of Management

As set out in the Report of the Supervisory Board, the performance of the members of the Board of Management is evaluated by the Supervisory Board. The Supervisory Board sets long-term goals for the Board of Management as a whole as well as for the individuals. Members of the Board of Management are required to write a self-assessment on a yearly basis towards these goals and take part in annual goal setting and evaluation interviews with members of the Supervisory Board. This includes an assessment of the time spent by the board members in their various roles. The performance evaluation is determined by the Supervisory Board.

Table II

Management fee, salary and emoluments	2020/2021	2019/2020	Δ%
Available for distribution to partners (€ millions)	194.6	163.0	19.4
Average partner management fee * (€'000)	690.4	579.8	19.1
Staff bonuses (€ millions)	41.6	33.7	23.4
Average salary cost per FTE (€'000)	80.7	79.0	2.2
Average bonus per FTE (€'000)	8.4	6.7	25.4

* Payments are made from the management fee relating to items such as goodwill rights, pension contributions, social security and disability contributions, life insurance premiums, etc.

Relationship of the highest remuneration within PwC NL to the median and average of the total remuneration within PwC NL (including partners)	2020/2021	2019/2020
Ratio highest remuneration – median [1/2]	25.9	43.7
Ratio highest remuneration – average [1/2]	16.0	28.5

Relationship of the remuneration Chair Board of Management within PwC NL to the median and average of the total remuneration within PwC NL (including partners)	2020/2021	2019/2020
Ratio remuneration Chair Board of Management – median [1/3]	21.8	23.4
Ratio remuneration Chair Board of Management – average [1/3]	13.4	15.2

1 Based on annual income, including bonusses and excluding non-monetary elements of remuneration such as private use of mobile telephone, lease car and expense allowances.
2 The factor highest remuneration within PwC NL decreased during 2020/2021 compared to 2019/2020. This is mainly due to the decrease of the highest remuneration paid in 2020/2021 with 36% while the median and average pay levels within PwC NL increased by 7.43% and 13.48% respectively. Last year the highest remuneration paid increased due to awarding a non-recurring payment as a reward for an exceptional performance. The factors excluding this bonus were 32.5 and 21.2.
3 The factor remuneration of the Chair of the Board of Management decreased during 2020/2021 compared to 2019/2020. This decrease is solely due to the increase of the median and average pay levels within PwC NL during 2020/2021 compared to the unchanged remuneration of the Chair of the Board of Management.

Fixed remuneration
The members of the Board of Management receive a fixed non-profit related remuneration. The Supervisory Board determines the remuneration of the individual members of the Board of Management in compliance with the Dutch Audit Firms Supervision Act and in line with criteria set by the General Meeting.

The Supervisory Board has determined the remuneration of the individual members of the Board of Management in 2020/2021 as set out in Table III. The amounts are determined before taxes, social charges, pensions and similar items. In accordance with the association agreements, it is paid to the partner BVs, and the members of the Board of Management are responsible for the payment of taxes, pension arrangements and insurances. No personal loans or guarantees have been provided to, or on behalf of, the members of the Board of Management.

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

Because of the fixed non-profit related basis for the remuneration, the scenario analyses provided for by the Dutch Corporate Governance Code do not apply. However, in September 2020 the determined remuneration was reviewed by the Supervisory Board considering social developments and trends in (partner) remuneration, together with the responsibilities and portfolios of the individual board members. In this context, the remuneration framework for the Board of Management is also compared to several remuneration benchmarks, such as the CEO Benchmark, other audit and advisory organisations and other PwC member firms.

Table III

Remuneration for the Board of Management (€) (1)	2020/2021	2019/2020
Marc Borggreven	800,000	800,000
Marc Diepstraten	914,500	914,500
Ad van Gils (chair)	1,070,000	1,070,000
Agnes Koops-Aukes	800,000	800,000
Jolanda Lamse-Minderhoud	914,500	914,500
Renate de Lange-Snijders	800,000	800,000
Maarten van de Pol	800,000	800,000

(1) Total remuneration before the obligatory Foundation Verrekenfonds deductions and before the amounts withheld annually in connection with any clawback for members of the Board of Management who have been authorised by the Supervisory Board to act as external auditor.

Variable remuneration
The Supervisory Board is authorised to determine a bonus of up to 20% of fixed remuneration based on the achievement of long-term goals set by the Supervisory Board within the context of PwC's societal role, with the bonus only being awarded where the goals set have been exceeded, i.e. for exceptional achievement. The Supervisory Board is also authorised to levy a remuneration penalty on a member of the Board of Management, up to a maximum of 20%, where the quality aspects of the performance as professional practitioner justify this. In the financial year 2020/2021, no such bonus or penalty was determined.

Clawback applying to the Board of Management
The Supervisory Board is authorised to claw back bonuses from individual members of the Board of Management if the information (financial or non-financial) supporting the bonus proves to be inaccurate. The clawback for partners who act as external auditor also applies to members of the Board of Management who act as external auditor as agreed with the Supervisory Board. No clawback was made relating to the financial year 2020/2021.

Assurance Board
As from 1 July 2018, the Supervisory Board also determines the remuneration of the members of the Assurance Board in accordance with the remuneration policy for the members of the Board of Management as set out above.

Remuneration of the Supervisory Board
The remuneration of the members of the Supervisory Board consists of a fixed annual amount, determined by the General Meeting. The annual remuneration for the Chair of the Supervisory Board amounts to € 70,000, for a member of the Supervisory Board € 45,000, for a chair of a committee € 10,000, and for a member of a committee € 7,500. The remuneration of the members of the Supervisory Board for their periods of office in 2020/2021 is set out in Table IV. The members of the Supervisory Board are also entitled to claim expenses incurred. No personal loans or guarantees have been provided to, or on behalf of, the members of the Supervisory Board.

The Supervisory Board Regulations require that remuneration is proportionate to the responsibilities involved and the time needed to discharge the responsibilities properly and that it is independent of the Company's results. The remuneration for each member is based on roles in the Supervisory Board and in committees, as set out in the individual member's appointment agreements. The member is responsible for discharging the role agreed and for managing time to achieve this. Each member gives due consideration to the roles, jurisdiction and responsibilities allocated to the Supervisory Board and its members as prescribed by law, the Articles of Association, the applicable principles of the Dutch Corporate Governance Code, the Supervisory Board Regulations, and the individual member's appointment.

Table IV

Remuneration for the Supervisory Board for 2020/2021 (€)	Remuneration for chairmanship or membership of the **Supervisory Board**	Remuneration for chairmanship or membership of the **Audit Committee**	Remuneration for chairmanship or membership of the **Remuneration Committee**	Remuneration for chairmanship or membership of the **Selection and Appointment Committee**	Remuneration for chairmanship or membership of the **Public Interest Committee**	**Total remuneration for 2020/2021**	**Total remuneration for 2019/2020**
Naomi Ellemers	45,000			7,500	7,500	60,000	60,000
Carel van Eykelenburg	42,192		4,521	6,027	4,521	57,261(1)	95,000
Annemarie Jorritsma	45,000	7,500	10,000		7,500	70,000	70,000
Frits Oldenburg	45,000	7,500		7,500	7,500	67,500	67,500
Cees van Rijn	45,000	10,000			7,500	62,500	62,500
Yvonne van Rooy	45,000		7,500		8,377	60,877(2)	60,000
Jan Sijbrand	53,767		7,500	3,507	9,123	73,897(3)	62,500

Notes remuneration 2020/2021
(1) Up to and including 5 February 2021
(2) Interim chair Public Interest Committee from 23 February 2021
(3) Interim chair Supervisory Board and Selection and Appointment Committee and member of the Public Interest Committee (instead of chair) from 23 February 2021

Code of Conduct

We have a global Code of Conduct that concisely and clearly sets out what we stand for and what is expected of us. The Code of Conduct is based on our values and provides guidance to our staff and partners as to how they should behave and conduct themselves in a variety of differing circumstances and situations.

Compliance with the Code of Conduct is not voluntary. It is an integral part of all our contracts, whether it is our employment contracts, the engagement letter for clients, or the supplier conditions for our suppliers.

The Code of Conduct is a mandatory element of our training and development programmes. Every new staff member is given an e-learning which specifically addresses the handling of dilemmas.

Complaints and notification procedures

The Code of Conduct provides a complaints procedure (covering complaints in the personal area) and a notification and whistle-blower procedure (covering suspicions of professional misconduct).

Complaints in the personal area cover, for instance, intimidation, aggressive behaviour or discrimination and are dealt with by the Complaints Committee. Notifications of suspected professional misconduct (for instance improper acceptance of gifts or deliberate mis-invoicing) are dealt with by the Business Conduct Committee. Depending on the nature and severity of the case, sanctions vary from a written warning or reprimand to suspension and dismissal for employees or, for partners, to termination of the association agreement. The Complaints Committee and the Business Conduct Committee submit (possible) proposals for sanctions to the Code of Conduct partner.

Those who may have or have complaints in the personal area or who suspect professional misconduct can confide in one of 24 confidential counsellors within our organisation. The counsellors look into how issues arising in the workplace can be resolved and they can provide guidance to those contemplating to file or filing a complaint.

Complaints from external parties

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

About this report

Level of reporting

We report at the level of Holding PricewaterhouseCoopers Nederland B.V. for the financial year ended on 30 June 2021. The Annual Report is made public (within three months after year-end) on 20 September 2021. There have been no significant changes in terms of size, structure, ownership or supply chain within PwC Netherlands (PwC NL).

Scope

The scope of this report is PwC NL. In other words, all information about our policies, strategy, procedures and systems, and about the related performance indicators relate to PwC NL.

Quantitative information

The majority of the quantitative information contained in this report has been extracted from our systems and are exact numbers. Any information that has been obtained by other means (for instance by estimation or extrapolation) is identified as such. To the extent possible, all quantitative information in this report is accompanied by comparative information for the prior year.

External audit

Besides auditing the financial statements, we requested our external auditor to provide a reasonable level of assurance on the highlights, the report of the Board of Management (excluding 'Outlook' per pillar in paragraph 'Executing our strategy and adding value' and 'Responsibility statement' on page 73) and the appendices to this Annual Report (excluding 'Remuneration Report') (other integrated information). The external auditor's assurance report, including details of the work carried out, is presented on pages 114-119. In this process, the external auditor relies on the audit work performed by our Internal Audit Department.

Integrated reporting

This report follows the framework developed by the International Integrated Reporting Council (IIRC). Integrated reporting is a form of reporting that links the entity's strategy, governance and financial performance with the societal, sustainability and economic context in which it operates.

Global Reporting Initiative

The GRI table in the appendix (on pages 135-139) sets out the matters that are relevant to our stakeholders and strategy based on this materiality analysis. The table follows the GRI Standards (Comprehensive) of the Global Reporting Initiative (GRI) guidelines, and it lists the pages where information concerning each indicator can be found.

Transparency Benchmark criteria

To the extent possible, we also apply the Transparency Benchmark criteria for non-financial reporting as determined by the Ministry of Economic Affairs. In the most recent benchmark, we were awarded 62 points of the maximum of 100 points.

Management approach

In 'What's happening around us' (see page 15) we describe what stakeholders expect from us. In this paragraph, we describe what

How we manage the execution of our strategy

The Board of Management uses both qualitative and quantitative indicators to measure progress on strategy execution. We constantly report on our strategic objectives and make adjustments where necessary with the use of a so-called Integrated Dashboard, which is based on our strategic objectives (see pages 24-25).

The Board of Management is responsible for the formulation of our values and goals, our strategy and its achievement. The seven members of the Board of Management each have their own individual portfolio with specific focus areas. The required areas of expertise and competences (the same applies to the Supervisory Board) are included in profile descriptions.

Members of the Board of Management, both individually and collectively, develop the needed technical and other skills to perform their role. Each member is responsible for his/her development and knowledge building by attending relevant meetings and seminars. As a collective the Board of Management dedicates time with each other on specific topics like sustainability, diversity and inclusion, digital and BXT with (internal) experts in these fields. The Board of Management also spends time together around the transformation and their personal and team skills.

One of the members is specifically tasked with responsibility for quality and risk management, leading the Risk & Quality Platform and all boards and Business Units have a partner specifically tasked with the ongoing improvement of quality.

As part of our quality and risk management strategy, we have a Compliance Officer (see page 142) and an Independence Officer, the first reporting directly to (the chair of) the Supervisory Board and (the chair of) the Board of Management, the second to the Board of Management.

We have an Information Protection Committee chaired by the Chief Information Officer which includes representatives from our Legal team, Data Protection and the Chief Information Security Office, Firm-wide Risk & Quality, and ITS, the department responsible for our technology infrastructure. We appointed a Data Protection Officer when the General Data Protection Regulation (GDPR) in May 2018 came into force. The responsibility of the Data Protection Officer covers PwC NL (all practices and staff). The Data Protection Officer directly reports to the chair of the Board of Management.

All Line of Service Boards and Business Units also have a partner or member of management tasked with Human Capital responsibilities.

In a number of specific strategic areas such as corporate sustainability, diversity, innovation, integrity (Code of Conduct), IT, and business transformation, the Board of Management is supported by teams that further develop and execute the strategy and plans. These teams report directly to the (portfolio holder in the) Board of Management and, as part of the annual business planning cycle, they present a plan to the Board of Management and periodically report back on progress. In addition, we have an Environmental Steering Committee to evaluate and anticipate our progress in becoming Net Zero.

our approach on these topics is and we give the boundaries of the report. The material aspects mentioned are linked to the GRI aspects where applicable. In 'How we manage the execution of our strategy', we describe how we approach in general our strategy and at the start of every paragraph of 'Executing our strategy and adding value', we give insight in relevant developments in society, the impact on our organisation, developments during the year, our dilemmas and where we want to focus on to create tomorrow_.

Materiality analysis

To create value for our stakeholders, it is essential for us to know what issues are important to them. To ascertain that, we have carried out a so-called materiality analysis (see page 15). In this report, we focus on those aspects that are of the greatest significance to our strategy and to our stakeholders. The materiality analysis is the starting point of our integrated report.

	Form of dialogue
People	• Survey on the relative importance of strategic themes to PwC • One-on-one discussion with Works Council representative • Internal stakeholder dialogue meeting
Clients	• Survey on the relative importance of strategic themes to PwC • Conversations with clients
Society	• Survey on the relative importance of strategic themes to PwC • Conversations with representatives of institutional investors, shareholders, sustainable businesses, regulators, supervisory boards, NGOs, government, political parties, universities, employers organisations and civil society organisations • Meetings with so-called focus groups

Stakeholder analysis

How we put together a materiality matrix

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

How do we identify stakeholders?

We identify our most important stakeholders based on the question: who are the stakeholders that have the greatest influence on us?

How do we indicate the relative importance of themes?

Every two years, we survey a broad range of stakeholders, requesting them to indicate the importance of themes that we have identified as strategically relevant ('material') and to present any other themes that they believe are relevant. We do a similar assessment internally. This results in a graphic representation – a materiality matrix – that represents the relative importance that our stakeholders and we attribute to identified strategic (material) themes. We also assess how these themes fit the nine SDGs.

This year, we reconfirmed the materiality matrix, both in- and externally. This did not result in any significant change to the existing matrix of 2019/2020 and we therefore concluded that our stakeholders view the same themes as strategically material as in prior year. These are the themes they expect us to address in our strategy and in this Annual Report.

How did we validate the materiality matrix?

- By conducting a sector analysis to see which themes stakeholders consider important for PwC and the sectors we are active in.
- By conducting a media analysis of the topics that the media reported on regarding PwC to gain a better understanding of the expectations that society has of PwC and our services.
- Through meetings with so-called focus groups (with intermediate-level educational backgrounds, finance professionals working in small businesses, citizens with above-average interest in sustainability and millennials) organised and facilitated by an external bureau.
- By receiving surveys from in- and external stakeholders prior to our one-on-one conversations in which we asked them to score our 16 material themes on their relevance to PwC and - if applicable - point out additional themes.
- Through meetings with PwC Works Council and PwC colleagues.
- By discussing the material themes in one-on-one conversations with our stakeholders. These were led and attended by a member of the Board of Management. In some cases a member of one of our Young Professional boards, Supervisory Board or a specialist partner/director participated as well.

Build high-quality services	Integrity Quality Fraud Independence (Data) security & privacy	- We have a comprehensive quality, risk management and compliance framework in place. - Internal and external testing of quality as part of our quality control and risk management process. - We keep investing in standardisation, automation and outsourcing non-judgemental work to improve quality of work. - An extensive description of our approach to further improve audit quality is included in our audit firm's *Transparency Report*. - We are on top of all developments and stay tuned with regulators and continuously enhance independence procedures and processes within the firm. We look at our lessons learned regularly, to see if our independence controls and/or policy need to be refined or expanded. - We can only get a real and thorough understanding of our clients' issues when they have trust in our skills and know-how and in the way we act and behave. We ask for feedback from our clients, they tell us whether we succeed in building trust-based relationships, where we can make improvements and how we can learn.
Recruit, develop and retain diverse talent	Diversity & inclusion Well-being Recruiting, developing and retaining PwC'ers)	- People make the difference: we focus on recruiting, retaining and developing talented people, and more increasingly with backgrounds in science, technology, engineering and mathematics (STEM). - People development follows the PwC Professional framework, which gives attributes and focus areas for behaviour and the skills that our people need to demonstrate in order to live up to our purpose and values. - We are creating an inclusive working environment in which differences are valued. This is in line with SDG 10 ('reduce inequalities') and SDG 5 ('gender equality'). - We are investing in an attractive and inspiring working environment, with challenging work on competitive terms and a wide variety of development opportunities. - Sustainable staff deployment is high on our agenda and we have taken various measures to support the well-being of our people: physically, emotionally, mentally as well as spiritually. - The most important way to measure our success as an attractive employer is the annual People Survey, which allows our staff to (anonymously) tell us what they value in their work and where there is room for improvement.
Create long-term value	Sustainability Impact on society	- Our ambition is to become Net Zero by 2030, in line with SDG 13 ('climate action'). PwC commits to decarbonise its operations, including its travel footprint, and neutralise its remaining climate impact by investing in carbon removal projects. It will also engage its suppliers to tackle their climate impact. - Our corporate sustainability policy is in line with the guiding principles of the United Nations on business and human rights and the UN's Sustainable Development Goals, which we have embedded into our strategy (see page 22). - We share our knowledge, skills and competencies with society, on a pro-bono basis by doing engagements, conducting research and providing masterclasses, particularly for social enterprises. - We create awareness and impact through sustainable advice. We want to familiarise our people and clients with the SDGs and create engagement on these goals and integrate them in our service delivery and offerings.
Drive digital trans-formation	Digital	- We invest in the digitalisation of our service offerings and delivery and our own processes and infrastructure, collaboration with technology partners and recruitment of people with a so-called STEM profile. - We have an extensive programme to upskill the digital competencies of our current workforce. This contributes to the goals we have set in the context of SDG 8 ('decent work and economic growth') that aims at globally achieving a higher level of productivity through diversification, technological upgrade and innovation.
Business partnering	Values-driven behaviour Impact on clients Knowledge development and sharing	- We are building a culture that encourages and rewards behaviour in line with our values: address the societal context, have open dialogues and bring the human difference. - The issues our clients face have different aspects and angles and we believe we can only solve them by fully understanding these issues and by (co-)creating solutions that cover multiple specialisms, skills and competencies (our BXT approach, see pages 49-51). - We are working together in teams with diverse backgrounds and competencies within our firm and with our clients. - We regularly express our views and opinions and publish research (on technical, societal and topical issues). We are associated with a variety of societal and professional organisations.
Financial results for sustainable investments	Financial results	- We aim for profitable growth to enable sustainable investments.

Our sustainability measures by impact area

We aim to be Net Zero by 2030 and to integrate environmental thinking into our service offerings. With Net Zero we mean no waste, no emissions and optimal (re-)use of products and materials. We have assessed our Greenhouse Gas (GHG) emission sources and report on the ones that are most material and where sufficient quality data is available, in line with the GHG Protocol and the Science Based Targets Initiative (SBTi) standards. For instance, we excluded GHG emissions from working from home. Although first estimates show these emissions are significant, the data quality was still too poor to include in reporting. We continue investigating the effect, and we will hopefully share our findings in the coming year.

Our emissions are reported in three scopes: direct emissions, indirect emissions and upstream emissions. Our new base year is 2018/2019, instead of 2014/2015, as required by SBTi standards. The 25% reduction per FTE prior to 2018/2019 is excluded in the new calculations, but gives us the opportunity to align with other PwC territories and our peers. This appendix sets out our main (new and continued) environmental measures and policies in 2020/2021.

In our base year 2018/2019, many reduction policies were already set in motion and this is reflected in our emissions pre-COVID, up till the beginning of 2020. We see a strong positive effect from a set of measures to reduce our GHG emissions caused by our car lease fleet that we had introduced before. From March 2020 onward, with COVID-19, our mobility almost came to a halt. Although this resulted in a steep decline in GHG emissions, we forecast a rebound effect once COVID-19 restrictions are reduced. We aim for a bounceback no higher than 75% of our pre-COVID emissions.

Scope 1: Direct emissions from owned/controlled operations

Based on our science-based targets, we aimed for a minimum reduction of 18%, but we achieved a 78% reduction compared to our 2018/2019 baseline year. The steep reduction is caused by COVID-19, which led to working from home mainly. The kilometres travelled by car have less direct emissions, since over 50% of our lease fleet is electric. The impact from charging those vehicles is reflected under scope 2.

Our other source of direct emissions is the natural gas combustion in our buildings, which has shown an increase, a total of 25%. This was most likely caused by having less people in the building, it takes more energy to heat the building. Amongst other, this year:

- All our office buildings have BREEAM certification, all 13 buildings have excellent scores on their operational usage.
- We extensively monitor the use of energy in our buildings and look for new opportunities together with the building owners. Based on a new Paris Proof design for Westgate II in Amsterdam, we await the building permits to start construction.
- We have created incentives (financial and other) for using electric vehicles and for promoting efficient driving.
- We have discontinued the diesel car option for lease, and reduced the lease terms for gasoline cars so we stay on track for our 2025 fossil-free leasefleet ambition.
- We have made leasebikes available for employees, these are included in the regular lease car policy.

Scope 2: Indirect emissions from the use of purchased electricity, steam, heating, and cooling

The total indirect emissions continued to decrease in 2020/2021; compared to baseline year 2018/2019 the reduction is 87%. Our transition to a fully electric lease fleet increases our electricity consumption, but remains low due to less travel and greening our electricity usage. Amongst other, this year:

- To mitigate the expected increase in emissions from electric vehicles, we started purchasing Guarantees of Origin to green our electricity where we don’t hold the contract ourselves. With this measure, we achieved our RE100 100% renewable electricity ambition one year sooner than anticipated.
- We implemented biodynamic LED lighting in our Eindhoven office, which saves electricity and brings more comfort and productivity to our employees.

Scope 3: Upstream emissions

In 2020/2021, our upstream emissions were responsible for 51% of our CO_2 emissions. We aimed for an 18% reduction compared to baseline year 2018/2019, and 2020/2021 resulted in a 89% reduction compared to this baseline year. International travel almost came to a halt, as well as business travel and commuting with privately owned cars. Although we reached our goals this year, for next year we still have much to do to reach our ambition of achieving Net Zero in the long-term. We will also implement new measures to reduce the impact of purchased goods and services, and capital goods. These are new categories of our scope 3 reporting and will be included in our overall reduction strategy. In 2020/2021 we have introduced/continued a wide range of measures to reduce our GHG emissions caused upstream:

- In a firm-wide effort we launched Environmental Footprint Insights, which informs our employees and leadership of their mobility-related GHG emissions and will help them to make informed decisions about sustainable travel.
- We researched the effect of attitude and behaviour on waste separation, based on which we did multiple interventions like adjusting colouring, order of the bins, adjusting the signing and an information camp;
- The CS office is included in the procurement process, in the specification and the selection phase.
- We have a new set of mandatory social and circular procurement criteria for our procurements larger than € 25,000.
- Suppliers with a framework contract or long-term contracts have been proactively asked to respond to our circular/social criteria and have been rated accordingly.
- We have included environmental impact of our paper use, phones, laptops and second screens in our reporting and will steer proactively on reduced impact and optimal use.

Outside of GHG protocol scope 1, 2, 3 and other environmental measures:

- This year, we purchased our first off-take for biokerosene, a total of 10mt. The off-take will gradually increase over the years until 50% of our expected kerosene use in 2025.
- We compensated 100% of our carbon emissions with CO_2 certificates.
- We purchased our first Carbon Removal certificates to align with our Net Zero ambition. Carbon Removal offsetting is based on capturing and storing atmospheric carbon dioxide (e.g. in plants, soils or ocean), whereas regular offsetting allows for prevented emission somewhere else (e.g. Coal Power Plant or Forest Preservation).
- With the support of ecologists, we assessed the biodiversity around our six largest offices and drafted improvement and maintenance plans.

Definitions environmental KPIs
We evaluate our KPIs regularly to ensure all our material impact is measured and aligned with our Net Zero ambition. We report on three scopes with multiple emission categories per scope, and multiple additional environmental indicators. We are therefore using the following definitions.

Scope 1 - Direct emissions from owned/controlled operations

Natural gas combustion in buildings (in metric tons of CO_2 equivalent)
Natural gas combustion in buildings in cubic meters multiplied by carbon emission factor (86.9% based on actual consumption, remaining extrapolated by square meters).

Lease cars - fossil fuel (in metric tons of CO_2 equivalent)
Total kilometres registered in our mileage registration system by employees with gasoline, diesel, CNG and hybrid lease cars (including commute kilometres) times carbon emission factor based on the employees' monthly fuel efficiency.

Total GHG emissions scope 1 (in metric tons of CO_2 equivalent)
Sum of the above-mentioned Scope 1 GHG emissions, our direct emissions from owned/controlled operations.

Scope 2 - Indirect emissions from the use of purchased electricity, steam, heating, and cooling

Total purchased electricity (in metric tons of CO_2 equivalent)
Total purchased electricity (excluding renewable) consumption in buildings in kWh multiplied by carbon emission factor (88.1% based on actual consumption, remaining extrapolated by square meters).

Purchased non-renewable heat (in metric tons of CO_2 equivalent)
Total non-renewable purchased heat (city heating) consumption in GJ multiplied by carbon emission factor (92.5% based on actual consumption, remaining extrapolated by square meters).

Purchased renewable heat (in metric tons of CO_2 equivalent)
Total renewable purchased heat (heat/cold storage) consumption in GJ multiplied by carbon emission factor (77.7% based on actual consumption, remaining extrapolated by square meters).

Lease cars - electricity usage (in metric tons of CO_2 equivalent)
Total kilometres registered in our mileage registration system by employees with electric lease cars (including commute kilometres) multiplied by carbon emission factor.

Total GHG emissions scope 2 (in metric tons of CO_2 equivalent)
Sum of the above-mentioned Scope 2 GHG emissions, our indirect emissions from the use of purchased electricity, steam, heating, and cooling.

A personal note from our chairman
What marks 2020/2021
PwC in the Netherlands
Report of the Board of Management
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Appendices
- Remuneration Report
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Scope 3 - Indirect upstream and downstream GHG emissions

Purchased goods and services (in metric tons of CO_2 equivalent)
Total kilograms of purchased paper times carbon emission factor, plus total number of nights in hotels per country times carbon emission factors per country.

Capital goods (in metric tons of CO_2 equivalent)
Total number of different phones, laptops and second screens purchased in the reporting year multiplied by life-cycle reported carbon emission factors by suppliers.

Waste generated in operations (in metric tons of CO_2 equivalent)
Total non-recycled waste generated in operations multiplied by carbon emission factor (91.7% based on actual registrations, remaining extrapolated by square meters).

Business travel - air (in metric tons of CO_2 equivalent)
Total kilometres flown registered by our travel booking agency categorised in distance categories (hauls <= 460 km, > 460 km and <= 3,700 km, > 3,700 km) and classes (Economy, Premium Economy, Business and First Class) multiplied by respective carbon emission factors (including radiative forcing).

Business travel - car (in metric tons of CO_2 equivalent)
Total kilometres registered in our mileage registration system by lease car waivers (including commute kilometres) minus public transport kilometers and short distances (<20km return trip) multiplied by carbon emission factor.

Business travel - public transport (in metric tons of CO_2 equivalent)
Total kilometres internationally travelled per train registered by our travel booking agency, nationally traveled per train, bus, tram and metro registered by train travel operator multiplied by respective carbon emission factors.

Employee commuting (in metric tons of CO_2 equivalent)
Total kilometres registered in our mileage registration system by employees not entitled to lease cars minus short distances (<20km return trip) multiplied by carbon emission factor.

Total GHG emissions scope 3 (in metric tons of CO_2 equivalent)
Sum of the above-mentioned Scope 3 GHG emissions, our upstream emissions.

Total GHG emissions of PwC NL (in metric tons of CO_2 equivalent)
Sum of GHG emissions of PwC NL in scope 1, scope 2 and scope 3.

Additional environmental key performance indicators

Energy efficiency in buildings (in kWh per m2)
Building energy (heat, gas, electricity) use per m2 during the reporting period.

Renewable energy use (in %)
Energy sourced from renewable sources (e.g. biomass, geothermal, solar, water and wind energy sources) either purchased or self-generated as a percentage of our total energy consumption.

Renewable electricity use (in %)
Renewable electricity, generated within the EU market, reasonably close to the reporting year as confirmed in *stroometiketten*, reported with source, supplier and instrument information, as a percentage of our total electricity consumption. Nuclear electricity is excluded from renewable electricity.

Renewable electricity generation (in %)
Renewable energy generated in kWh as a percentage of total energy generated.

Environmental impact of waste (in metric tons of CO_2 equivalent per FTE)
GHG emissions from waste generated in operations per FTE during the reporting period.

Environmental impact of purchased goods (in metric tons of CO_2 equivalent per FTE)
GHG emissions from purchased and capital goods per FTE during the reporting period.

Reduction compared to base year 2018/2019 (in %)
GHG emission reduction for current financial year as a percentage of GHG emissions in base year 2018/2019.

Environmental spend (in %)
Environmental spend as a percentage of internal carbon pricing.

Carbon offsetting (in %)
Total GHG emissions offset by PwC NL as a percentage of total GHG emissions emitted.

Carbon removal offsetting (in %)
Total GHG emissions offset by PwC NL via removals as a percentage of total GHG emissions emitted.

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Our SDG Impact Measurement framework explained in six steps

Our impact measurement framework in 6 steps

1. Select SDGs:
Expand our long-term value creation process by measuring our impact on (nine) material and (four) focus SDGs

2a. Define KPIs: Create shortlist
- Create a longlist of chosen KPIs based on external and internal sources
- Filter the longlist into a shortlist based on defined criteria

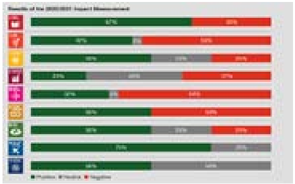
2b. Define KPIs: Select KPIs and tailor to PwC
- Consult PwC colleagues and stakeholders
- Align with existing (reporting) initiatives
- Determine scope and operationalise definition of KPIs
- Get approval from Board of Management

3. Determine PwC's 2030 ambition and three-year (medium-term) targets for focus SDGs

4. Collect data and calculate impact:
- Collect all required data and calculate the KPIs
- Standardise KPI values and calculate our total contribution on the SDGs through the use of the tRBS framework

5. Create a single score per SDG and visualise the impact to see how each SDG performs in terms of impact.

6. Refine model



Step 1: Our material and focus SDGs

We have integrated the (material) SDGs in our value-creation process since 2015/2016. The integration of the SDGs in our value-creation model demonstrates our contribution to these SDGs. We regularly assess which SDGs are most material to our stakeholders, considering the impact from our operations, services and wider value chain. In order to be most effective and have more impact we also identify focus SDGs. Our focus SDGs represent the societal, environmental and economic topics to which we can contribute most. The starting point of the impact measurement are the nine material SDGs in our value-creation process. An overview of our material and focus SDGs is provided in the next graphic.

Overview of material and focus SDGs.

Step 2: Define indicators

For each of these SDGs we identified a long list of potential indicators from reporting standards including GRI, UNCTAD, and the WEF IBC metrics. We conducted interviews with internal subject matter experts for each SDG to discuss the long-listed indicators, and asked these experts to assess the indicators on data availability, influenceability, independence, contribution to the SDG, quality of the data source and relevance for PwC. Based on the expert input, PwC-tailored indicators were added and a selection of the most suitable indicators per SDG was defined. The framework uses a selection of indicators from our Integrated Dashboard and the environmental indicators. In some cases these indicators are included in the impact measurement at a more granular level. The Impact Measurement framework also includes newly defined indicators that enable us to better measure our contribution to the SDGs.

Step 3: Define ambitions and targets

We defined new ambitions and targets for our focus SDGs. These will provide direction in terms of minimising our negative impact and maximising our positive impact. Our ambitions reflect what is needed to achieve the SDGs by 2030. Our targets for 2024 highlight specific aspects of the ambitions that will require attention over the coming years.

Our ambitions and targets

SDG	Ambition for 2030	Target 2024	Target 2022
5 Gender equality	**Achieve gender balance and equal opportunities**	Yearly target of 30/40% intake and 30/25% promotion of female directors and partners respectively.	
8 Decent work and economic growth	**Achieve sustainable growth within the boundaries of social and environmental systems**	In 2024 we measure and report our contribution to the SDGs through our client work	Development framework to measure our contribution to the SDGs through our client work
10 Reduced inequalities	**Achieve an inclusive and diverse culture and equal opportunities irrespective of age, disability, cultural background, sexual orientation or other status**	Yearly target of 12.5% intake and 12.5% promotion of non-western origin directors and partners.	
13 Climate action	**Achieve a positive environmental impact across our value chain**	A science-based emissions reduction from our operations of 40% by 2024 with 2019 as a baseline year	Maintain a minimum of 25% reduction of pre-COVID mobility

Step 4: Collect data and calculate impact

For the defined indicators, we collected the data and performed calculations. The calculations are performed in the Responsible Business Simulator, a tool developed by PwC that supports strategic decision-making by quantifying financial and non-financial information. With this approach all indicator values are converted to a single unit of measurement, such that impact scores can be compared and aggregated per SDG. Threshold values are defined to determine whether there is a positive, neutral or negative impact for each indicator.

Thresholds for positive, neutral or negative impact are determined by comparing our performance to a reference scenario. A reference scenario (or threshold) could be the performance of peers, a sector average or performance of the Dutch market for a certain indicator. In some cases reference data is not available, so we define thresholds based on the targets we set for ourselves. An explanation of thresholds for positive and negative impact can be found on *this microsite*.

Step 5: Interpret and visualise the outcomes

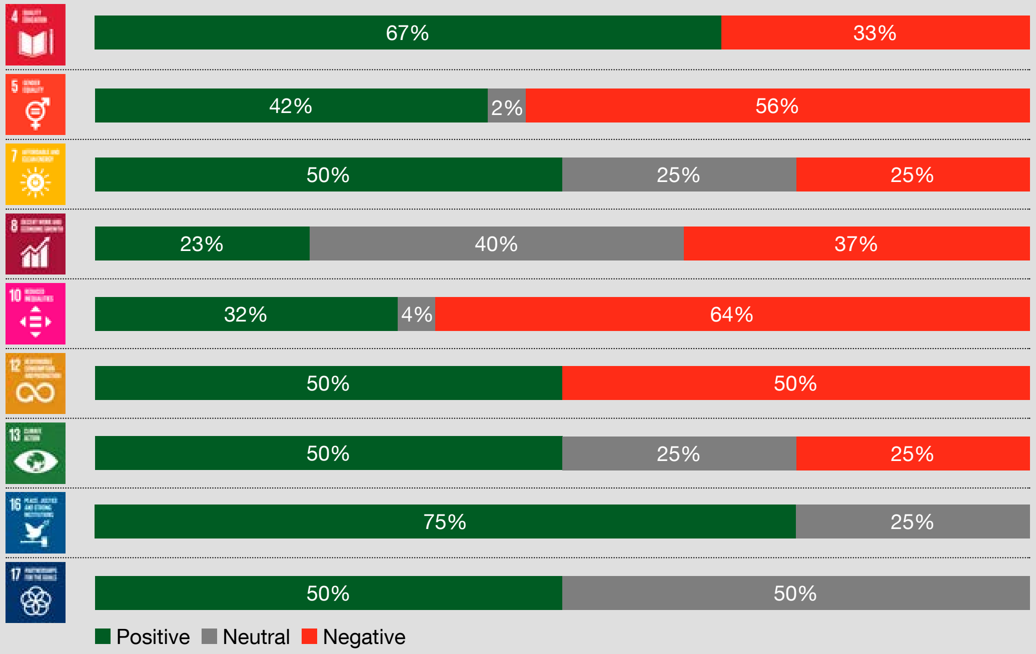
By definition, impact measurement contains inherent uncertainties. The landscape of measurement methodologies, tools and guidance is scattered. There is no harmonised approach, and methodology choices and assumptions have an effect on the outcomes. Our framework includes assumptions on thresholds for positive, neutral and negative impact. It also includes assumptions and calculation methods for valuation of impact in a single unit.

The outcomes of our impact measurement are shown in the figure on the next page. This figure provides insights into our relative performance across SDGs. The green bar represents our positive impact on an SDG. The grey and red bars represent our neutral and negative impact, respectively. Over the coming years we will also show our annual progress.

The outcomes of our impact measurement are discussed in the Board of Management and provide insight into topics on which we perform well and topics that require our attention or further analysis. Examples of positive impact include the training that we provide for our clients, our work for social enterprises and our use of green energy. Examples of topics that require our attention include diversity, environmental impact from waste and GHG emissions.

More detailed information about data definitions, measurement, calculation methods and indicator definitions can be found on *this microsite*. As we are developing our framework to measure impact across our value chain, including our services, more comprehensively, the external auditor was not asked to provide assurance on the model assumptions, calculations and outcomes presented in the figure on the next page for this Annual Report. We will further develop the model and envisage to obtain assurance once the model is sufficiently mature.

Results of the 2020/2021 Impact Measurement



Step 6: Opportunities for further development

Our Impact Measurement framework covers direct impact from our operations and indirect impact across our value chain. Indicators for impact from operations are generally more established in reporting practice. Indicators that have a wider value chain scope tend to be less well-established in existing practice and standards. Our framework reflects the impact level that we can measure based on the data that is currently available. Over the coming years we will develop additional indicators to more comprehensively measure impact from our services and across our value chain.

Other opportunities for the framework are presented by developments in the non-financial reporting landscape. We welcome the efforts of business, standard setters and policy makers to improve the quality and consistency of non-financial reporting. Going forwards, we will align our framework with new sustainability reporting requirements and standards, where applicable.

Global Reporting Initiative (GRI) index

In paragraph ‘Our stakeholders still consider integrity, quality, and knowledge sharing as key themes for us’ (see page 15) we describe what stakeholders expect from us. In ‘About this report’, we describe bullet wise what our approach on these topics is and we give the boundaries of the report. The material aspects mentioned are linked to the GRI aspects, where applicable.

In ‘How we manage the execution of our strategy’ (see page 126) we describe how we approach in general our strategy and at the start of every paragraph of ‘A look on our strategy’, we give insight in relevant developments in society, the impact on our organisation, developments during the year, our dilemmas and where we want to focus on to create tomorrow_.

General standard disclosures

Nr	Disclosure title	Reference	Omission/not included/scope	Page
Organisational profile				
102-1	Name of the organisation	Our legal structure		141
102-2	Activities, brands, products, and services	PwC in the Netherlands, Financial results for sustainable investments		6-8, 57-64
102-3	Location of headquarters	Acknowledgements		143
102-4	Location of operations	PwC in the Netherlands		6-8
102-5	Ownership and legal form	Our legal structure		141
102-6	Markets served	PwC in the Netherlands, Financial results for sustainable investments		6-8, 57-64
102-7	Scale of the organisation	Financial statements Holding PricewaterhouseCoopers Nederland B.V., Breakdown of headcount		85, 140
102-8	Information on employees and other workers	Breakdown of headcount	The number of self-employed workers and by contract by region is not material, hence not reported. There is no seasonality in our employment numbers.	140
102-9	Supply chain	Our sustainability measures by impact area	Our suppliers deliver goods and services that are critical to our organisation. This is further secured by our Procurement department. To safeguard independence towards our clients Risk & Quality is always involved in major procurement processes. We aim to have a positive impact through our procurement and prevent negative (in)direct side effects.	129-134
102-10	Significant changes to the organisation and its supply chain	About this report		126-128
102-11	Precautionary Principle or approach		We address our potential environmental impact by monitoring and managing our greenhouse gas emissions with focus on reduction in CO_2 emissions caused by mobility.	
102-12	External initiatives	A look at our strategy (Create long-term value), About this report		43-48, 126-128
102-13	Membership of associations	PwC in the Netherlands, A look at our strategy (Create long-term value)		6-8, 43-48
Strategy				
102-14	Statement from senior decision-maker	A personal note from our chairman		2-3
102-15	Key impacts, risks, and opportunities	What’s happening here, A look at our strategy (all pillars), Risk Management		19-22, 23-56, 69-75

General standard disclosures

Nr	Disclosure title	Reference	Omission/not included/scope	Page
Ethics and integrity				
102-16	Values, principles, standards, and norms of behaviour	A personal note from our chairman, What's happening here, A look at our strategy, Corporate Governance, Code of Conduct		2-3, 19-22, 23-56, 65-68, 125
102-17	Mechanisms for advice and concerns about ethics	A look at our strategy (Build high-quality services), Code of Conduct		26-33, 125
Governance				
102-18	Governance structure	Corporate Governance, About this report (How we manage the execution of our strategy)		65-68, 126
102-19	Delegating authority	Corporate Governance, About this report (How we manage the execution of our strategy)		65-68, 126
102-20	Executive-level responsibility for economic, environmental, and social topics	Corporate Governance, About this report (How we manage the execution of our strategy)	Sustainability falls under the responsibilities of our Markets Leader who is a member of the Board of Management.	65-68, 126
102-21	Consulting stakeholders on economic, environmental, and social topics	What's happening around us (Our stakeholders still consider integrity, quality, and knowledge sharing as key themes for us), About this report (Stakeholder analysis)		15-16, 127
102-22	Composition of the highest governance body and its committees	Corporate Governance, About this report (Stakeholder analysis)		65-68, 127
102-23	Chair of the highest governance body	Corporate Governance		65-68
102-24	Nominating and selecting the highest governance body	Corporate Governance	https://www.pwc.nl/nl/onze-organisatie/assets/pdf/supervisory-board-regulations.pdf	65-68
102-25	Conflicts of interest	Corporate Governance		65
102-26	Role of highest governance body in setting purpose, values, and strategy	Corporate Governance, About this report (How we manage the execution of our strategy)		65-68, 126
102-27	Collective knowledge of highest governance body	About this report (How we manage the execution of our strategy)		126
102-28	Evaluating the highest governance body's performance	Corporate Governance		65-68
102-29	Identifying and managing economic, environmental, and social impacts	What's happening around us (Our stakeholders still consider integrity, quality, and knowledge sharing as key themes for us), What's happening here, Risk Management, About this report		15-16, 19-22, 69-75, 126-127
102-30	Effectiveness of risk management processes	Risk Management, About this report (How we manage the execution of our strategy)		69-75, 126
102-31	Review of economic, environmental, and social topics	Risk Management, About this report (How we manage the execution of our strategy)		69-75, 126
102-32	Highest governance body's role in sustainability reporting	Corporate Governance, About this report		65-68, 126-127
102-33	Communicating critical concerns	A look at our strategy (Building high-quality services), Code of Conduct		26-33, 125
102-34	Nature and total number of critical concerns	A look at our strategy (Building high-quality services)		26-33
102-35	Remuneration policies	Corporate Governance		65-68
102-36	Process for determining remuneration	Corporate Governance		65-68

General standard disclosures

Nr	Disclosure title	Reference	Omission/not included/scope	Page
102-37	Stakeholders' involvement in remuneration	Remuneration Report		121-124
102-38	Annual total compensation ratio	Remuneration Report		121-124
102-39	Percentage increase in annual total compensation ratio	Remuneration Report		121-124
Stakeholder engagement				
102-40	List of stakeholder groups	About this report (Stakeholder analysis)		127
102-41	Collective bargaining agreements		Not applicable	
102-42	Identifying and selecting stakeholders	What's happening around us (Our stakeholders still consider integrity, quality, and knowledge sharing as key themes for us), About this report (Stakeholder analysis)		15-16, 127
102-43	Approach to stakeholder engagement	What's happening around us (Our stakeholders still consider integrity, quality, and knowledge sharing as key themes for us), A look at our strategy (Business partnering), About this report (Stakeholder analysis)		15-16, 52-56, 127
102-44	Key topics and concerns raised	What's happening around us (Our stakeholders still consider integrity, quality, and knowledge sharing as key themes for us), About this report (Stakeholder analysis)		15-16, 127
Reporting				
102-45	Entities included in the consolidated financial statements	Notes to the consolidated financial statements		110
102-46	Defining report content and topic boundaries	About this report		126
102-47	List of material topics	What's happening around us (Our stakeholders still consider integrity, quality, and knowledge sharing as key themes for us), About this report		15-16, 128
102-48	Restatements of information	A look at our strategy (Recruit, develop and retain diverse talent)		34-42
102-49	Changes in reporting		No changes	
102-50	Reporting period	About this report		126-128
102-51	Date of most recent report	About this report	21 September 2020	126-128
102-52	Reporting cycle	About this report		126-128
102-53	Contact point for questions regarding the report	Acknowledgements		143
102-54	Claims of reporting in accordance with the GRI Standards	About this report, Global Reporting Initiative (GRI) index		126-128, 135-139
102-55	GRI content index	See table below		
102-56	External assurance	About this report		126-128

Overview link material topics to GRI aspects

Material topic	(GRI) aspect	Reference	(GRI) indicators	Page
Integrity		About this report	103-1/103-2/103-3: Management approach	126-128
	Anti-corruption	A look at our strategy (Building high-quality services), Risk Management, Code of Conduct	205-1: Operations assessed for risks related to corruption	26-33, 69-75, 125
			205-2: Communication and training about anti-corruption policies and procedures	
			205-3: Confirmed incidents of corruption and actions taken	
	Ethics & Integrity	A look at our strategy (Building high-quality services), Code of Conduct	102-17: Mechanisms for advice and concerns about ethics	26-33, 125
	Independence	A look at our strategy (Building high-quality services), Corporate Governance, Risk Management, Code of Conduct	Number of independence sanctions	26-33, 65-68, 69-75, 125
Quality		About this report	103-1/103-2/103-3: Management approach	126
	Socio-economic Compliance	A look at our strategy (Building high-quality services), Corporate Governance, Risk Management, Code of Conduct	419-1: Non-compliance with laws and regulations in the social and economic area	26-33, 65-68, 69-75, 125
	Building quality	A look at our strategy (Building high-quality services), Risk Management	Outcomes of external and internal quality reviews (Assurance)	26-33, 69-75
			Outcomes of internal quality reviews (Tax & Legal and Advisory)	
			Training hours per FTE	
	Perceiving quality/impact on clients	A look at our strategy (Building high-quality services, Business partnering)	Client recommendation	26-33, 52-56
			Client satisfaction	
	Agility	A look at our strategy (Building high-quality services)	Percentage outsourced work to delivery and competence centres (audit)	26-33
Fraud		About this report	103-1/103-2/103-3: Management approach	126-128
	Fraud	A look at our strategy (Building high-quality services)	Number of fraud consultations	26-33
(Data) security		About this report	103-1/103-2/103-3: Management approach	126-128
	Customer Privacy	A look at our strategy (Building high-quality services), Risk Management	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	26-33, 69-75
	(Data) security		Number of data breaches	
Values-driven behaviour		About this report	103-1/103-2/103-3: Management approach	126-128
	Ethics & Integrity	What's happening here, A look at our strategy, Code of Conduct	102-16: Values, principles, standards, and norms of behaviour	19-22, 23-56, 125
	Diversity & Inclusion	A look at our strategy (Recruit, develop and retain diverse talent), Breakdown of headcount	% Intake, turnover and promotions gender/cultural	34-42, 140
			% Intake STEM	
			Percentage of women in new partner/director appointments	
			Ratio female/male and Dutch/western/non-western migration origin in partner and director positions (SDG 5 and 10)	

Material topic	(GRI) aspect	Reference	(GRI) indicators	Page
Impact on society		About this report	103-1/103-2/103-3: Management approach	126-128
When formulating its strategy, PwC also takes into account non-financial aspects (such as the environment, social and personnel events, the supply chain in which the company operates, respect for human rights and the prevention of corruption and bribery) and the interests of a wide range of stakeholders.	Sustainability	A look at our strategy (Create long-term value), Our sustainability measures by impact area	Environmental impact (tCO_2e) (SDG 13)	43-48, 129-134
			Reduction GHG-emissions (1. compared to 2018/2019)	
	Social involvement	A look at our strategy (Create long-term value)	% of people involved in CS projects	43-48
	Transparency	What is happening around us, Executing our strategy and adding value (Build high-quality services, Business partnering), Risk Management, Code of Conduct	207-1: Approach to tax. Refer to tax strategy reporting	11-18, 24, 52-56, 69-75, 125
			207-2: Tax governance control, and risk management. 102-56: External assurance. Refer to tax strategy reporting	
			207-3: Stakeholder engagement and management of concerns related to tax. Refer to tax strategy reporting	
			207-4: Country-by-country reporting. Refer to this Annual Report	
	Well-being	A look at our strategy (Recruit, develop and retain diverse talent), Risk Management	Overall results People Survey	34-42, 69-75
			People Engagement Index (new and legacy)	
	Economic Performance (financial results)	Financial results for sustainable investments, Financial statements Holding PricewaterhouseCoopers Nederland B.V.	201-1: Direct economic value generated and distributed	57-64, 85-90
			201-2: Financial implications and other risks and opportunities due to climate change: No risks related to climate change have been identified, hence there are no foreseeable financial implications. Explicit information about the financial impact is not available. We are going to explore how we can meet this indicator in the future	
			201-3: Defined benefit plan obligations and other retirement plans	
			201-4: Financial assistance received from government: Not applicable	
			Average number of FTE	
			Net revenue and operating profit	
Knowledge development and sharing		About this report	103-1/103-2/103-3: Management approach	126-128
	Development talent	A look at our strategy (Recruit, develop and retain diverse talent)	Turnover rate top talent (%)	34-42
	Knowledge sharing	A look at our strategy (Recruit, develop and retain diverse talent, Business partnering)	Hours invested in Chief Economist Office	34-42, 52-56
Digital		About this report	103-1/103-2/103-3: Management approach	126-128
	Digital	A look at our strategy (Drive digital transformation)	Number of digital acumen badges	49-51
			Number of digital accelerators trained	

Breakdown of headcount

Number of people (as at 30 June 2021)		Contract				
LoS	Gender	Level	Permanent contract	Temporary contract	Contracted in	Total
Assurance	Male	Partner	93	0	0	93
		Professional staff	1,015	87	4	1,106
		Support staff	11	3	0	14
	Male total		**1,119**	**90**	**4**	**1,213**
	Female	Partner	20	0	0	20
		Professional staff	639	65	0	704
		Support staff	43	15	0	58
	Female total		**702**	**80**	**0**	**782**
	Prefer not to say	Partner	0	0	0	0
		Professional staff	2	0	8	10
		Support staff	0	0	0	0
	Prefer not to say total		**2**	**0**	**8**	**10**
Assurance total			**1,823**	**170**	**12**	**2,005**
Tax & Legal	Male	Partner	85	0	0	85
		Professional staff	578	58	3	639
		Support staff	4	0	0	4
	Male total		**667**	**58**	**3**	**728**
	Female	Partner	13	0	0	13
		Professional staff	443	48	1	492
		Support staff	13	0	0	13
	Female total		**469**	**48**	**1**	**518**
	Prefer not to say	Partner	1	0	0	1
		Professional staff	1	0	34	35
		Support staff	0	0	0	0
	Prefer not to say total		**2**	**0**	**34**	**36**
Tax & Legal total			**1,138**	**106**	**38**	**1,282**
Advisory	Male	Partner	63	0	0	63
		Professional staff	582	28	9	619
		Support staff	2	0	0	2
	Male total		**647**	**28**	**9**	**684**
	Female	Partner	13	0	0	13
		Professional staff	358	14	0	372
		Support staff	9	2	0	11
	Female total		**380**	**16**	**0**	**396**
	Prefer not to say	Partner	1	0	0	1
		Professional staff	2	0	11	13
		Support staff	0	0	0	0
	Prefer not to say total		3	0	11	14
Advisory total			**1,030**	**44**	**20**	**1,094**
Firm Services	Male	Partner	1	0	0	1
		Professional staff	0	0	31	31
		Support staff	307	31	0	338
	Male total		**308**	**31**	**31**	**370**
	Female	Partner	0	0	0	0
		Professional staff	0	0	15	15
		Support staff	582	66	0	648
	Female total		**582**	**66**	**15**	**663**
	Prefer not to say	Partner	0	0	0	0
		Professional staff	0	0	101	101
		Support staff	0	0	0	0
	Prefer not to say total		**0**	**0**	**101**	**101**
Firm Services total			**890**	**97**	**147**	**1,134**
Grand total			**4,881**	**417**	**217**	**5,515**

Number of people (as at 30 June 2021)		Full-time/Part-time				
LoS	Gender	Level	Full-time	Part-time	Contracted in	Total
Assurance	Male	Partner	87	6	0	93
		Professional staff	1,003	99	4	1,106
		Support staff	8	6	0	14
	Male total		**1,098**	**111**	**4**	**1,213**
	Female	Partner	15	5	0	20
		Professional staff	570	134	0	704
		Support staff	27	31	0	58
	Female total		**612**	**170**	**0**	**782**
	Prefer not to say	Partner	0	0	0	0
		Professional staff	1	1	8	10
		Support staff	0	0	0	0
	Prefer not to say total		**1**	**1**	**8**	**10**
Assurance total			**1,711**	**282**	**12**	**2,005**
Tax & Legal	Male	Partner	82	3	0	85
		Professional staff	525	111	3	639
		Support staff	2	2	0	4
	Male total		**609**	**116**	**3**	**728**
	Female	Partner	12	1	0	13
		Professional staff	311	180	1	492
		Support staff	1	12	0	13
	Female total		**324**	**193**	**1**	**518**
	Prefer not to say	Partner	1	0	0	1
		Professional staff	1	0	34	35
		Support staff	0	0	0	0
	Prefer not to say total		**2**	**0**	**34**	**36**
Tax & Legal total			**935**	**309**	**38**	**1,282**
Advisory	Male	Partner	63	0	0	63
		Professional staff	556	54	9	619
		Support staff	0	2	0	2
	Male total		**619**	**56**	**9**	**684**
	Female	Partner	9	4	0	13
		Professional staff	301	71	0	372
		Support staff	7	4	0	11
	Female total		**317**	**79**	**0**	**396**
	Prefer not to say	Partner	1	0	0	1
		Professional staff	2	0	11	13
		Support staff	0	0	0	0
	Prefer not to say total		**3**	**0**	**11**	**14**
Advisory total			**939**	**135**	**20**	**1,094**
Firm Services	Male	Partner	1	0	0	1
		Professional staff	0	0	31	31
		Support staff	264	74	0	338
	Male total		**265**	**74**	**31**	**370**
	Female	Partner	0	0	0	0
		Professional staff	0	0	15	15
		Support staff	287	361	0	648
	Female total		**287**	**361**	**15**	**663**
	Prefer not to say	Partner	0	0	0	0
		Professional staff	0	0	101	101
		Support staff	0	0	0	0
	Prefer not to say total		**0**	**0**	**101**	**101**
Firm Services total			**552**	**435**	**147**	**1,134**
Grand total			**4,137**	**1,161**	**217**	**5,515**

Our legal structure

The entire ordinary share capital of Holding PricewaterhouseCoopers Nederland B.V. ('Holding') is held by PwC Europe SE Wirtschaftsprungsgesellschaft ('PwC Europe'). Coöperatie PricewaterhouseCoopers Nederland U.A. holds the sole priority share of Holding.

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

Holding PricewaterhouseCoopers Nederland B.V. has the following wholly owned operational subsidiaries:

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

PwC Europe

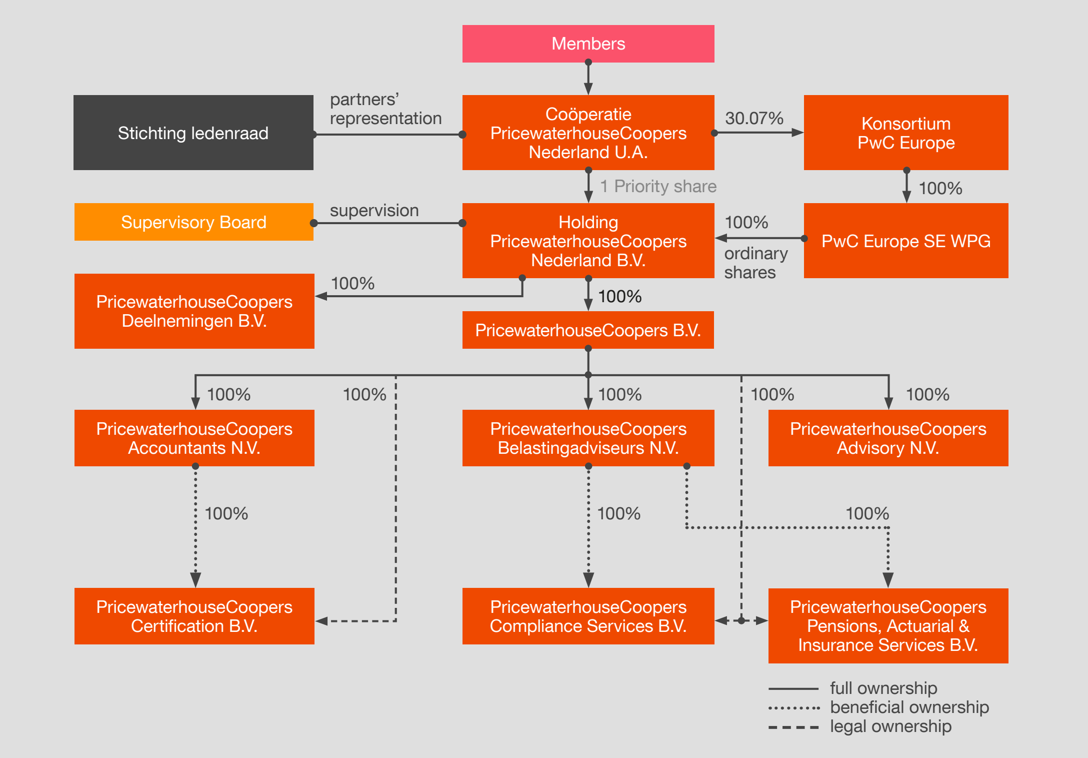
Along with the member firms in Germany, Austria, Belgium, Turkey and Switzerland, PwC NL is a participant in PwC Europe. It was decided to revise the current structure for PwC Europe.

PwC network

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

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

Simplified legal structure as at 30 June 2021



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

Glossary

AFM	The Dutch Authority for the Financial Markets, the external independent body responsible for the supervision of financial institutions and of audit firms with a PIE licence
BLM	Black Lives Matter
BMG&D	*Beoordeling, Mapping, Goalsetting & Development* (Evaluation, Mapping, Goal setting & Development), the PwC process surrounding the evaluation and remuneration of partners and directors
BU	Business Unit, the sub-units of the Assurance, Tax & Legal and Advisory LoSs, determined on the basis of geography and/or professionalism/specialism
CAD	Country Admission Committee, the body that advises the Supervisory Board on the appointment of new partners and directors
CEO	Chief Executive Officer, the Chair of the Board of Management
CFO	Chief Financial Officer, the member of the Board of Management tasked with all financial matters
CISO	Chief Information Security Officer
CMAAS	Capital Markets and Accounting Advisory Services
COO	Chief Operating Officer, the member of the Board of Management tasked with the operational aspects of the business
Compliance Officer	The officer responsible for overseeing the quality management systems
CS	Corporate Sustainability, doing business on a sustainable basis that reflects the interests of society, employees and the environment
ECR	Engagement Compliance Review, internal reviews carried out by the global network into the quality of client engagements
FTE	Full-time equivalent
GRI	Global Reporting Initiative, the organisation that is responsible for the ongoing development of reporting standards for non-financial information
HC	Human Capital, the term used for the department or persons responsible for PwC's staffing policies and the implementation thereof
HR	Human Resources
IAD	Internal Audit Department
IIRC	International Integrated Reporting Council, the international organisation, comprising standard setters, investors, companies, auditors and NGOs, that is responsible for the promotion and development of the framework for integrated reporting
KPI	Key Performance Indicator, a measurable variable that provides insight into progress on meeting objectives
KYC	Know Your Client
LoS	Line of Service, one of three divisions in which PwC offers and delivers its services: Assurance, Tax & Legal and Advisory
NBA	The Netherlands Institute of Chartered Accountants
NZa	Nederlandse Zorgautoriteit
PCAOB	Public Company Accounting Oversight Board
PIE	Public Interest Entity, an organisation that, because of its scope or role in society, impacts a wide range of stakeholder groups (for instance, listed companies, insurers and financial institutions) and for the audit of which audit firms are required to have a licence from the AFM
PwC Europe	The collaborative association of six PwC European member firms in Austria, Belgium, Germany, Switzerland, the Netherlands and Turkey.
RAS	Risk Assurance
SDGs	UN's Sustainable Development Goals. The SDGs address the most pressing global issues such as hunger, inequality and climate change

Acknowledgements

PwC Annual Report 2020/2021

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PwC the Netherlands has more than 5,500 people operating from twelve offices and from three different perspectives: Assurance, Tax & Legal and Advisory. We deliver sector-specific services and we seek innovative solutions, not only for national and international companies but also for public sector and civil society organisations.
‘PwC’ is the brand name under which member firms of PricewaterhouseCoopers International Limited (PwCIL) operate and deliver services. Together, these firms make up the global PwC network, within which some 284,000 people in 155 countries share their ideas, experience and solutions in developing new perspectives and meaningful advice. In this report, the terms ‘PricewaterhouseCoopers’ and ‘PwC’ also refer to PricewaterhouseCoopers B.V. and, depending on the context, its consolidated Dutch group companies. Together, these are also referred to as ‘PwC the Netherlands’, ‘PwC NL’ or ‘the Group’.