



2020/2021

PwC Transparency Report



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From relatively great freedom to go out and about to a new – and prolonged – lockdown and then to creating a new normal together; it was and still is a time that feels like a rollercoaster. A time with many uncertainties, fuelling the need for assurance.

COVID-19 has had an enormous impact on all of us. We worked from home, became adept at video conferencing, and spent our free time exploring our own local area and with close family and friends. Above all, we tried not to get the virus so as to prevent the healthcare system from coming under even greater pressure. Together with the organisations we audit, we've worked hard this past year to provide the same level of assurance on their financial statements. We discussed the impact of the COVID-19 situation with executive and supervisory directors, and with shareholders. We adjusted our procedures to obtain sufficient evidence in other ways. And if we found it relevant, we reflected on the impact of working from home in the comprehensive auditor's report.

Meanwhile, we asked a lot from the organisations we audited and advised, to supply us with correct information in a timely manner even though their staff also worked from home. And that same goes for our colleagues. With the intensive way of working from home, in sometimes challenging personal circumstances and with a much less positive job experience compared to being in the office together, we also asked them to audit the settlements under the Dutch government's Temporary Emergency Bridging Measure for Sustained Employment scheme (NOW). An important societal duty. These activities came on top of what was already a full schedule, and were – and still are – accompanied by unclear rules and a high level of detail required by the audit procedures. Together with the Netherlands Institute of Chartered Accountants (NBA), we have therefore been advocating for some time now for more clarity on a number of issues in the NOW scheme and for a simplification of the audit protocol.

Fueled by COVID-19, recent climate reports and new EU-regulations, we see that developments in the field of non-financial information have also accelerated. More than ever, we as a society are aware of the impact organisations have on the world we live in. And that is why users of annual reports have become increasingly

interested to learn more about precisely that impact. We see organisations being called to account when their sustainability ambitions are deemed to be inadequate, in some cases even supported by court decisions.

Earlier this year, the European Commission announced a new directive, the so-called *Corporate Sustainability Reporting Directive (CSRD)*, which requires large organisations to report on the impact they have on society as of 2023. The directive, designed to contribute to future-proofing European businesses by focusing much more on sustainable value creation, should eventually lead to legislation that puts sustainability reporting on the same level as financial reporting. Also, in order to increase the reliability of sustainability reporting, organisations that fall within the scope of the regulation (more than 1,000 in the Netherlands alone) will need to have a limited level of assurance provided with the reported sustainability information, which may change to a reasonable level of assurance at a later stage.

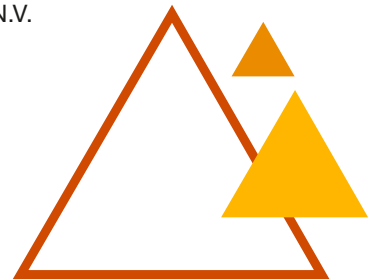
While we are committed to further improving the quality of our statutory audits, it is our ambition to play a key role in the further development of sustainability information. By engaging with executive and supervisory directors

and helping organisations prepare for the upcoming changes. By working together internationally to create a single unambiguous reporting standard. But also by ensuring that we embed, for example, climate risk in our audit procedures. After all, it's all connected. We are ready to realise this ambition.

Having said that, we won't be able to do this without the hard work and dedication of all our colleagues. We are enormously grateful to them for their efforts during this past year. It really was not easy, and sometimes just downright difficult. We deeply respect their resilience, energy, and drive to 'just' keep on doing what we're lined up to do: to deliver quality. Together, while looking out for each other. We look forward to greeting and especially to meeting them all again face-to-face.

Agnes Koops-Aukes

Chair of the Executive Board of PricewaterhouseCoopers Accountants N.V.



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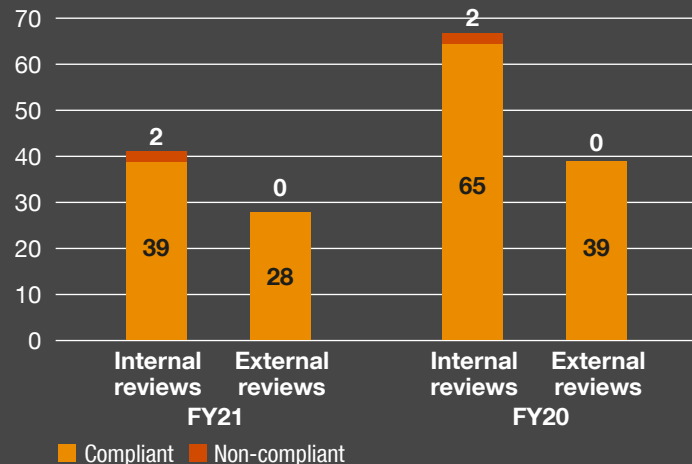
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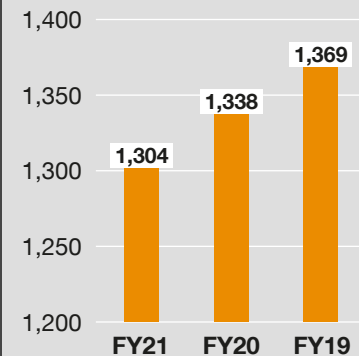
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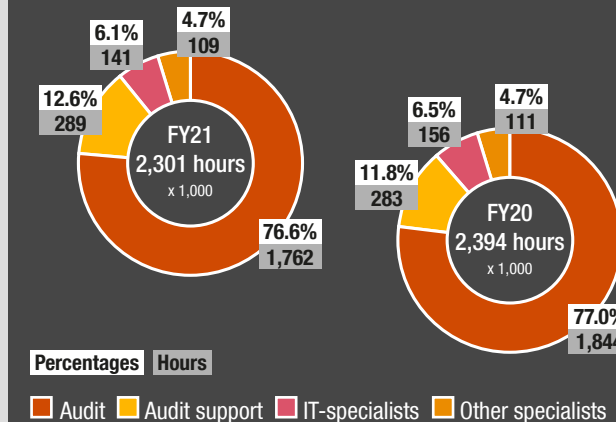
Internal and external reviews - quality has been maintained



Decreasing number of client hours per FTE in the audit practice



Undiminished involvement of specialists in our audits



Higher absenteeism due to illness

FY21 **4.8%** FY20 **4.2%**

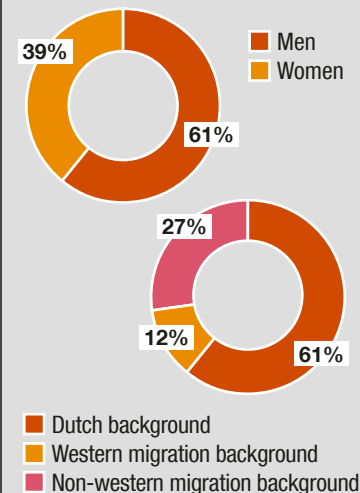
Higher long-term absenteeism due to illness

FY21 **3.6%** FY20 **3.1%**

Number of statements issued on ESG and sustainability information

FY21
21

Diversity in our practice



Decreasing number of Fraud panel consultations

FY21 **69**
FY20 **117**

Number of completed real-time reviews
FY21 **189** reviews
FY20 **178** reviews

Fewer reports of unusual transactions to the FIU

FY21 **83**
FY20 **153**

Number of engagement quality reviews (EQRs)
FY21 **514** FY20 **457**

Number of hours spent on this
FY21 **7,548** FY20 **7,692**

Increased involvement of forensic colleagues in audits

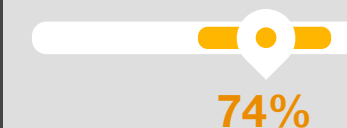
FY21 **170**
FY20 **142**

People Engagement Index shows high commitment of our colleagues

People Engagement Index



High participation in the people survey



Number of NOW1 audits finalized until 30 June 2021

28

Number of NOW1 to audit

139

Associated advance subsidies

approximately **€170 million**



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Report of the Assurance Board

We report on developments over the past year and on the progress made in improving our work and making it more relevant.

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In a world of technological disruption, hardening geopolitics, climate change, and the continuing effects of the COVID-19 pandemic, organisations and public authorities are looking for trust and sustainable outcomes to remain relevant and successful. That is what we stand for.

This year, we were saddened to learn of the passing of Carel van Eykelburg, chairman of our Supervisory Board. We will miss his knowledge, experience and sharp insights in his role as a member of the Public Interest Committee.

By combining talent, creativity and quality to look at issues from different perspectives, we come up with new, sustainable solutions. However, you can only offer trust if you yourself are trusted, and that means that the quality of our (audit) work remains as relevant as ever. It is the foundation underlying public trust in our contribution to society. The quality of our work is an anchor. This anchor creates trust.

We worked from home again this year

In this past year, we worked from almost 2,000 hobby rooms, studies, living rooms, and other parts of our homes. We saw more of each other's living environment than we were used to. We were connected but distanced from each other and from the organisations we audit. Only in certain critical situations, for example stock counts that could not be done virtually, exceptions were made. And if working from home was really not an option due to the home situation, colleagues could still come to the office.

The first few months of the year are a busy time for us, and the natural energy generated when working together at the client's premises was largely missing. Although we recognised the benefits of not having to commute and having more time for private life, we also missed the pleasant moments with our clients and our colleagues. In the Dutch newspaper [*Het Financieele Dagblad*](#) of 7 February 2021, our colleagues Isis Bindels, Omar Tegarti, and Diana van Halm Braam explained what working from home was like for them – what was positive and what was less so. And our colleagues Jelmer Frankena and Bryan Doorten told us in this [video](#)

how they keep their energy levels up during a day working from home.

This past year again, we gave space to those colleagues who couldn't work full days because of the pandemic, for example because they had to take care of their children or their parents. A nanny service was provided for colleagues with children while the primary schools and day-care centres were closed. As the Assurance Board, we regularly discussed the results of a periodic wellbeing survey among our colleagues, also with our [Young Assurance Board](#), and we took action where necessary. You can read about this in their own report (page 18).

Working on being an anchor

In our previous transparency report, we noted that we were preparing for a "challenging audit year". Risks for clients changed and so did our way of working, and there was additional work as well such as the NOW audit. At the same time, uncertain times call for more guidance, and that is exactly what we do as auditors: provide assurance and contribute to trust in society.

In order to provide robust and consistent responses as an organisation, we encourage our colleagues to consult our National Office when faced with new, unclear, or complex situations (see kpi 1).

From Het Financieele Dagblad, 7 February 2021:

“When you work from home, you're very focused. There are hardly any distractions, so I sometimes sit working at my laptop for hours on end while time flies by.”

– Diana van Halm Braam, associate

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With the aid of our restructuring specialists
 Where necessary, we involve specialists in business recovery services (BRS) from our Advisory practice in our audits. Last year, they helped us with 42 audit files for 595 hours compared to 47 audit files for 1650 hours in FY20. That decrease in hours is in line with the main findings of this summer’s *Special Risk Management Barometer*, namely that peak inflows into the special management departments of banks have not yet materialised for the time being. We are also increasingly using digital solutions. For example, our technical specialists – in cooperation with colleagues from the Advisory data analytics team – developed a going concern analytics tool that has been used 139 times in the past year. Based on publicly available financial statements data, this tool gives insight in the development of financial key indicators that are important for the audit of the going concern assumption of the audited organisation and with respect to the relevant sector. Moreover, based on a combined score, the tool gives an indication of a possible higher going concern risk, which is relevant for the risk estimation by the audit team

as well as the use of specific quality assurance measures.

Decrease in number of fraud consultations
 Fraud remains an important theme in our audit. For example, for some time now, this subject has been covered extensively by our learning and development programme. Colleagues are also trained while an engagement is being carried out, for example through our real-time review programme (RTR) and through forensic audit support. Last year, we deployed forensic colleagues in the course of 170 audits (FY20: 142). They help not only to increase the quality of the fraud risk assessment but also to make colleagues who may never have previously had to deal with a fraud case more ‘street smart’.

In FY21, the number of fraud consultations decreased by almost half, from 117 in FY20 to 69 in FY21. That was mainly due to a fall in the number of cases of fraud detected by our clients themselves (from 60 in FY20 to 26 in FY21). The same decrease can be seen in the number of reports of unusual transactions to the Financial Intelligence Unit (FIU) of

From Het Financieele Dagblad, 7 February 2021:

“I tell myself that the crisis is temporary, and that there’s light at the end of the tunnel. Now I try to get relaxation from the small things in life, and enjoy them more.”

– Omar Tegarti, manager

the Netherlands. That was a striking development, and perhaps a consequence of working from home, which we already *made public* at the end of 2020. PwC is committed to further improving the way possible fraud is handled during the audit procedures as evidenced by the deployment of our forensic experts with the audit teams, our learning and development activities and our involvement with NBA working groups on this subject.

NOW confronts us with dilemmas
 During the COVID-19 crisis, the government supported the business sector through NOW subsidies. To speed things up, the subsidy scheme was quickly set up as a rather “rough-and-ready” one. The government requested that the scheme be checked by auditors retrospectively. Of the organisations we audit, 139 made use of the NOW1 scheme, with advance subsidies totalling around €170 million. The teams auditing these clients received support from our technical colleagues, that included 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. The detailed nature of the audit protocol for the NOW settlements, supplemented by specific fraud risks to be mitigated, leads to a high degree of detail and complexity in the work that we need to carry out, and consequently to a large number of hours that we need to devote to it. This creates a problem in terms of costs for the organisations we audit, given that they are already in dire straits, and in terms of the workload for our teams. We try to keep the costs under control as much as possible, for example by outsourcing standardised work to delivery centres. However, the ambiguities and complexity that still exist in the scheme mean that the work is more demanding than at first anticipated, and completing it has proved difficult. As of 30 June 2021, for example, we were able to complete 28 NOW1 arrangements with an audit opinion. Although we understand that the public rightly expects a critical examination of which organisations receive which subsidies, and whether that is in line with the regulations, we have on several occasions drawn attention to the extent

1	Fraud and Going concern	FY21	FY20
	Total number of National Office consultations and the fraud panel	964	1,005
	Of which regarding going concern	115	99
	Of which regarding fraud	69	117
	Number of clients where BRS specialists were involved	42	47
	Number of clients where forensic specialists were involved	170	142
	Total number of reports of unusual transactions to the FIU	83	153

2 NOW-audits**FY21**

Finalised NOW1-audits up to and including 30 June 2021

28

Number of NOW1 to be audited

139

Related advance subsidies

About € 170 million

Connection with society

To remain relevant in the long term, it is important to connect with the world around you. In that context, we have offered between ten and twenty asylum status holders a work experience position in our Assurance practice every year since 2017. These are highly educated colleagues who bring different know-how, ideas, and backgrounds, thus adding quality and value. Each is assigned a colleague as a “buddy” to show them the ropes in our organisation. A programme from which both parties learn a lot as our colleagues Steven Boekhoudt and Abraham Foto told us *in an interview*.

Since this year, we have also been actively involved in the Cross-mentoring exchange programme set up by the General Association of School Leaders [*Algemene Vereniging Schoolleiders*] and NL2025, in which primary school leaders are paired with executives from the business world. The aim is to strengthen the connection between education and business, so they can learn from each other. In the pilot of the programme this past year, Agnes Koops was paired with *Anneke Zantboer*, head of the Aeresteijn primary school in Langeraar. As of next year, PwC will be a strategic partner for the programme.

of the work that the auditor must perform (see for example *this vlog*).

And above all, we asked the question whether the same objective could not be achieved in a simplified manner that would save time and costs for auditors. We made suggestions for this in the Dutch newspaper *Het Financieele Dagblad* and through *columns*.

With an eye for society

Like our stakeholders, we are increasingly focusing on our role in society. Our global purpose – to build trust in society and solve important problems – is still our guiding principle here. We remain committed to that principle, but our stakeholders also expect us to share our expertise regarding social issues, such as non-financial information and transparency about our role as auditors, and to make our voice heard in public debate. Our Supervisory Board challenges us to do the same.

More often we engage in that debate, even if it involves questions about organisations that we audit. We ask colleagues to challenge us about the dilemmas that we experience in providing transparency, and we are open about the results of root cause analyses. We also seek out the media more explicitly so as to make ourselves

heard on social issues, as in the case of NOW. Auditors are still – undeniably – right in the spotlight. Last July, the Minister of Finance sent four documents to the Dutch House of Representatives, namely the public consultation on the amendments to the Future of the Accountancy Sector Act [*Wet toekomst accountancysector*], the public consultation on the Audit Quality Indicators drawn up by the Quatermasters, the second half-year report

From newspaper Het Parool of 23 January 2021:

“I was one of the first to volunteer when PwC asked for buddies for this project. I think it’s so cool that the firm is doing this. At the end of the day, of course, helping people is what life is all about.”

– *Steven Boekhoudt, manager*

of the Quatermasters and the results of the study by Leiden University as to whether better expressing the responsibility of the audited entity can have a quality-enhancing effect. We have since responded to both public consultations, see reaction on the [Law](#) and the [AQIs](#).

And the world we live in

Driven by the great public concern about climate change, as well as the challenges in the social area, supported by increasing ESG regulation, there is currently a major acceleration in reporting on non-financial information. Within PwC’s Risk Assurance business unit, and increasingly also within the Capital Markets Accounting Advisory Services (CMAAS) unit, a group of colleagues have specialised in auditing and advising on such information. Regulations already include standards for engagements in the field of ESG (NV COS 3000, 3410, and 3810N). Since 2020, the EU’s sustainable finance taxonomy has also been in force, which (from 2022 on) imposes reporting requirements on public interest entities (PIEs) with more than 500 employees.

From 2023 onwards, all large organisations will have to report on their impact on society on the basis of the new EU-directive, the so-called *Corporate Sustainability Reporting Directive (CSRD)*. An organisation will not only be required to explain how sustainability developments affect the organisation, for example through additional tax levies or raw material shortages, but also what the organisation’s impact is on society, for example regarding the environment or human rights within the supply chain. This explanation must be

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3 Assurance opinions (limited and reasonable assurance) issued for sustainability information	FY21	FY20
Sustainability information in (integrated) annual reporting	19	17
Sustainability information in sustainability reporting	1	1
CO ₂ statement on website	1	1
Total	21	19

presented in the form of strategy, risks, policy, and specific indicators with targets and results. This means that more than a thousand organisations in the Netherlands will be required to comply with the detailed EU standards for sustainability reporting.

As *the call* for global standards in this area grows stronger, the announced new EU-directive also aims to make ESG information more comparable, relevant, and reliable. In order to increase the reliability of ESG information, the EU requires mandatory investigation of this by an independent third party. This party will initially be required to 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 the annual financial statements). An initial estimate shows that several hundred of the organisations we audit will require some degree of assurance for ESG information, 15 to 25 times the current number of opinions we issue on sustainability information.

The increase in this number therefore imposes requirements regarding the training of our

colleagues, the education of the auditors, and the composition of audit teams that combine the various areas of expertise. PwC is investing heavily in this area. We have, for instance, expanded our team dedicated to the reporting and audit of ESG information, by adding partners and colleagues from the reporting and auditing practice, and we expect further growth. This represents an investment not only in know-how regarding regulations, reporting, and auditing methodology but also in knowledge regarding sustainability strategy, biodiversity, and technology. By combining these fields of specialisation, we can deliver the quality that society expects from us.

A relentless focus on increasing quality
This year too, the main priority of our entire practice continued to be a further increase of our quality and a continuing focus on our transformation towards a quality-oriented culture.

One way we do this is through our Quality Improvement Team (QIT). A diverse team consisting not only of auditors but also of psychologists, philosophers and mathematicians, all working together on various projects that

contribute to quality improvement:

- Coaching audit teams: this is carried out both by our real-time review team (RTR) and on the basis of available data from the files (business intelligence). Each year, we analyse what according to this team can be improved and devote extra attention to it. In the past financial year, for example, the team focused on fraud risk analysis by the audit team and application of the revised auditing standard for estimates (ISA540R). We are also increasingly using data in selecting the files for which the RTR team provides coaching.
- Performing root cause analyses: a newly established team carries out root cause analyses on an ongoing basis, both of individual audit files and of themes. In FY21, the team performed a total of 34 root cause analyses, the results of which will be incorporated in the plans for FY22. Recently, for example, a thematic root cause analysis was carried out on the cooperation between Audit Support and the audit teams, with the aim of further improving the quantity and quality of sourcing and thus the quality of audits. Measures for this will also be implemented in FY22.
- Culture and behaviour: our root cause analyses continue to highlight the importance of demonstrating behaviour that is focused on quality and in line with our values. In order to

4 Number of completed real-time reviews
<div> <div>FY21</div> <div>189</div> </div> <div> <div>FY20</div> <div>178</div> </div>

Root cause analyses performed on the internal reviews of last year (FY20) revealed three areas in which we took specific action:

1. Errors in auditor's opinions
2. New directors who encounter challenges in their new role as signing auditor
3. Insufficient accessibility and comprehensibility of guidance for the Assurance practice

take the quality-oriented culture a step further each year – after all, changing a culture is a long-term process – a sub-team comprising various competencies is working on rolling out a multi-year plan in which a) creating a safe learning environment, b) having a growth mindset (focused on learning), and c) accountability and resilience are central. In the past year, for example, we continued and intensified the intervision sessions between partners and directors, and we started sessions with managers and senior managers. During the intervision sessions, we discuss individual dilemmas and mental models.

- Effect measurement: a team that gauges the effectiveness of the quality improvement measures taken. We use their input to finetune our ongoing quality improvement programme and our culture and behaviour plan.
- The team that focuses on our quality management system (see Annexes page 37-71) has also been added to the QIT as of FY22. As a result, the three quality improvement levels (individual files, culture and behaviour, and the quality management system) have been brought

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together within a single team. In the past year, we have again devoted a great deal of effort to improving our quality management system, the so-called QMSE. Unlike our previous system (QMS), QMSE ‘belongs’ to the business and is therefore integrated into daily practice. We are satisfied with how QMSE has developed in FY21, as is also confirmed by the positive evaluation we received during the annual international review. The recommendations from this review and from the independent testing team will be integrated in our system next year.

Continuously improving the quality of our work is only possible within a culture that is focused on learning – not only learning from what is going well but especially from what is not. Our recent Values survey – which examined, among other things, how our colleagues experience our current culture, how they envisage the desired culture and what values they personally consider important – clearly shows that continuous learning and development are core values within our current culture and that our colleagues attach great importance to these both personally and in the desired culture. Continuous learning, development, coaching and mentoring, quality, and innovation are five of the top ten values in our current culture that we also see reflected one-to-one in the desired culture. Another positive development is that the potentially limiting values – which have a negative effect on further development towards a purpose-led and value-driven organisation with a quality-oriented culture – have diminished and also that ‘long days’ no longer feature in the top ten of values that colleagues say are most characteristic of the current culture. These are both developments that we have worked

hard to achieve and are proud of, even though we realise that we still need to ‘keep our foot on the accelerator’.

Learning often takes place on the basis of incidents and events, because it is precisely there that decisions and changes have been made that tell us something about the design of our systems, but also about the way of thinking of our colleagues, their behaviour, and our culture. In late December 2019, the PwC network was linked to the provision of services to Isabel dos Santos, who stands accused of misusing public funds and tax evasion. In that context, an internal investigation was launched into the matter. In the past year, that investigation was completed and the investigation report was shared with the AFM. The most important lesson from this case concerns strengthening our dare-to-challenge mentality, among other things by connecting data points and signals in a timely manner, trusting professional intuition and connecting the various functions such as risk management, the ‘know-your-customer’ function (KYC), and the audit teams. In FY21, we shared the results and the lessons we have learned through this investigation with practitioners at various times; we will continue to do so in FY22. We are also incorporating the culture and behaviour elements from this study into our culture and behaviour plan, and we are investing in our KYC Office company-wide, in line with developments throughout the financial sector.

No situations have arisen this year with respect to the independence of the firm. With regards to personal independence: in addition to the measures already put in place last year – such as



the appointment of an Assurance partner in the role of ‘partner responsible for independence’ and frequent communication on the subject – we have again increased the number of reviews of personal independence throughout the firm this year. We are satisfied with the results of this and expect that the measures taken will lead to a further reduction.

Special focus on workload
Reducing the workload experienced by our colleagues has been a special focus of attention for a considerable time. As we explained in last year’s transparency report, we perform root cause analyses on the topic of workload and we put measures in place to address the causes that are identified. That includes closely monitoring our capacity in terms of the number of clients we can serve and setting requirements for the quality of collaboration between the audited organisation and the audit team. In addition, we hired colleagues from abroad virtually at an early stage last year in

“As an auditor you work in various teams, with different types of personalities.”
Tineke de Jong, senior associate and in her free time also a [lifeguard with the KNRM](#)

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We continue to learn from our internal and external reviews

An important check on the quality of our services is the engagement compliance review (ECR). This is an internal review carried out by partners, directors, and managers who are independent of the audit team and some of whom come from our global network organisation. The purpose of the ECRs is also to identify points requiring improvement.

In the past financial year, 41 of our engagements were the object of an ECR (previous year: 67). There were fewer reviews because there were fewer partners/ directors in the promotion track in the past year (which is a requirement before appointment based on our policy).

One audit file and one consulting engagement were assessed as non-compliant (last year: two audit files). The non-compliant audit file relates to a subsidy audit. We have reviewed the findings and circumstances in the non-compliant files and the files which needed improvements and asked the colleagues involved to reflect on them.

The file reviews show that we have been able to maintain the quality of our work, despite working from home.

5	Internal reviews (ECRs)	Number of reviews				Compliant			
		FY21	FY20	FY19	FY18	FY21	FY20	FY19	FY18
	Audit engagements	33	58	48	37	32	56	46	36
	CMAAS engagements	2	7	5	10	2	7	5	10
	Risk Assurance engagements	6	2	7	9	5	2	6	9
	Total	41	67	60	56	39 (95%)	65 (97%)	57 (95%)	55 (98%)

5	Internal reviews (ECRs)	Of which compliant with improvement required				Non-compliant			
		FY21	FY20	FY19	FY18	FY21	FY20	FY19	FY18
	Audit engagements	9	11	14	5	1	2	2	1
	CMAAS engagements	0	0	0	6	0	0	0	0
	Risk Assurance engagements	2	0	0	0	1	0	1	0
	Total	11	11	14	11	2 (5%)	2 (3%)	3 (5%)	1 (2%)

Regulators such as the Education Inspectorate, the Government Audit Service (ADR), the Dutch Healthcare Authority (NZa), and NOREA (the professional organisation for IT auditors) examined 28 files during the past financial year as part of their regular supervision (last year: 39 files). All the files examined were satisfactory. In 4 of the 28 satisfactory files, points for improvement were noted.

Last year, the AFM also investigated our internal supervision (the role of our Supervisory Board), our engagement compliance review (ECR), and three audit files of the 2019 financial year. The three selected files had already been subject to an ECR. We are awaiting the final reports, which are expected by the end of 2021.

6	Review by	Number of reported file reviews			Number of non-compliant files		
		FY21	FY20	FY19	FY21	FY20	FY19
	PwC financial year						
	Financial year checked	2019	2018	2017	2019	2018	2017
	AFM	-	-	-	-	-	-
	PCAOB	-	-	3	-	-	0
	NBA	-	19*	-	-	0	-
	ADR	10	11	6	0	0	1
	Education Inspectorate	4	4	4	0	0	0
	NZa	5	5	6	0	0	0
	NOREA	8			0		
	Other bodies	1	-	2	0	-	0
	Total	28**	39	21	0	0	1

* 3 of the 19 files related to audit work relating to the 2017 financial year of the audited organisation.

** In 4 of the 28 satisfactory files, points were noted for improvement (last year: 7).

order to cope with the workload. At the same time, we experience a greater demand for our services among the organisations we audit, for example as a result of acquisitions, carve-outs, or through NOW applications, and we have a higher level of absenteeism due to illness than in previous years. As a result, the perceived workload remained high, despite the reduction in client hours per person.

The higher rate of absenteeism due to illness gives cause for concern. It is higher than the average for PwC Netherlands (3.8%) and, compared to last year, the level of long-term absenteeism due to illness has increased in proportion to short-term absenteeism. We attach great importance to the wellbeing – mental, emotional, physical and spiritual – of our colleagues. In order to maintain or restore balance, we have made a wellbeing budget available to all colleagues since last year; this budget has been used to a lesser extent this year than in the previous year (43% in FY21 compared to 85% in FY20). Reducing the level of absenteeism

due to illness is one of our priorities for the coming years.

Together

The pace of change is high, and the complexity of our clients' issues is increasing. We can only find the right answers if we all work *together* – together within the audit team and together with experts, and from our independent role in good collaboration with organisations audited by us. In the past year, we have encouraged team cooperation while working from home in so-called virtual audit rooms, where colleagues had the opportunity to interact with one another during the course of the working day (see also [this vlog](#)).

Cooperation with specialists from outside the audit goes along the lines of their area of expertise. The audit teams involve colleagues with specific knowledge, including IT, cyber, forensic issues, restructuring, valuations, taxation, or capital markets – each with their

Hours spent on audit engagements (x1,000) in the period FY17-FY21

8	FY21		FY20		FY19		FY18		FY17	
	Hours	%	Hours	%	Hours	%	Hours	%	Hours	%
Audit	1,762	76.6%	1,844	77.0%	1,850	78.2%	1,800	79.6%	1,800	79.9%
Audit support	289	12.6%	283	11.8%	264	11.2%	223	9.9%	188	8.3%
IT specialists	141	6.1%	156	6.5%	141	6.0%	129	5.7%	146	6.5%
Other specialists	109	4.7%	111	4.7%	109	4.6%	109	4.8%	120	5.3%
Total	2,301		2,394		2,364		2,261		2,254	

own experience, background and knowledge, and always independent of the organisation we audit. When working on sustainability reports, we bring in biologists and climate experts from our organisation, both Dutch and foreign.

In our discussions with the clients we audit, we pay attention not only to the audit findings but also to the themes that may apply to them. The five themes, defined within PwC as ESG, future of work, risk and regulation, future of finance and value creation, largely determine the strategic agenda of many clients and at the same time reflect an important social issue. Besides discussing and clarifying these themes for our audit clients, our colleagues from CMAAS and Risk Assurance, together with other departments of the firm, deliver integrated market propositions regarding these themes. By consolidating our expertise regarding the themes, we can share a clear vision with our clients and with society at large and engage in dialogue with them.

Together also means inclusive. Innovative thinkers, critical thinkers with different opinions: we recognise the importance of a greater diversity of colleagues in all respects. It's not just about the composition of our staff but also about the development of our talented colleagues. That's not only relevant for the quality of our work but also for becoming a better organisation – at all levels. We therefore strive for an inclusive and safe culture, within which we are all allowed to be ourselves and are accepted and valued for being so, regardless of background, colour, gender, or otherwise. During the past year, our organisation again discussed issues as discrimination and being or feeling 'different' as part of our transformation to an inclusive and safe culture.

And with the sector

In the Netherlands, we have a unique system of cooperation in the sector. Through the Public Interest Steering Group (Stuurgroep Publiek Belang (SGPB)), both PIE and non-PIE audit firms and the NBA have been cooperating for several years now to develop initiatives that help increase the quality

7 Workload	FY21	FY20	FY19
Average number of client hours by audit colleagues per FTE			
Partner/director	1,041	1,071	1,058
(Senior) manager	1,330	1,337	1,374
(Senior) associate	1,335	1,377	1,410
Total	1,304	1,338	1,369
Absenteeism due to illness			
Absenteeism due to illness	4.8%	4.2%	3.7%
Long-term absenteeism due to illness	3.6%	3.1%	2.3%

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of statutory audits and the future of our profession. 26 of our colleagues are actively involved in both the SGPB and the underlying initiatives, as well as many other NBA working groups. We take part, for example, in the SGPB's fraud and going concern working groups and in the Quartermasters' Audit Quality Indicators project group. We consider it important to contribute to these, from an intrinsic motivation to continuously improve our profession.

Increasingly digital

The past year has taught us to embrace digital solutions at an accelerated rate. We have made massive use of technology to work from home and carry out our work remotely. The same development is apparent in our audits, where we are also taking steps to further digitalise.

Meanwhile, our colleagues are also in the process of becoming increasingly digital. In our Risk Assurance and CMAAS business units, for example, we have digital teams that include several colleagues with a STEM profile. We also train and coach all our Assurance practice colleagues in digital skills. A number of our talented colleagues (currently 35) are also being trained as so-called digital accelerators, and we have a Digital Academy within the audit practice in which we annually include colleagues with an audit background who wish to develop in the digital field, in addition to their RA training (currently 28). Both the digital accelerators and the Digital Academy colleagues assist the audit teams in digitalising time-consuming manual work. The smartest solutions are then passed on to

our Digital Lab, where they are made accessible and usable by all our colleagues. In the past year alone, this has resulted in the digitalisation of 14,000 hours of manual work performed during audit engagements.

On the business side of things, we are also getting better at making a digital connection to our clients' systems, which enables us to perform audits easier, better, faster, and sometimes even real time. At more than 800 of the organisations we audit, we have now installed a so-called smart connector that retrieves client data largely automatically. In the past year, we have also added new applications that allow us to test and execute automated, real-time controls (CMP) and transaction flows (Audit Highway). For this, we deploy technology partners such as [ServiceHeroes](#). In this way, we continue to build our digital audit.

To standardise and automate our work processes, we increasingly outsource work to colleagues in the Audit Support department (12.6% in FY21 compared to 11.8% in FY20). Audit Support has various different centres with a specific focus. Delivery centres, for example, perform work without judgment (for example reconciling the annual financial statements with legislation and regulations); colleagues from the competence centre prepare the audit of less complex financial statements items (for example cash and cash equivalents); and centre of excellence colleagues are members of the audit team. They specialise in specific areas of the audit, such as subsidy audits. The aim of all of this is further standardisation and then, where possible, automation.

The Innovation App

Marc Julianus has been one of our digital accelerators since last year. He says that this was "the best training of my career". The programme gave him the skills and knowledge to turn ideas into successful solutions.

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. The app went live last April and in the first two weeks alone 173 colleagues downloaded it from the digital lab.

9 Diversity and inclusiveness	FY21	FY20
Staff diversity		
Men	60.7%	61.4%
Women	39.3%	38.6%
Dutch background	60.9%	59.0%
Western migration background	11.8%	12.9%
Non-western migration background	27.3%	28.1%
Diversity in promotion		
Men	19.3%	19.9%
Women	22.0%	19.5%
Dutch background	21.2%	21.2%
Western migration background	17.9%	17.2%
Non-western migration background	21.1%	18.9%



At the same time, public discussion shows that trust in digital technology cannot be taken for granted. The importance of digital ethics is greater than ever, and that requires organisations to measure, manage, and report on compliance with principles and values during and after implementing digital solutions. Our Risk Assurance colleagues Mona de Boer and David van de Merwe recently wrote [an article](#) about this.

Looking ahead to the coming year

In the coming year, we will need to find a new balance between working partly from home, partly at the client's premises, and partly at the office. For us as auditors, it is crucial to be present at the organisations we audit, to discuss matters with them, and to see and to experience what their culture is like. At the same time, we also want to retain the good things from the recent period and strive for less commuting time and more time for the audit and the team. Through dialogue with each other and our clients, we will have to find our way in this in the period ahead.

Our focus remains on increasing the quality of our work. We learn through the operation of our quality management system, through incidents (both big and small), reviews by the various supervisory bodies, cooperation with our colleagues, and feedback from the organisations we audit. We also increasingly make quality a topic of discussion with those organisations and their internal supervisors. We discuss what quality means for them and how we can express it in indicators that tell them something about how we fulfil our role and how the audited organisation contributes to this. See the attached [interview](#).

At the end of 2020, the board of the NBA decided to make disclosures about fraud and going concern mandatory in the auditor's report in the short term. Next year, we will take part in a pilot with the aim of including that information in every audit opinion that we issue from financial year 2022 onwards. For PIE organisations, this obligation regarding fraud already applies as of 2021, i.e. the coming financial year.

Including this pilot, which we intend to carry out on a large scale, NOW subsidies and Reimbursement Fixed Costs (Tegemoetkoming Vaste Lasten - TVL), and the dynamics of the capital markets, we also expect to have 'all hands on deck' in terms of workload and work experience in FY22. On top of that, there are the ESG regulations that will be applicable as of 2023 and their impact on the organisations that we audit. At the same time, it is clear that it gives us – both experienced and young colleagues – energy to be able to contribute as auditors to social issues such as ESG. We are very much looking forward to making our contribution in this regard.



From left to right: Joris van Meijel, Raneesh Jagbandhan, Wytse van der Molen and Agnes Koops-Aukes.

Members of the Assurance Board

Agnes Koops-Aukes (1969) joined PwC in 1992 and has been a partner since 2007. She has been a member of the Board of PricewaterhouseCoopers Accountants N.V. since 1 September 2018. She has been Chair of the Board of PricewaterhouseCoopers Accountants N.V. and an authorised executive director of the Board of Management since 1 July 2018.

Raneesh Jagbandhan*/** (1977) joined PwC in 2000 and has been a partner since 2016. He has been a member of the Board of PricewaterhouseCoopers Accountants N.V. since 1 January 2021. He is responsible for the Human Capital and Markets portfolio.

Wytse van der Molen* (1969) joined PwC in 1994 and has been a partner since 2006. He has been a member of the Board of PricewaterhouseCoopers Accountants N.V. since 1 July 2016. He is responsible for the Risk & Quality portfolio.

Joris van Meijel* (1973) joined PwC in 1997 and has been a partner since 2011. He has been a member of the Board of PricewaterhouseCoopers Accountants N.V. since 1 July 2018. He is responsible for the Finance and Operations portfolios and the Assurance Change Programme.

* Authorised executive director of PricewaterhouseCoopers Accountants N.V.

** Raneesh Jagbandhan has taken over the portfolios of Michel Adriaansens as of 1 January 2021.


In conclusion

Our report outlines what has been done in the past year. We all worked from home throughout the year, without losing sight of societal challenges and the world around us. At the same time, we maintained an undiminished focus on further improving the quality of our work. We did this together, with each other, both inside and outside PwC. And we did it increasingly digitally. In the coming year, we will find a new balance in how, where, and when we work, in the expectation that our clients will continue to rely on us, with new issues such as the impact of ESG on their organisation.

We are looking forward to it!

Amsterdam, September 2021

The Assurance Board,
Agnes Koops-Aukes (chair)
Joris van Meijel
Raneesh Jagbandhan
Wytse van der Molen



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The Public Interest Committee reports on how it has discharged its supervisory responsibilities with regards to safeguarding the public interest within the audit firm.

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The Public Interest Committee (Commissie Publiek Belang - 'CPB') is responsible, amongst other things, for advising the Supervisory Board and for preparing its decisions regarding the way in which PricewaterhouseCoopers Accountants N.V. safeguards the public interest in terms of audit quality. The CPB is a sub-committee of the Supervisory Board of Holding PricewaterhouseCoopers Nederland B.V. The Supervisory Board consists entirely of independent members. The members of the CPB are also the members of the Supervisory Body. In the report below, the CPB accounts for the way in which it performed its role with regard to the audit firm during the 2020/2021 reporting year, and sets out its findings on how the public interest was safeguarded by PwC.

Greater transparency is a prerequisite for connecting

The reporting year was dominated by the coronavirus. Its disruptive effect left no one untouched, including PwC employees. In a dialogue between supervisory directors Yvonne van Rooy, acting chair and member of the CPB, and Jan Sijbrand, acting chair of the Supervisory Board, they look back on an extraordinary year.

Appreciation for the resilience of PwC staff

There's no denying that we've all been affected by COVID-19. At the same time, PwC reported a good year under the circumstances. How can that be explained? Yvonne van Rooy: "This past year has been exceptionally tough on many PwC employees. COVID-19 led to restrictions that affected everyone. Some of the colleagues fell ill, others lost loved ones, parents had to home-school their children, young people missed the

social interaction with others, and newcomers had difficulty settling in." Jan Sijbrand adds: "In view of that, it's impressive to see how well PwC employees have dealt with the situation. As supervisory directors, we have great admiration for their resilience, commitment, and professionalism." And although the virus may be on its way out, the colleagues are still under a lot of pressure. Yvonne van Rooy warns: "It's important that we keep a close eye on the human factor, even if we're back in the office again more often. Digitally, work hardly ever stops. At some point, it may get on top of you."

Supervision of PwC as a whole

The supervisory directors also worked from home. Meetings, informal get-togethers, and stakeholder interviews all took place online. At the same time, the CPB expanded its scope of responsibility during the year, to include not only the audit and assurance services but

also PwC's tax and advisory services. Jan Sijbrand: "We're increasingly seeing that the public interest is not only relevant for the audit organisation, but also for the rest of PwC. The debate about tax avoidance and the criticism at the way bankruptcies are handled are just a few examples. We felt it was appropriate to broaden our horizon."

And it turned out to be worth it, as both Jan Sijbrand and Yvonne van Rooy agree. Awareness of wider societal issues has permeated across the organisation. "We're seeing that the societal perspective has definitely found its way into tax advice. PwC wishes to be at the forefront of this in the Netherlands. For example, with a strict code of conduct for tax advisers," says Yvonne van Rooy. But it's not plain sailing as yet. Within PwC's international network, taking a societal perspective is not common practice everywhere, despite the efforts of the Dutch firm. Jan Sijbrand: "That's why, as supervisory directors, we're keeping our eyes firmly on the ball. I myself have recently been appointed as an independent member to PwC's Global Oversight Board."

The consultants were also a topic of discussion. With regards to the Deals practice, the CPB wanted to know how they went about addressing potential conflicts of interest. For instance, if PwC were to assist multiple parties with one and the same deal. Jan Sijbrand: "We had a meaningful conversation with the Advisory Board about how to ensure independence. Their explanation was convincing."

Finally, the CPB looked at a topic that also manifests itself in other sectors of society. That of 'wearing two hats': is it possible for a PwC partner or employee to be in a commercial job and be an independent academic at the same time? Yvonne van Rooy: "A delicate discussion about integrity, one in which professionals are also called to account personally. This combination of jobs clearly produces benefits, but it may also lead to self-censoring." The CPB will continue to focus on this issue in the coming reporting year.

The interaction between transparency and connection

When asked about the theme they most remembered, Yvonne van Rooy and Jan Sijbrand put transparency at the top of their list. For example, when it comes to matters with a major social impact, such as cases of fraud and discontinuity. It is exactly at those moments, when the public starts questioning the role of the auditor, that the auditor needs to connect. To engage in a dialogue as they both say. To clarify how the audit went and to be able to reflect on it.

A concrete example is that information was provided by a council survey based on operational problems at an audited organisation. After initial reticence, PwC was able to provide more clarity to the survey committee, within the framework of the professional rules. As Jan Sijbrand puts it: "Stakeholders clearly indicate they expect firms such as PwC to account for their actions. That contributes to creating trust. And similar to quality, transparency is continuously evolving. It requires courage for an organisation to specifically incorporate the

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public interest into what - previously - were mostly legal considerations.” But there are of course limits. Yvonne van Rooy emphasises that transparency will always be a dilemma for auditors: “Transparency should never lead to a breach of trust.” The two supervisory directors are at one about the ambition for the coming years: the bar should be raised. Yvonne van Rooy: “Transparency is increasingly becoming a key driver of success. We definitely encourage PwC to up their game.”

Quality in a learning organisation

Where quality is concerned, transparency is already in an advanced stage. Unsurprisingly so, given the huge social pressure over the last few years. Yvonne van Rooy: “Since we started out as CPB six years ago, we’ve discussed the quality of the audit organisation extensively at every meeting. We’re seeing that quality has definitely remained a focal point for the Board.”

The policy makers of PricewaterhouseCoopers Accountants N.V. have discussed this Transparency Report 2020-2021 with us, and we consider the tone of the report to be appropriate to the insight we have gained this past year into the manner in which PricewaterhouseCoopers Accountants N.V. safeguards the public interest and the status of its quality management system.

Public Interest Committee

The supervisory directors monitor quality on the basis of, for example, the outcomes of file reviews, the developments in the quality management system, and the organisational culture. They not only draw on the information supplied by the Board, but also engage with PwC colleagues personally, for example during orientation sessions with nearly 80 partners and directors from all organisational levels, without members of the Board attending. “These sessions give us first-hand knowledge on how the cultural change that PwC is undergoing is perceived, for example. It turns out that it has broad support. Obviously, there are obstacles to overcome, for example when internal collaboration falls short, but these types of challenges are inherent to the phase that PwC is in,” says Jan Sijbrand.

In addition, supervisory directors attend a large number of seminars and meetings between PwC and external stakeholders during the year. Yvonne van Rooy: “We gain valuable information on those occasions too, getting a feel of what’s going on and seeing how PwC responds. This way, we can fulfil our role as critical advisors. Independent, reflective, and constructive. It’s not just about holding up a mirror to the organisation, but also about the organisation actually improving. It then helps to know what’s going on.” For the CPB members, time will have to tell whether their efforts over the last few years have been enough to bring quality to the desired level. It will never be perfect. “Even if everything is in order, incidents will occur. That’s life. The question is whether and how quickly an organisation can learn from them. We’ll be keeping a critical eye on that,” says Yvonne van Rooy.

PwC as part of society

During this past year, stakeholders have set PwC a challenge to connect more. They expect PwC to support its clients with achieving progress that contributes to the world around them. Stakeholders are also asking PwC to share its knowledge and to participate in the public debate more often. These messages sound familiar to Jan Sijbrand and Yvonne van Rooy. “Non-financial information is typically one of those topics on which PwC should leave its mark. Investors agree with us, but not everyone is convinced. An auditor can add real value here and offer the benefit of neutrality on sustainability themes,” says Jan Sijbrand. As for stakeholders’ wish for PwC to take on a more prominent role in the public debate, Yvonne van Rooy explains: “PwC already is inextricably linked to society. The call for PwC to show that more emphatically is simply a compliment.”

Amsterdam, September 2021

Public Interest Committee,

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

“PwC already is inextricably linked to society. The call for PwC to show that more emphatically is simply a compliment.”



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As of December 2018, PwC has a Young Assurance Board. A representation of young colleagues from across the Assurance practice as a way to ensure that the Assurance Board stays connected and continues to learn from young colleagues. This past year, the Young Assurance Board consisted of nine members, each representing a specific group or business unit within Assurance. Collectively, they are a sparring partner for the Assurance Board, sharing their views and experiences on a three-weekly basis. They also work closely with the Assurance Board on a number of themes in working groups. This is the first year in which they report on their activities during the year.

Highlighting the appeal of our profession

The appeal of our profession is something that affects us all. At the same time, people don't always know exactly what we do. At birthday parties, for example, friends will ask us to help them with their tax returns. But that's not what auditors do. During this past year, we've therefore spent a lot of time explaining and telling people about our profession. Because by talking passionately about our profession, we increase its appeal.

Together with the Assurance Board, we visited various student associations to better explain what it is that we do. In May, we teamed up with these student associations to record a [podcast](#), explaining what we actually do as auditors. The podcast will be distributed among accountancy students in the autumn.

A permanent feature of the study programme of becoming an auditor is the practical internship. In our experience, a great deal of time is wasted during that internship filling out documents and forms. To make it simpler and more attractive for students, we went ahead and worked with our internship office to cut back on the red tape.

Finally, during our meetings, we talked at length about diversity and inclusiveness, topical themes that we all feel passionately about. In our own Young Board, we wish to represent the Assurance practice as diversely as possible in a range of different areas.

Continued focus on workload

At the end of 2020, the NBA Young Profs published a report about workload. A topic that continues to hold our attention as young auditors and that also affects the attractiveness of our profession. Following the report's publication, we spoke with a number of colleagues and members of the Assurance Board, sharing our experiences and discussing the measures put in place by PwC. We also reached out to the Young Prof Boards of the other large audit firms so as to learn from each other.

In December 2020 and April 2021, we were introduced to the Quartermasters. They had invited us, and colleagues from other Young Boards, to talk about topics that are close to the hearts of young auditors. One of the topics we discussed was workload, and they shared our opinion that this is an ongoing challenge in our profession. At the same time, we don't recognise the number of hours that auditors work on average, according to the NBA Young Profs report.

Examining our planning

Two years ago, an in-depth analysis was conducted into why we were still not delivering the level of quality we want to deliver on our statutory audits. The findings of the analysis were grouped into five themes (project ROME). One of which – not enough time and capacity – ensures realistic planning. In FY20, various measures were initiated to address the identified causes, such as a four-hour arrangement for our senior associates. This is the time they can spend flexibly during the week, for example on other clients or as non-billable hours. As part of a - voluntary - survey conducted by us during the year, we gauged whether colleagues were actually using these hours as intended. And we measure the impact of the measures annually. Do we actually achieve what we originally had in mind with this measure?

Judging by the large number of respondents (609), and the amount of text entered in open text fields, the 'planning' theme is a hot topic. As it turned out, respondents are generally satisfied with their planning, but there are a number of areas requiring attention. Some colleagues feel, for example, that there are not always equal opportunities in

Initiatives of our young colleagues

Hakan Kocak, manager from the business unit Risk Assurance has organised a weekly talkshow this past year on the social platform Clubhouse together with a colleague from KPMG. Various topics and developments from the audit profession were discussed with (future) peers. This talkshow quickly drew nearly a hundred listeners and speakers.

In [an article](#), they talked about their initiative and ambitions to make the profession 'cooler' with this concept.

Wendy Groot, manager from the business unit National Office, received praise (the so called "loftrompet") from the NBA last year for her merits for the audit profession.

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terms of planning, with regard to the allocation of new clients. And some are less positive about their planning. We presented our observations and recommendations in a memorandum to the Assurance Board, after which several working groups were set up to proactively explore solutions.

Feedback about our clients

In order to continuously improve the quality of our services, we regularly ask our clients for feedback. In a professional relationship, however, mutual feedback is appropriate. So why not provide them with our own feedback? Feedback helps, especially in a time when we worked physically at a distance from one another, to optimise the collaboration. From FY19 onwards, we conduct surveys to specifically ask our colleagues about how they perceive their collaboration with clients, so that the responsible partners and directors can discuss any pertinent points with our clients.

Last June, we sent out this survey to the entire Assurance practice, with the results measured against our own values. This year, we added specific questions to the survey about experiencing a safe culture ('Do you feel safe to openly discuss your feedback?') and whether last year's feedback has been followed up. This list produces a score for each client.

A total of 246 colleagues (FY19: 233) completed the survey, of whom 74% (FY19: 70%) were positive about the collaboration with their clients. All results are shared not only with the Assurance Board, but also per business unit with the responsible partners and directors. Specific follow-up actions are then taken for clients with critical comments, by engaging in dialogue with the team and the client. These conversations lead to targeted actions designed to improve collaboration. We monitor progress on these findings and report to business unit leaders and the Assurance Board. They are responsible for the follow-up. It's great to see they are taking our

input very seriously and also directly engage the responsible partners. Sometimes this can even lead to saying goodbye to clients.

On a final note

The projects mentioned describe just a few of the themes to which we dedicated ourselves this past year. As Young Assurance Board we constantly monitor developments and trends in our profession, at PwC and elsewhere. In the past year, we've again collected experiences, which we've shared and actively discussed with the Assurance Board and our close colleagues. After all, we can only grow if we put in a collective effort. That's the feeling we had every time we discussed a particular issue with the Assurance Board. Although some issues may go against the grain, our messages are always taken seriously and action is undertaken together. In order to ensure not only diversity, but also equal opportunity and fresh and critical thinking within the Young Assurance Board, we operate on a two-year rotation schedule.

The Young Assurance Board wants to thank Timo Blom, Lamyae Lamtalssi, Vera van Reeuwijk, Michael Tang, and Zhen Zhang for their commitment and dedication.

We are proud of what we have achieved this past year together with all our young colleagues from the Assurance practice, and look to the future with enthusiasm.

On behalf of the entire Young Assurance Board,

- Joey van de Corput (chair, BU Zuid)
- Anna Louwerse (secretary, Risk Assurance)
- Alexander Ackermans (Audit Support)
- Ayrin Moerer (BU Zuid-Holland)
- Canberk Hallik (CMAAS)
- Daan Kempenaar (Risk Assurance)
- Maarten Duinhof (BU Amsterdam)
- Robin Oldenboom (BU FS)
- Stefan Alberda (BU Noord-Centrum)

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Focus on quality

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

Our system of quality management

As a member firm of the global PwC network, we are required to comply with the PwC network standards and the PwC Network Risk Management Policies. These are designed to assure consistency of service quality across the PwC network. Our Assurance Risk Management Database (Matrisk) sets out our internal risk management requirements. This database is accessible to all our professionals, for instance via Assurance Assist (our central system for professional technical information).

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

The audit firm

The Audit Firms Supervision Act (Wet toezicht accountantsorganisaties (Wta)), the Decree on the Supervision of Audit Firms (Besluit toezicht accountantsorganisaties (Bta)), and EU Regulations set out requirements applicable to the operating structures of audit firms that are licensed to perform statutory audits. An audit firm is required to have a system of quality management and safeguards to ensure that work is performed in a managed environment and with integrity.

The external auditor

All external auditors are required to comply with the Code of Ethics regarding professional competence (including continuing professional development training), objectivity, integrity, professionalism and confidentiality. The Audit Profession Act (*Wet op het accountantsberoep (Wab)*) gives the NBA the authority to prescribe professional requirements for auditors in the practice of their profession, and the NBA has issued instructions regulating the auditing profession in the form of so-called Regulations and Supplementary Requirements (*Verordeningen of Nadere Voorschriften*) and, in particular the Regulation Code of Ethics for Professional Accountants (*Verordening gedrags- en beroepsregels accountants (VGBA)*), the Regulation concerning the Independence of Auditors in Assurance Engagements (*Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO)*), the Regulation concerning Audit Firms (*Verordening accountantsorganisaties*), and the Supplementary Requirements regarding Auditing and Other



How we define quality

For an audit firm, service quality starts with compliance with legislation and regulation. The fundamental principles of professionalism, integrity, objectivity, competence, carefulness and confidentiality are paramount in order to fulfil our responsibility to act in the public interest. But more is needed for us to live up to our purpose. For quality in the broader sense, we need to create value for our stakeholders that goes beyond compliance and that differentiates us as a firm. This includes, for example, providing insight through public benchmarks, participating in the public debate, contributing to the development of our people, and contributing to our clients' business processes through, for instance, management letters and improved financial statements and reporting.

In this context, we define quality as:

1. compliance with legislation and regulation; plus
2. delivering added value to society, our people, and our clients.

The objective of a system of quality management is to ensure compliance with all applicable legislation and regulation and to assure continuous delivery of and improvement in the quality of our assurance services.

The Dutch regulatory framework for the statutory audit

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

Standards (*Nadere Voorschriften controle- en overige standaarden (NV COS)*). The scope of these regulations extends beyond the statutory audit and also applies to other services provided by auditors.

A cohesive system of quality management needs to comply not only with this framework of standards but also with the international framework International Standard on Quality Control 1 (ISQC1) 'Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements' of the International Auditing and Assurance Standards Board (IAASB) that will be replaced as of 15 December 2022 by ISQM1 (International Standard on Quality Management (ISQM) 1, 'Quality management for firms that perform audits or reviews of financial statements, or other assurance or related services engagements'). The ISQC1 standard defines the objective of the system of quality management as follows:

The objective of the firm is to establish and maintain a system of quality control to provide it with reasonable assurance that:

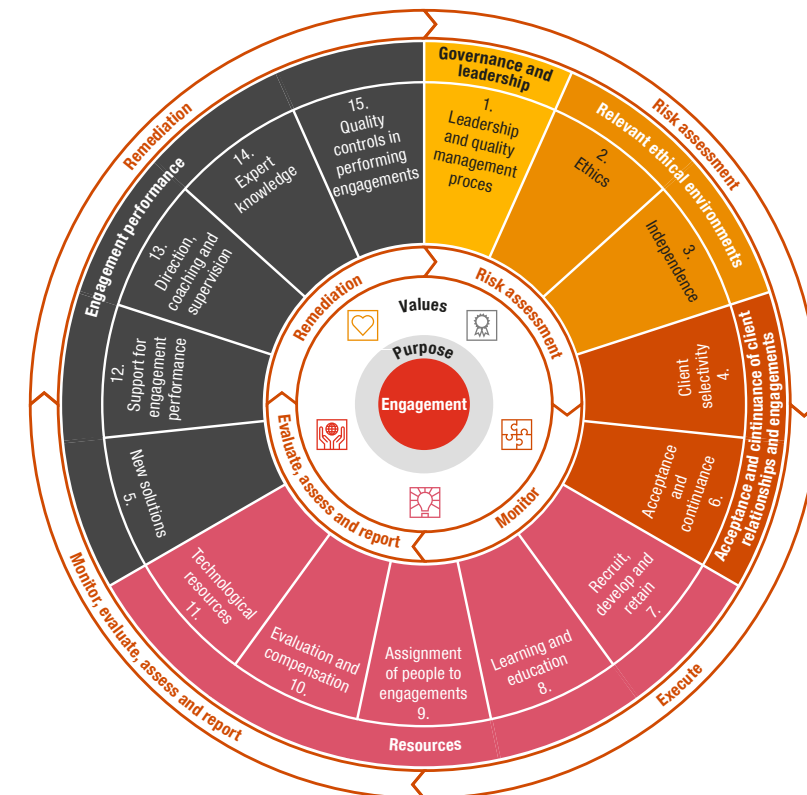
- the firm and its personnel comply with professional standards and applicable legal and regulatory requirements; and
- reports issued by the firm or engagement partners are appropriate in the circumstances.

The system of quality management for our audit firm, as set out in our Quality Management for Service Excellence (QMSE) framework, is focussed on this objective. Our QMSE framework is structured along fifteen so-called objectives with regards to:

- Leadership and quality management process
- Ethical requirements and values
- Objectivity and independence
- Client selectivity
- New solutions
- Engagement acceptance and continuance
- Recruit, develop and retain
- Learning and education
- Assignment of people to engagements
- Evaluation and compensation
- Technological resources
- Support for engagement performance
- Direction, coaching and supervision
- Expert knowledge
- Quality controls in performing engagements

As of this year, when describing our system of quality management, we use the structure of the fifteen quality objectives as shown here on the left. In the appendices (see pages 37–71) to this Transparency Report, a description is included per quality objective of how we have designed our system to comply with each objective.

Our system of quality management



For each quality objective, a colleague is responsible for achieving the underlying quality objectives. These so-called functional area leaders carry out a bottom-up risk assessment. Added to that are the risks that are relevant to the quality objective that have come up during the annual top-down *audit quality risk assessment* (AQRA). Next, the functional area leader defines mitigating procedures and controls, runs continuous monitoring activities, and finally links each objective to quality indicators for the purpose of assessing whether the quality objective is being achieved. The most important quality indicators for the various quality objectives are included in the Assurance Board report.

There is quarterly reporting to the central team that coordinates and monitors the cohesion of the system of quality management; this reporting addresses the operational implementation of the procedures and controls and the findings that result. The Assurance Board also receives quarterly reporting on key findings, the root cause analyses carried out, and any resultant mitigating procedures. In addition, the operational effectiveness is tested by an independent team (see text in frame: Accountability for the system of quality management).

Providing clarity regarding the functional area leaders' functional responsibility represents a further step in more deeply integrating our system of quality management. Whereas, previously, the system was mainly centrally maintained, the process owners and those responsible for quality management measures are now more aware of the impact that their daily work has on the quality of the services delivered by our audit firm.

“Improving the quality of our audits is essential within a culture in which serving the public interest is paramount.”



Strategic quality initiatives

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

Aim to predict: assurance quality indicators

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

Aim to prevent: real time assurance

We have developed a Real Time Quality Assurance (RTA) programme designed to provide preventive monitoring that helps coach and support engagement teams get the 'right work' completed in real time during the audit. The RTA programme consists of Real-Time Reviews (RTRs) and coaching through what we call Business Intelligence (BI) solutions (see also page 69). The RTRs and BI help audit teams to assure audit quality throughout the performance of their audit work. Where aspects of an audit or file are noted that can or should be improved, the audit team involved is provided with coaching and the opportunity to follow up before completion of the audit.

Learn: root cause analyses

We continuously perform root cause analyses to identify potential factors contributing to audit quality both negatively and positively (see also page 43) so that we can take actions to improve quality.

Reinforce: recognition and accountability framework

Our Recognition and Accountability Framework (RAF) reinforces quality in everything our people do in delivering on our strategy and it encourages them to act in line with our quality-focussed culture. The RAF evaluates quality outcomes and behavioural aspects, it encourages the quality-focussed culture, and it develops the frameworks for the setting of evaluation procedures and remuneration (see also page 60).

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Accountability for the system of quality management

The management board of PricewaterhouseCoopers Accountants N.V. (also referred to as the Assurance Board) and the Board of Management of Holding PricewaterhouseCoopers Nederland B.V. are the policymakers of the audit firm PricewaterhouseCoopers Accountants N.V. The Assurance Board is responsible for the design, maintenance and operation of the system of quality management, and the Assurance Board assesses the adequacy of the design, existence, and operating effectiveness of the system on an annual basis. Where shortcomings are noted, a remediation process is set in motion to correct the practices and/or to update the systems affected.

The annual policymakers' statement regarding the efficacy of the system of quality management is included in this Transparency Report.

To be able to carry out this assessment, the Assurance Board receives a quarterly report on the results of the ongoing monitoring activities by the functional area leaders. This report includes the most important developments and findings per quality objective, root cause analyses performed, possible mitigating measures, and an analysis of the quality indicators relation to the relevant quality objectives.

The design and operating effectiveness of the system of quality management is also tested by an independent team. The team has reported no significant findings as a result of their investigation. Based on this assessment, PwC has concluded that both the Wta requirements and the PwC standards have been met in all material respects.

Furthermore, our system of quality management and the adjustments in it are assessed annually through the PwC network, the so-called quality management (system) review (QMR). This review is performed according to the PwC Network Global Assurance Quality Review Program (GAQR). This programme is based on the professional

standards with regards to the system of quality management (including ISQC1). It includes the policy, procedures, instruments, and guidelines with regard to the system of quality management agreed between member firms in the PwC network.

The review programme is managed by a central team of international team leaders (ITL) consisting of senior partners. Supervision by the members of the ITL and their continuous involvement and support ensure that the reviews are performed consistently and effectively within the PwC network.

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

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Quality improvement is a continuous process within our system of quality management. External and internal factors, such as changes in legislation and regulation, changes in internal PwC standards, but also technological change and innovation, result in updates to our system of quality management and therefore impact our strategic priorities in Assurance and our QMSE.

To monitor the operating effectiveness of the QMSE framework and process of quality improvement, we use the results of the

procedures and controls included in QMSE itself, as well as the results of the analysis of progress made in achieving objectives as measured by the quality indicators.

The outcomes are incorporated into the annual cycle of root cause analyses. Examples are the outcomes of internal and external reviews (see KPIs 5 en 6). Thematic root cause analyses are also carried out during the year. In the past financial year, root cause analyses were performed with regard to:

- outsourcing of standardised work to the Audit Support department (see KPI 8);
- errors noted (see KPI 19).

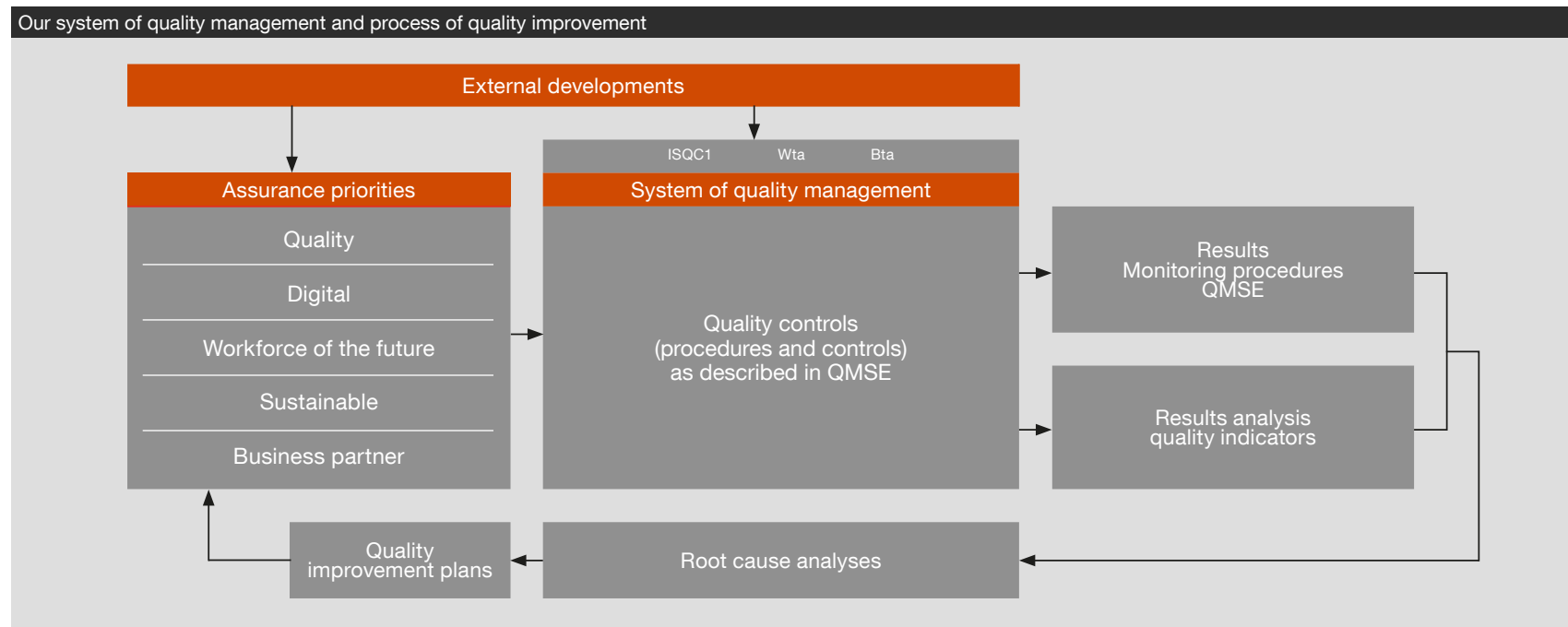
A plan for procedures and actions focused on quality improvement is then put together based on the outcome of the root cause analysis process. The quality improvement process is set out in the schematic below.

All indicators related to the quality within our audit firm are included by the functional area leaders in their evaluation of the quality objectives. This enables us to manage quality and quality improvements in an integrated manner.

As part of the evaluation of the functioning of the system of quality management (per objective and integral) and the degree of effectiveness of the measures and actions taken, the results of quality indicators are compared with formulated objectives, so that we can determine whether we are achieving our ambitions. This insight, in turn, is input for the root cause analysis and the quality improvement plan.

Highlighting a few quality indicators

The Assurance Board Report highlights the most important quality indicators relating to the various objectives. The other indicators, which are set out in the NBA's Guideline 1135, are included below.



Highlighting a few quality indicators

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The Assurance Board Report highlights the most important quality indicators relating to the various objectives. The other indicators, which are set out in the NBA's Guideline 1135, are included below.

10 Number of incident reports at the AFM

FY21
0

FY20
2

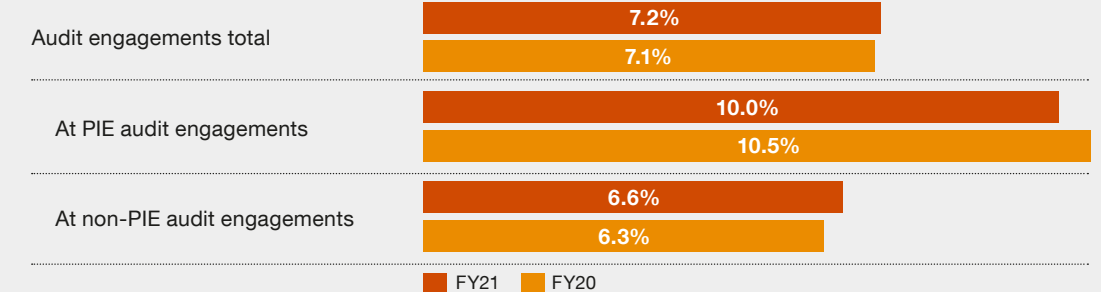
No incident was reported to the AFM in the past year. The internal investigations into incidents in the previous financial year have been completed and the results have been reported to the AFM. As a result of, for example, the internal investigation into services provided to Isabel dos Santos, various measures were taken, aimed at both cultural and behavioural elements and KYC (see also page 9).

11 Reviews personal independence and identified violations

	FY20	FY19
Number of completed reviews personal independence firm-wide	503	271
Number of identified violations	39	20
- Number of imposed warnings	37	18
- Number of imposed reprimands	2	2
Number of imposed financial sanctions	32	10

In order to further increase awareness and reduce the relatively high number of personal independence violations identified, the topic has been communicated more frequently over the past year and the number of colleagues who are subject to a review has further increased (174 reviews in FY19). As a result of the reviews, two reprimands were imposed. A total of 32 financial sanctions were imposed firm-wide. During the past financial year, no situations arose in response to engagements that resulted in an infringement of our firm's independence.

12 Average number of hours spent by partners and directors relative to the total amount of hours spent on audits



An important starting point in our focus on quality is the involvement of our partners and directors in the audits. The quality reviews during the process and afterwards emphatically show that the quality of the work increases if this involvement is higher. The average hours spent by our partners and directors is stable.

13 Investments in technology in euros

FY21
6 million

FY20
8 million

Digitisation contributes to quality improvement and makes our audits more relevant and efficient. In addition, colleagues tell us that digitisation also makes the work more fun. We are making progress along the four lines of our Your Tomorrow programme, by which we shape our digital transformation. Developing and investing in technology helps to make our work more relevant, consistent, efficient, enjoyable and therefore better.

Another important part of the Your Tomorrow programme is the so-called upskilling of our colleagues. Last year, we started training 35 colleagues to become *digital accelerators*. They assist audit teams in adopting new technologies and help colleagues to innovate their engagements and work more efficiently. The most successful applications that have been developed are available in our Digital Lab, so that colleagues can download and apply them to other clients.

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Headcount (FTE)

	FY21	FY21 %	FY20	FY20 %
Partners/directors	204	11%	205	10%
(Senior) managers	469	25%	483	24%
Senior associates	761	40%	796	40%
Associates	458	24%	526	26%
Total	1,892		2,010	

Although the average ratio per job level is approximately the same as in previous years, the size of our formation per 30 June 2021 is 6% smaller than last year. During the year, the available staff at a single business unit turned out to be higher than the required capacity. In other business units there was a shortage of colleagues. We are trying to encourage colleagues to broaden their horizons within PwC and to develop further within another business unit – sometimes in conjunction with other activities. In order to better control the perceived high workload, we are committed to retaining new experienced colleagues in particular and to outsource work to the Audit Support department.

15

Training hours

	FY21	FY20
Average number of external education and training hours per FTE	60	69
Average number of internal and other education and training hours per FTE	121	133
Total average number of education and training hours per FTE	181	202

The average number of hours spent on internal and external training and education per FTE decreased in FY21, but is in line with FY19 (184 hours). The decrease is to a great extent explained by COVID-19. The entire training curriculum was offered digitally last year and part of the training courses have been adapted to make virtual training possible. The continuation of the Digital Accelerator programme and the launch of ‘badging’ at PwC have contributed to an increase in digital upskilling training hours.

While many of the remote training courses offered can be just as impactful as live training, we see that in programmes where networking and learning from each other are central, virtual training has its limits. Technology will play an important role in further developing virtual and blended learning experiences in a post-Covid world.

16

Turnover

	FY21	FY20
Turnover total	14.6%	10.8%
Turnover among our more highly rated staff	16.8%	7.6%
Turnover among men and women		
- Men	15.1%	11.3%
- Women	13.9%	10.1%
Turnover among differing cultural backgrounds		
- Dutch	12.7%	10.1%
- Western	19.7%	14.1%
- Non-western	18.1%	9.8%

Employee turnover is higher than expected and higher than in previous years. We notice that our colleagues are in great demand in the market. A sense of connection with PwC as an organisation, but also with colleagues in the team, is crucial for retaining our people. In view of the work-from-home situation of the past year, this has come under pressure and has our explicit attention for the coming year. We also see that the turnover among colleagues with a non-Dutch migration background is high. This slows down the further development of a more diverse organisation, which actually benefits the quality of our work. We have asked a number of colleagues to investigate this with the aim of taking additional measures.

17

Annual financial statement reviews by National Office

FY21

117

FY20

110

National Office reporting specialists, in some cases supported by sector specialists, conduct reviews of the financial statements of a selected group of audit clients prior to the issuance of the auditor’s report, with the aim of increasing the quality of these financial statements and to provide a learning effect for the teams involved. The fluctuation in numbers is due to the selection and the criteria set for this purpose. It did not concern reviews of the impact of COVID-19 on the financial statements.

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18 Statements from the People Survey

	FY21	FY20
The People Engagement Index – which indicates the attractiveness of PwC as an employer*	82%	86%
<i>Questions concerning purpose and integrity</i>		
I have had a discussion about PwC's Values and how they influence my work.	68%	58%
I am encouraged to try new things and learn from failure.	81%	83%
The people I work with demonstrate conduct consistent with PwC's Global Code of Conduct.	89%	90%
At PwC, I feel comfortable discussing or reporting ethical issues and concerns without fear of negative consequences.	79%	77%
At PwC I can speak openly, even if my ideas are in disagreement with others.	79%	81%
<i>Questions concerning quality</i>		
The leaders I work with discuss with my team the ways in which we can build better trust and solve important problems.	60%	60%
The people on my team take accountability for the outcomes of their work.	79%	82%
<i>Questions concerning coaching and supervision</i>		
The Learning & Development I have used at PwC, including classroom and non-classroom options (webcasts, reading, job aids, and other digital learning) has prepared me for the work I do.	72%	76%
The people I work with support me through regular on the job feedback and coaching.	69%	79%

* In FY21, we started measuring our People Engagement Index (PEI) based on other questions. The new PEI is an average score of the extent to which our people enjoy working at PwC, the extent to which their personal values align with PwC's values, whether they would recommend PwC to others, whether they are proud of working at PwC and whether they feel they belong at PwC. Until FY21, the PEI was an average score of how proud our people are of working at PwC, expect to be working at PwC twelve months from now, are satisfied with PwC and would recommend PwC to others. This average score was 79% for FY21 (FY20: 88%).

A staff satisfaction survey (GPS) was once again carried out within the Assurance practice this year. We value the involvement of our colleagues in our organisation and are therefore pleased that 74% of our colleagues participated. We have gained insights into how our colleagues see certain themes recurring in our organisation, related to our quality and quality-oriented culture. In the coming period, our business unit management teams and employees will discuss the GPS results with each other. Based on these conversations, improvement actions and how we can learn from each other are jointly determined.'

The *people engagement index** has decreased compared to last year, but is still high (82%). We are happy with this high score, but we also see that COVID-19 has put a number of things under pressure, such as social cohesion, coaching and feedback and the wellbeing of our colleagues. Joint actions will therefore focus on these themes.

The average scores for the question *How consistently do leaders you work with demonstrate the value?* are shown below per value.**

Act with integrity

FY21	FY20
82%	82%

Make a difference

FY21	FY20
58%	63%

Care

FY21	FY20
65%	70%

Work together

FY21	FY20
60%	70%

Reimagine the possible

FY21	FY20
69%	79%

** Last year we mentioned here the average scores for the question "How consistently do leaders you work with demonstrate the value?". This year this has been replaced by calculating the average scores of a number of questions related to these values for each value. This calculation has also been applied to last year's results.

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19 Number of errors

	FY21	FY20
Number of errors noted under section 362, subsection 6 (NL GAAP)	1	2
Number of material errors noted (NL GAAP)	12	11
Number of material errors noted (IFRS)	5	1
Total	18	14
As a percentage of all statutory audits	0.8%	0.6%

Slightly more errors were found in the financial statements audited by us compared to last year. When a possible error is identified during a financial statement audit, colleagues from National Office are consulted. Specialists then monitor and determine whether there is actually an error. Repair work is carried out (where necessary) and a root cause analysis is carried out for every identified error. The results are also included in the annual root cause analysis process.

20 Hours spent by National Office

During the past financial year, our technical department National Office paid attention to the impact of COVID-19 on the financial statements and the audit, to the strengthening of our system of quality management (QMSE) and to the Quality Improvement Team. The Quality Improvement Team carries out root cause analyses, develops the culture and behaviour program, implements this in practice and measures the effects of quality improvement measures. The audit teams are coached by the real-time review team and a team that shares insights based on data from our files and systems (business intelligence). In addition to the hours spent on this by colleagues from the National Office, various colleagues from the Assurance practice were also involved. The hours worked by the latter group are not included in this overview for all projects.

* The definition has changed compared to previous years, whereby the hours spent by our National Office on professional technology and (the system of) quality management are also included in the hours. Therefore, a change in hours in FY20 has been included in this report.

	FY21	FY20
	113,096	101,484

21 Number of EQRs carried out by QRPs and CRPs and number of hours spent

	FY21	FY20
Number of legally required EQRs carried out by QRPs	374	315
As a percentage of the total number of statutory audits	16%	14%
Number of not legally required EQRs by CRPs	140	142
As a percentage of the total number of statutory audits	6%	6%
Total number of EQRs by QRPs and CRPs	514	457
Number of hours spent by QRPs on EQRs	5,483	4,404
Average number of hours spent by QRPs on regular EQRs as a percentage of the total number of hours spent on the statutory audits involved	0.7%	0.6%
Number of hours spent by CRPs on EQRs	2,636	3,288
Average number of hours spent by CRPs on EQRs as a percentage of the total number of hours spent on the statutory audits involved	0.9%	1.0%
Total number of hours spent by QRPs and CRPs on EQRs	8,119	7,692
Average number of hours spent by QRPs and CRPs on EQRs as a percentage of the total number of hours spent on the statutory audits involved	0.8%	0.7%

The number of statutory audits that are subject to a ‘standard’ engagement-specific quality review (EQR) by a *quality reviewing partner* (QRP) required under the Bta or EU Regulation 537/2014 has increased compared to last year. The number of EQRs that are carried out depends on the composition of our client portfolio. In addition, 140 EQRs were performed by concurring reviewing partners (CRP).

In the past year, an EQR under the supervision of the RTR team was started for every external auditor (partners and directors) for at least one file. This way, the RTR team helps the audit teams to improve the quality of the audit engagement and they support the QRPs and CRPs in the execution of the EQR. If the RTR team determines that an audit or file could be improved, it provides coaching to the relevant audit team.

22 Evaluation and remuneration of our partners and directors						
<p>Our evaluation and remuneration processes look not only at engagement review results but also at how well partners and directors stand firm when they need to, resign from clients who do not meet our quality requirements, and arrange for agreed reporting deadlines to be delayed when necessary. The processes also look at contributions to our quality management system and performance in the <i>people</i> element of the evaluation process. How these are reflected in partner and director evaluation and remuneration is set out in the table below.</p>						
Evaluation elements	Test reference	Internal assessment	Evaluation ²	Impact on total remuneration ¹	Financial sanctions	
					FY21	FY20
Engagement quality	<ul style="list-style-type: none"> Internal reviews (ECRs) External reviews Disciplinary rulings 	Assessment levels: <ol style="list-style-type: none"> Compliant - 'best in class' Compliant Compliant with review matters (CWRM) Non-compliant (NC) 	Distinctive performance in terms of engagement quality/best in class engagement file: Positive effect on evaluation Compliant: No effect on evaluation CWRM: No effect on evaluation, unless there are other negative quality indicators or if caused by repeat situations NC: negative effect on evaluation, larger negative effect with repetition.	Up to +16,66% impact on total remuneration	6 positive	10 positive
				No effect on remuneration	-	-
				No effect on remuneration unless in combination with other quality indicators or if caused by repeat situations: up to -50% impact on total remuneration	0	0
				Up to -50% impact on total remuneration.	2 negative	0 negative
System of quality management PwC (QMSE)	<ul style="list-style-type: none"> External reviews Internal reviews Internal audits 	Results of QMS reviews and audits Individual contribution to PwC quality (in terms of roles, projects etc.)	Distinctive contribution: Positive effect on evaluation Effects on the evaluation of management	Up to +8,33% impact on total remuneration	23 positive	15 positive
				Up to -16,66% impact on total remuneration	3 negative	4 negative
Personal independence	<ul style="list-style-type: none"> External reviews Internal reviews Internal audits 	Independence Sanctions Committee decision ³ : <ul style="list-style-type: none"> Warning Reprimand 	Warning: Letter of notification, with no effect on evaluation Reprimand: Note in file, though the effect can be greater in the case of ownership of prohibited securities or in more serious cases	No effect on remuneration	-	-
				More serious reprimands: up to -50% impact on total remuneration.	0	0
Personal behaviour / Business conduct	<ul style="list-style-type: none"> Complaints and notifications 	BoM decision based on advice from the Business Conduct Committee or the Complaints Committee	Letter of notification, with no effect on evaluation Note in file, though the effect can be greater in more serious cases and even greater in repeat situations	No effect on remuneration	-	-
				More serious reprimands: up to -50% impact on total remuneration	0	0
Compliance with requirements and standards (baseline expectations)	Specific objectives: number of training hours, financial management etc	Evaluation of baseline expectations	If unsatisfactory: Negative effect on evaluation	Up to -50% impact on total remuneration	0	0
People component in evaluation	<ul style="list-style-type: none"> People KPIs (incl. People Survey) 360 degree feedback 	<ul style="list-style-type: none"> Evaluation business unit results (People Survey)⁴ Evaluation 360 degree feedback 	Above average: Positive effect on evaluation Unsatisfactory: Negative effect on evaluation	Up to +8,33% impact on total remuneration	4 positive	8 positive
				Up to -12,5% impact on total remuneration	8 negative	0 negative

1 In relation to a 'regular' good evaluation. 2 In addition, a partner or director can receive both a positive and negative remark regarding quality in one of the areas of evaluation: *clients, people, firm*. This remark has no direct effect on the performance rating, but it does affect the evaluation of the partner or director concerned and is included in the BMG&D form. Last year this concerned 24 partners and directors (previous year: 28).

3 The Independence Sanctions Committee also has the power to impose a financial sanction in addition to a warning or reprimand. This sanction is independent of any impact on the evaluation/remuneration of a partner/director or employee and is based on decision-making by the LoS-Board. The sanction policy applies firm-wide (see KPI 11). 4 Partners and directors are evaluated collectively per business unit hereon.

23 Composition of turnover of PwC the Netherlands

Composition of turnover PwC the Netherlands 2020/2021 ¹ (x € millions)	Statutory annual financial statement audits	Other annual financial statement audits	Other reports and assurance reporting	Assurance- related services	Other services	Total	% of total
Statutory annual financial statement audits (PIE clients)	i 59	iii 0	5	1	0	65	7%
Statutory annual financial statement audits (Subsidiaries of EU PIE clients)	21	0	2	0	0	23	2%
Statutory annual financial statement audits (non-PIE clients)	ii 147	5	9	1	23	185	20%
Other annual financial statement audit clients		iv 19	1	0	5	25	3%
Other reports and assurance reporting clients			40	0	110	150	16%
Assurance-related services clients				0	2	2	0%
Other clients					486	486	52%
Total	227	24	57	2	626	936	100%

Composition of turnover PwC the Netherlands 2019/2020 ¹ (x € millions)	Statutory annual financial statement audits	Other annual financial statement audits	Other reports and assurance reporting	Assurance- related services	Other services	Total	% of total
Statutory annual financial statement audits (PIE clients)	i 56	iii 0	4	0	0	60	6%
Statutory annual financial statement audits (Subsidiaries of EU PIE clients)	21	0	2	0	2	25	3%
Statutory annual financial statement audits (non-PIE clients)	ii 156	5	7	1	24	193	20%
Other annual financial statement audit clients		iv 20	2	0	5	27	3%
Other reports and assurance reporting clients			51	1	121	173	18%
Assurance-related services clients				1	1	2	1%
Other clients					470	470	49%
Total	233	25	66	3	623	950	100%

¹ Turnover represents the amounts charged for engagements by all entities of the PwC Netherlands member firm. Amounts charged directly by other international PwC member firms to our multinational clients, including audit clients, are excluded from this table.

The allocation of revenue is in line with Article 13, paragraph 2, sub. K (i-iv) of EU Regulation 537/2014:

- i) revenues from statutory audits of annual and consolidated financial statements of public interest entities and of entities belonging to a group of undertakings whose parent undertaking is a public interest entity;
- ii) revenues from the statutory audits of annual and consolidated financial statements of other entities;
- iii) revenues from permitted non-audit services to entities that are audited by the statutory auditor or the audit firm; and
- iv) revenues from non-audit services to other entities.

Re i) and ii) The summary sets out the revenue earned from statutory audits as defined in Article 1, first paragraph, sub. p of the Law on the Supervision of Audit Firms (including the annex). This definition differs from that included in Article 13, paragraph 2, sub. k of EU Regulation 537/2014.

Re i) In the summary, the revenue earned from statutory audits at entities that are part of a group of companies of which the parent company is a public interest entity is limited to those entities that are part of a group of companies of which the parent company is an EU PIE audited by PwC or an international PwC network member firm.

The consolidated revenue reported in the annual financial statements of PricewaterhouseCoopers Accountants N.V. for 2020-2021 amounted to €368 million (2019-2020: €386 million), of which €227 million (2019-2020: €244 million) related to statutory audit work and €141 million (2019-2020: €142 million) to other services.

PricewaterhouseCoopers Accountants N.V. is part of an international network of independent member firms. Total revenue earned from the statutory audits of annual financial statements and consolidated financial statements by all audit firms (established in EU/EEA member states) that are part of this network of independent member firms (see appendix) is estimated to be €2.4 billion in 2020-2021 (2019-2020: €3.2 billion). This represents the combined revenue recorded for the most recent financial year of all member firms, translated into Euros at the exchange rate prevailing on 30 June 2021.

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The purpose of the Transparency Report is to inform society, in a transparent manner, as to our vision and efforts in relation to our policies for Quality.

The quality management framework of PricewaterhouseCoopers Accountants N.V., as summarised in this Transparency Report, is designed to provide a reasonable level of assurance that our statutory audits are performed in accordance with the legislative and regulatory requirements that apply.

We are continuously implementing improvements to our quality management framework. The steps we have taken, as set out in this Transparency Report, have been taken based on the results of reviews (carried out both internally and by our external supervisory bodies) and on the expectations that society has of auditors.

Policymakers' statement PricewaterhouseCoopers Accountants N.V.

The policymakers of PricewaterhouseCoopers Accountants N.V. have evaluated the design and operating effectiveness of the quality management framework as summarised in this report. In doing so, they have made use of the reports issued by the Compliance Officer. Based on the evaluation the policymakers confirm that the quality management framework operates effectively.

Amsterdam, 20 September 2021

Members of the Board of Management of Holding PricewaterhouseCoopers Nederland B.V.

Ad van Gils (Chair)
Agnes Koops-Aukes (also Chair of the board of directors of PricewaterhouseCoopers Accountants N.V.)
Marc Borggreven
Marc Diepstraten
Jolanda Lamse-Minderhoud
Renate de Lange
Maarten van de Pol

Members of the board of directors of PricewaterhouseCoopers Accountants N.V.

Raneesh Jagbandhan
Joris van Meijel
Wytse van der Molen

Statement of the board of directors PricewaterhouseCoopers Accountants N.V.

Based on the previously described, the board of directors of PricewaterhouseCoopers Accountants N.V. confirms that the internal monitoring of compliance with independence policies and requirements has been carried out, and that the policy regarding permanent education of our partners, directors and staff has been followed.

Amsterdam, 20 September 2021

PricewaterhouseCoopers Accountants N.V.

Agnes Koops-Aukes
Raneesh Jagbandhan
Joris van Meijel
Wytse van der Molen



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To: the Management board of
PricewaterhouseCoopers Accountants N.V.

Our opinion

We have examined the enclosed, certified numbers and percentages for the financial year 2021 on page 3 'Our highlights 2020/2021' and in the tables Quality Indicators 1 to 23 of the Transparency Report 2020-2021 (further: 'the reported data') of PricewaterhouseCoopers Accountants N.V., based in Amsterdam.

In our opinion, the information on the reported data is prepared, in all material respects, in accordance with the applicable criteria as set out on pages 82-84 of the Transparency Report 2020-2021.

Basis for our opinion

We performed our examination in accordance with Dutch law, including Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten)' ('Assurance engagements other than audits or reviews of historical financial information (attestation engagements)'). This engagement is aimed to obtain reasonable assurance. Our responsibilities in this regard are further described in the 'Our responsibilities for the examination of the reported data' section of our report.

We are independent of PricewaterhouseCoopers Accountants N.V. in accordance with 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 requirements in The Netherlands. Furthermore we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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

Applicable criteria

The applicable criteria for this engagement are included in the appendix Legislative and regulatory framework and appendix Reporting criteria of the quality indicators of the Transparency Report 2020-2021.

Responsibilities of management for the reported data

Management is responsible for the preparation of the information on the reported data in accordance with the applicable criteria, including the identification of the intended users and the criteria being applicable for their purposes. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation, measurement or evaluation of the information on the reported data free from material misstatement, whether due to error or fraud.

The applicable criteria are prepared by management. Management is responsible for determining the applicable criteria.

Our responsibilities for the examination of the reported data

Our objective is to plan and perform our examination in a manner that allows us to obtain sufficient and appropriate assurance evidence for our opinion.

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

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.

Our examination included among others:

- ▶ identifying and assessing the risks of material misstatement of the reported data whether due to errors or fraud, designing and performing assurance 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 examination in order to design assurance 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 suitability of the reporting criteria used as set out in the appendix Legislative and regulatory framework and appendix Reporting criteria of the quality indicators of the Transparency Report 2020-2021.

Utrecht, September 20, 2021

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

sgd

drs. J.F. van Erve RA

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Focus on quality

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

How we define quality

For an audit firm, service quality starts with compliance with legislation and regulation. The fundamental principles of professionalism, integrity, objectivity, competence, carefulness and confidentiality are paramount in order to fulfil our responsibility to act in the public interest. But more is needed for us to live up to our purpose. For quality in the broader sense, we need to create value for our stakeholders that goes beyond compliance and that differentiates us as a firm. This includes, for example, providing insight through public benchmarks, participating in the public debate, contributing to the development of our people, and contributing to our clients' business processes through, for instance, management letters and improved financial statements and reporting.

In this context, we define quality as:

1. compliance with legislation and regulation; plus
2. delivering added value to society, our people, and our clients.

The objective of a system of quality management is to ensure compliance with all applicable legislation and regulation and to assure continuous delivery of and improvement in the quality of our assurance services.

Our system of quality management

As a member firm of the global PwC network, we are required to comply with the PwC network standards and the PwC Network Risk Management Policies. These are designed to assure consistency of service quality across the PwC network. Our Assurance Risk Management Database (Matrisk) sets out our internal risk management requirements. This database is accessible to all our professionals, for instance via Assurance Assist (our central system for professional technical information).

Our policies and procedures for quality are consistent with these international frameworks and are naturally also focussed on compliance with the applicable legislation and regulation in the

Netherlands. The framework of standards that is applicable in the Netherlands for statutory audit can be divided into different levels (see table below).

The audit firm

The Audit Firms Supervision Act (*Wet toezicht accountantsorganisaties (Wta)*), the Decree on the Supervision of Audit Firms (*Besluit toezicht accountantsorganisaties (Bta)*), and EU Regulations set out requirements applicable to the operating structures of audit firms that are licensed to perform statutory audits. An audit firm is required to have a system of quality management and safeguards to ensure that work is performed in a managed environment and with integrity.

The external auditor

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

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

The Dutch regulatory framework for the statutory audit

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

A cohesive system of quality management needs to comply not only with this framework of standards but also with the international framework International Standard on Quality Control 1 (ISQC1) 'Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements' of the International Auditing and Assurance Standards Board (IAASB) that will be replaced as of 15 December 2022 by ISQM1 (International Standard on Quality Management (ISQM) 1, 'Quality management for firms that perform audits or reviews of financial statements, or other assurance or related services engagements'). The ISQC1 standard defines the objective of the system of quality management as follows:

The objective of the firm is to establish and maintain a system of quality control to provide it with reasonable assurance that:

- a. the firm and its personnel comply with professional standards and applicable legal and regulatory requirements; and*
- b. reports issued by the firm or engagement partners are appropriate in the circumstances.*

The system of quality management for our audit firm, as set out in our Quality Management For Service Excellence (QMSE) framework, is focussed on this objective. Our QMSE framework is structured along fifteen so-called objectives with regards to:

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

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



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Governance and leadership

1. Leadership and quality management process

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

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

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

Our culture

Our tone from the top reflects what we have set as our purpose, strategy and values (see page 46), and it provides leadership to our colleagues by demonstrating behaviour that is consistent with a quality-driven culture, a learning organisation and putting the public interest first.

Our purpose is to build trust in society and solve important problems, and our values help us deliver on that purpose. Our purpose reflects ‘why’ we do what we do, and our strategy provides us with the ‘what’ we do. ‘How’ we deliver our purpose and strategy is driven by our culture, values and behaviours. This forms the foundation of our system of quality management.

Tone from the top

In its communication to the practice, the Assurance Board focuses on the PwC purpose, our values and the Assurance strategy. The communication takes place through digital newsletters, dedicated intranet pages, blogs, video messages, and the regular monthly Lessons Learnt email of current findings from the Real Time Reviews. We also communicate through public appearances, opinion papers and through this Transparency Report. In addition, our technical department (National Office) communicates on professional technical matters through our weekly Assurance-wide newsletter, and the Assurance Board is very closely involved in the design of the Summer School, an annual multi-day training programme, and in the audit transformation programme.

The Assurance Board is in continuous dialogue with our younger colleagues including through the so-called Young Assurance Board, a forum consisting of nine younger colleagues, each of them representing a business unit or a unit like the Workers’ Council. Once every six weeks they attend a meeting of the Assurance Board to discuss topics such as workload, quality, the future of the audit profession or social expectations with regard to our sector. From last spring, after the Covid-19 outbreak, these dialogues took place weekly or fortnightly. Once every six weeks they discuss developments in their portfolios with the individual members of the Assurance Board.

Partners and directors setting the right example

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

Stakeholder dialogue and sector involvement

We are in constant contact with our more important stakeholders to hear from them what their key expectations are and to sound out our own ideas. We do this through a programme of stakeholder dialogues (see PwC NL Annual Report 2020-2021). The People Survey, our annual survey into staff satisfaction, provides input as to how people view aspects such as culture, behaviour and leadership within the organisation. In addition, the Public Interest Committee keeps us focused on how well we are attuned to the perceptions of society (see the ‘Report of the Public Interest Committee’ in the main section of this Transparency Report).

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

A vision for change, with focus on culture and behaviour

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

Our change programme within the Assurance practice is led by a central team consisting of an Assurance Board member, change partners from all business units, a programme manager, project managers and communication and change specialists. The team is also responsible for the rollout of the initiatives developed by the PwC NL transformation team within Assurance.

This team is responsible for the implementation of the change programme for all of PwC NL under the direction of the Board of Management. This integrated management of the programme safeguards the synergies between the various initiatives and assures a solid implementation and anchoring of the new techniques and behaviour. It is important that we are translating concepts like purpose, values and strategies into our daily practice and we bring about a change in mindset.

Monitoring and follow-up

Monitoring is a fundamental element of our learning organisation and continuous quality improvement. It includes our own internal monitoring as well as the monitoring by our external supervisory bodies. We take appropriate action based on our analysis of the underlying root causes of all the matters highlighted by these monitoring processes and we monitor whether the actions taken are effective.

Internal monitoring

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

System of quality management

Our system of quality management has been elaborated along fifteen so-called quality objectives. For each quality objective, a colleague is responsible for achieving the underlying quality objectives.

This so-called functional area leader draws up a bottom-up risk analysis. The risks relevant to the quality objective that emerged during the annual top-down audit quality risk assessment (AQRA) are added to this. Subsequently, mitigating procedures and controls are defined by the functional area leader and ongoing monitoring activities are carried out to determine whether the relevant quality objective can be met. Finally, quality indicators are linked to each quality objective for the purpose of analysing whether the quality objective is achieved.

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

Within the QMSE framework a number of procedures and controls have also been delegated to the business unit leaders and their management team (consisting of a quality assurance partner, change partner, human capital partner and operations partner). They implement quality management in their business unit.

Each year, the business unit leaders confirm in writing on behalf of their management team that they have implemented the quality procedures of PwC. The functional area leaders include the implementation of the quality procedures by the management teams of the business unit in their assessment of the operational effectiveness of the system with regards to their objective. The functional area leaders also confirm annually that they have taken responsibility and followed up on any findings.

By making the functional responsibility of the functional area leaders more explicit, a step has been taken in perpetuating the system of quality management. Where in the past the system was mainly maintained centrally, the process owners and colleagues involved in the execution of the quality measures are now more aware of the impact of their daily activities on the quality of service of our audit firm.

Enterprise risk management

In addition to the risk analyses performed as part of our QMSE framework, we also perform specific in-depth analyses into the risks surrounding audit quality. As part of our regular planning and audit cycle, we also routinely take inventory of the primary risks we face and the opportunities in strategic, operational, financial and compliance areas, including the way in which we address these risks within the context of our risk appetite.



Strategic quality initiatives

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

Aim to predict: assurance quality indicators

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

Aim to prevent: real time assurance

We have developed a Real Time Quality Assurance (RTA) programme designed to provide preventative monitoring that helps coach and support engagement teams get the 'right work' completed in real time during the audit. The RTA programme consists of Real-Time Reviews (RTRs) and coaching through what we call Business Intelligence (BI) solutions (see also page 69). The RTRs and BI help audit teams to assure audit quality throughout the execution of their audit work. Where aspects of an audit or file are noted that can or should be improved, the audit team involved is provided with coaching and the opportunity to follow up before completion of the audit.

Learn: root cause analyses

We continuously perform root cause analyses to identify potential factors contributing to audit quality both negatively and positively (see also page 43) so that we can take actions to continuously improve quality.

Reinforce: recognition and accountability framework

Our Recognition and Accountability Framework (RAF) reinforces quality in everything our people do in delivering on our strategy and it encourages them to act in line with our quality-focussed culture. The RAF evaluates quality outcomes and behavioural aspects, it encourages the quality-focussed culture, and it develops the frameworks for setting the evaluation and remuneration procedures (see also page 60).

We take additional measures where this proves to be necessary, and we monitor these measures as part of our management processes. This methodology (Enterprise Risk Management) derives from the PwC Network standard for risk and quality that includes the approach to enterprise risk management. The results of these assessments are discussed in the Assurance Board, the Board of Management, the Public Interest Committee and the Supervisory Board and we share the results also within our international network. The primary risks inherent in our strategic areas of focus are set out in our PwC NL Annual Report 2020-2021.

Monitoring through quality indicators

The Assurance Board, National Office and the business unit leader (together with his/her team, consisting of the quality assurance partner, human capital partner, operations partner, and change partner) periodically monitor the development of quality within our audit organisation through a number of quality indicators. Strategic and policy-based steering information and operational accountability information are shared through various reports.

Indicators (KPIs) for quality, culture and behaviour within our audit organisation are included in one integrated report (the so-called Integrated Dashboard). The Assurance Board periodically evaluates the progress on the more important quality indicators.

These KPIs also include those recommended in the NBA Guidance 1135 (Publication of Quality Indicators). The integrated dashboard enables us to manage quality and quality improvement in an integrated manner. To assess the operational effectiveness of the system of quality management and the efficacy of the measures adopted and actions taken, the quality indicators are compared to predetermined goals in order to determine how we achieve our ambition.

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

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Review of compliance with the PwC Network Standards

Annually, our self-assessment of compliance with the PwC Network Standards is assessed by the global PwC network.

PwC Global's reviews of our system of quality management

The global PwC network reviews our system of quality management and updates on an annual basis, the so-called Quality Management System Review (QMR). This PwC network review is performed on the basis of the PwC network Global Assurance Quality Review Program (GAQR). The programme, which is based on prevailing professional standards relating to the quality management system (including ISQC1), incorporates the policies, procedures, tools and requirements relating to the quality management framework that have been agreed by the member firms within the PwC network.

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

Reviews by the independent testing team

An independent testing team also performs annual testing with regards to the design and operating effectiveness of the system of quality management.

Engagement compliance reviews (ECRs)

The objective of so-called Engagement Compliance Reviews (ECRs) is to review the quality of the engagement and its compliance with the various PwC policies and procedures and to identify areas for improvement. These reviews are led by assigned partners, specifically from the international PwC network, to, among other things, bring consistency of professional judgment. The selection criteria of the network of member firms require that all engagements with a higher risk profile are selected at least twice every six years. The reviews cover all business units every year, with each partner and director being selected at least once every five years.

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

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

and remuneration process of the partners and directors.

Monitoring by the Compliance Office

The Compliance Officer supervises the compliance with the quality policy within PwC on behalf of the (co-) policymakers. He is supported by the Compliance Office which deals with matters arising under the Audit Firms Supervision Act (Wta) and related laws and regulations. The Compliance Office reports its findings three times a year to the policymakers, the Public Interest Committee and the Supervisory Board, including any findings it has regarding the internal system of quality management, and it provides recommendations and monitors these. The Compliance Office is responsible for the mandatory notifications to the Netherlands Authority for the Financial Markets (the AFM) and for the registration and deregistration of external auditors and/or members of the Coöperatie PricewaterhouseCoopers Nederland U.A. in the register of the AFM.

Report of Infringements

This Transparency Report also serves to fulfil the legal requirement to present a Report of Infringements.

External monitoring

The process of engagement reviews by the AFM and other supervisory and regulatory authorities contribute to continuous quality improvement. If shortcomings in an audit file are reported by any of them, we establish what can or must be corrected, we perform an analysis of the reasons why it went wrong, and we determine whether the

auditor's report issued is still valid. We also review external file review results in accordance with the ECR methodology. This helps ensure consistency of ratings and evaluation for the purposes of any (financial) sanction on the external auditor involved.

AFM reviews

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

Other external reviews

In addition to the AFM, other external bodies also conduct regular reviews. Every six years, the NBA carries out reviews of audit and other assurance engagements in the non-statutory domain. The Central Government Audit Service (ADR) carries out reviews of our files of audits in the local government sector and reported information regarding the Standards for Remuneration Act (WNT). The Inspectorate of Education carries out reviews at educational institutes, for instance of the funding and financial statement audits of the individual institutes. The Dutch Healthcare Authority (NZa - Nederlandse Zorgautoriteit) monitors health insurance companies' application of the Health Insurance Law (Zvw) and the Law on Exceptional Medical Expenses (AWBZ), and

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sometimes makes use of its right to review the auditor’s audit files. Furthermore, ad hoc reviews can be commissioned by or on behalf of the government, primarily ADR investigations into the audit of subsidy claims.

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

Root cause analyses

In addition to carrying out thematic root cause analyses during the year, PwC carries out an annual cycle to prepare the *PwC Assurance root cause analysis*. This process is largely carried out according to a methodology and guidelines determined by the global PwC network, the so-called Global Root Cause Analysis Framework. We have expanded this methodology with sounding sessions with function groups under the supervision of a behavioural scientist.

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

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

The root cause analysis also takes into account the current state of the quality-oriented culture

within PwC, as well as transparency about quality and the learning capacity vis-à-vis the legally required quality level. In particular, the sounding sessions with colleagues from the practice and the conversations with engagement leaders and engagement managers contribute to identifying underlying causes.

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

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



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team members with compliant files. We identify potential drivers for quality on these files and consider whether the absence of these drivers on non-compliant files is the possible cause for the non-compliant judgment.

3. Analysis of file-specific data

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

4. Sounding sessions

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

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

Quality improvement plan

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

External auditor improvement plan

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

The improvement plan contains the factual findings, a root cause analysis and improvement actions. A proper self-reflection by the external auditor and the desire to improve are paramount. We monitor progress in the improvement plan for a period of two years. The partner or director also receives more intensive coaching by a CRP and the RTR team. The partner or director reports annually on the progress of the actions of the improvement plan and discusses this in the annual evaluation (BMG&D-evaluation). A review is carried out after two years by the Assurance Board member responsible for risk &

quality, the business unit leader of the external auditor involved and the Compliance Officer. The results are reported to the Assurance Board with a proposal whether or not to maintain the signing authority of the auditor involved. The fully supported decision is approved by the Supervisory Board.

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

Interaction with our stakeholders

Reporting on our activities

Reporting to the public

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

both the content and the layout of the reports issued by our auditors.

We find it important that our auditors not only attend the Annual General Meetings (AGMs) and answer questions, but also provide insight in the work performed and in the auditor’s report.

Reporting to the audit client

Our external auditors discuss the audit plan, the interim findings (management letter) and the board report with the Supervisory Boards of audit clients, and in particular with the audit committees. The *good practice* is to share our transparency report and our responses to investigations by the supervisory authorities with the supervisory and managing directors of our audit clients. We expect our auditors to discuss the main points of our transparency report, including the results of external supervisory investigations, with the audit committees. If the file of a PwC auditor is subject to review by an external supervisor, we inform (the chair of) the audit committee. We also share the results of such a specific investigation with the relevant audit committee. Our auditors report the actual audit hours spent on the audit for the year and the expected hours for the following year to the Supervisory Board (or equivalent) of their audit clients, which is followed by an active discussion with the board how these hours and other audit techniques can be best deployed to achieve a high quality audit.

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Providing insight into the Management Letter

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

Legal and disciplinary proceedings

From time to time, we are faced with (potential and actual) liability claims and litigation, including disciplinary procedures arising from professional work we have performed at current or former clients. To the extent that these fall under civil law, they can involve either PwC or one or more of its partners, former partners, staff members and former staff members. Professional disciplinary proceedings always relate solely to individual professional practitioners. We are required to report disciplinary procedures to our external supervisory body. The ongoing legal and disciplinary proceedings are reported in the PwC NL Annual Report 2020—2021.

Notifications to supervisory bodies

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

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

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

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Relevant ethical requirements

2. Ethical requirements and values

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

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

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

Thinking and acting ethically

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

Standards

At PwC, we adhere to the fundamental principles of the International Ethics Standards Board

for Accountants (IESBA) Code of Ethics for Professional Accountants. These principles are:

- **Integrity** – We are straightforward and honest in all professional and business relationships.
- **Objectivity** – We do not allow bias, conflict of interest or undue influence of others to override professional or business judgments.
- **Professional Competence and Due Care** – We ensure that our professional knowledge and skills are at such a level that we can advise our clients on the basis of the current state of legislation, science and technology, and in accordance with the applicable technical and professional standards.

- **Confidentiality** – We respect the confidentiality of information obtained as a result of professional and business relationships. We do not disclose any such information to third parties without proper and specific authority, unless there is a legal or professional right or duty to disclose. In any case, we do not use the information to our own advantage.
- **Professional Behaviour** – We comply with relevant laws and regulations and avoid any action that discredits the profession.

In addition, our Network Standards applicable to all member firms of the global PwC network cover a variety of areas including ethics and business conduct, independence, anti-money laundering, anti-trust/anti-competition, anti-corruption, information protection, firm's and partner's taxes, sanctions laws, internal audit and insider trading. As of financial year 2020–2021, we have applied the systematic integrity risk analysis (SIRA) based on the guidelines provided by the AFM.

Our values and behaviours

Act with integrity	Make a difference	Care	Work together	Reimagine the possible
<ul style="list-style-type: none"> • Speak up for what is right, especially when it feels difficult • Expect and deliver the highest quality outcomes • Make decisions and act as if our personal reputation were at stake 	<ul style="list-style-type: none"> • Stay informed and ask questions about the future of the world we live in • Create impact with our colleagues, our clients and society through our actions • Respond with agility to the ever changing environment in which we operate 	<ul style="list-style-type: none"> • Make the effort to understand every individual and what matters to them • Recognise the value that each person contributes • Support others to grow and work in the ways that bring out their best 	<ul style="list-style-type: none"> • Collaborate and share relationships, ideas and knowledge beyond boundaries • Seek and integrate a diverse range of perspectives, people and ideas • Give and ask for feedback to improve ourselves and others 	<ul style="list-style-type: none"> • Dare to challenge the status quo and try new things • Innovate, test and learn from failure • Have an open mind to the possibilities in every idea

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

Our values

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

Periodically, a firm-wide research is conducted into the personal values of our colleagues, to what extent these are in line with our current corporate culture and how they relate to the culture we aspire to. This is the so-called Barrett values survey. The results give direction to our culture and behaviour programme.

Code of Conduct

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

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

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

Security and confidentiality of information

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

In the client and engagement acceptance process, teams must answer questions about GDPR, among other things, to ensure that the correct procedures for handling personal data are used. Specialists have been appointed to support the teams in this. 'Privacy by design/default' is embedded in the procedure to develop and/or install new systems and tools. The Information Protection Committee (IPC) has been expanded with the Data Protection Committee (DPC). Under the chairmanship of the data protection officer, the DPC addresses matters related to personal data. The NDPP acts as a working group with representatives from the international network of PwC member firms to ensure compliance with the GDPR.

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

The professional oath for auditors

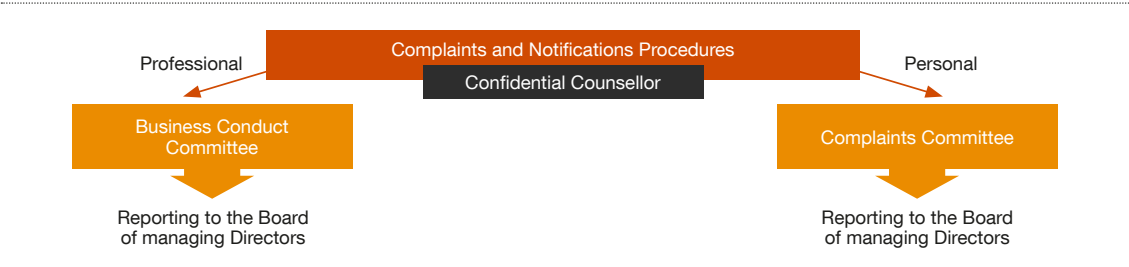
The 'Verordening op de beroepseed voor accountants' (Regulation on the professional oath for auditors) requires all Dutch chartered auditors within the Assurance practice to swear the professional oath. Newly qualified chartered auditors swear the oath when they complete their studies.

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Complaints procedure and Notification and Whistle-blower procedure

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

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



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Relevant ethical requirements

3. Objectivity and independence

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

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

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

Objectivity and independence

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

Independence requirements and procedures

The PwC Global Independence Policy (GIP), which is based on the IESBA Code of Ethics for Professional Accountants, contains minimum standards with which PwC member firms have agreed to comply, including processes that are to be followed to maintain independence from clients, when necessary. In addition to the specific independence requirements of the US Securities and Exchange Commission (SEC) and the PCAOB, the Dutch and EU independence regulations are also included in the GIP.

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

- Personal independence of our partners and staff and firm independence. There are policies and guidelines for holding financial interests and other financial arrangements, e.g. bank accounts, loans, insurance products and pension schemes.
- Non-audit services and fee arrangements. The GIP is supported by Statements of Permitted Services (SOPS), which provide practical guidance on the application of the policy with respect to non-audit services to assurance clients.

- Business relationships. There are policies and guidelines on joint business relationships and on procurement of goods and services by PwC for assurance clients.
- Client acceptance and continuance. To assure compliance with legislation and regulation, guidelines have been implemented in the areas of acceptance and continuance of audit and assurance clients and subsequent engagement acceptance of non-assurance services for those clients.

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Independence related tools

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

- The Central Entity Service (CES) contains information about corporate structures of all our assurance clients, SEC restricted clients and where applicable, their related securities. CES assists in determining the independence status of clients before a member firm of the global PwC network enters into a new engagement with the client. CES also feeds Checkpoint and AFS (Authorisation for Services).
- Checkpoint facilitates the pre-clearance of publicly traded securities and other securities by all partners, directors and managers before acquisition and records their subsequent purchases and disposals. Partly based on the information in CES, Checkpoint identifies financial interests that are or have become restricted. Colleagues holding restricted financial interests are automatically informed of the requirement to sell the security in order to become/remain compliant with the independence rules.
- The worldwide AFS procedure facilitates the mandatory pre-approval of non-audit services to assurance clients to prevent independence risks. The external auditor ultimately responsible for the client must pre-approve all services proposed for delivery to his/her client. Without approval, work on an engagement may not begin and no hours can be charged to the assignment.

- The Global Breaches Reporting System is designed to report any breaches of independence regulations where the breach has cross-border implications.

In addition to these systems we also have a database in which all external appointments of partners and staff are recorded. All possible external appointments have to be approved in advance. The Independence Office provides (binding) advice on any independence restrictions before the business unit leader (for staff) or the BoM (for partners and directors) approves.

Rotation of senior team members and audit firms

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



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The law requires that all PIEs rotate audit firms after a maximum of ten years. Our internal procedures ensure that we comply with the independence requirements for new audit clients in a timely manner and that our independence is safeguarded until the date of issue of the last auditor’s report on the financial statements of PIEs that are going to change audit firms.

Conflicts of interest

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

Independence confirmation

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

Independence Office

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

Training and communication about independence

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

Personal independence testing

In addition to the confirmations referred to earlier, the Independence Office carries out several reviews to determine whether our staff and the audit firm comply with the independence requirements. These include a sample of partners and directors being tested annually on their personal independence. Newly appointed (Supervisory) Board-members, partners and directors are subject to the test prior to appointment, and any partner or director who receives a written warning or

reprimand is automatically re-tested the year thereafter. Infringements are reported to the Independence Sanctions Committee, and this body is responsible for proposing to the BoM the sanction to be levied within the context of the (financial) sanctions policy.

Investment policy for partners

Our Code of Conduct policy for personal investments by partners has been approved by the Supervisory Board and is published on our external [website](#).

Follow-up of breaches

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

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Acceptance and continuance of client relationships and engagements

4. Client selectivity

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

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

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

Client research

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

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

Client acceptance and independence

We also have acceptance and risk panels for referral of potential clients and engagements where our risk assessment or the size criteria indicate a need for wider assessment. Depending on the nature of the engagement,

in addition to the partner/director responsible, the panel may include the risk management partner, the business unit leader, industry or regional leader and/or a member of the Assurance Board. Depending on the circumstances, other specialists may be added. The panel may decide to impose additional requirements to address the risks identified, for instance an additional level of involvement, such as a second partner on the engagement or a specialist as part of the engagement team.

Selectivity

A lot has changed in our profession in recent years. We spend more time on audits and audit files. Through the deployment of suitably qualified staff and our commitment to deliver high quality, we are looking more closely into engagements that we may not wish to continue or accept than we did in the past. We also impose higher requirements on the organisations we audit with regard to the quality of their internal control and the extent to which they allow us to perform an audit. This critical review not only leads to robust conversations about that collaboration, but also to saying no to existing and new clients where we feel that their quality is insufficient or where the collaboration is particularly slow and difficult. We do not take these decisions lightly, as we give careful consideration to our responsibility to society and to the organisation to be audited. If we do not have the resources for a potential new (audit) engagement, we do not participate in the proposal process. We do not compromise on quality.

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Acceptance and continuance of client relationships and engagements

6. Acceptance and continuance

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

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

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

Procedure for acceptance of clients and engagements

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

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

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

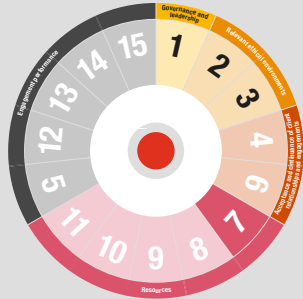
Where we identify a higher than normal level of risk in the client or engagement, prior approval is needed from the business unit’s quality assurance partner and/or the assurance risk management partner and, where necessary, the Assurance Board. In some cases, we do not accept the client or the engagement.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

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

- our teams in the practice to:*
- document their considerations of matters required by professional standards related to acceptance and continuance;
 - identify and document issues or risk factors and mitigating measures; and
 - evaluate the risks associated with accepting or continuing a client and engagement.
- leadership to:*
- evaluate the risks associated with accepting or continuing clients and engagements;
 - provide an overview of the risks associated with accepting or continuing clients and engagements across the client portfolio; and
 - understand the methodology, basis and minimum considerations all other member firms in the network have applied in assessing audit acceptance and continuance.

Resources

7. Recruit, develop and retain



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

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

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

Our colleagues

The talent of our colleagues and the passion they put into their work are critical cornerstones of our quality. We see ourselves as a learning organisation that offers its people good coaching and training and development programmes that prepare them to deliver the quality that they need in our ever-changing environment and that ultimately enable us to create added value for society, our clients and our people.

PwC Professional

Our comprehensive leadership framework, The PwC Professional, sets out the competencies and skills that our people need if they are to achieve our purpose, to contribute to the implementation of our strategy, to respond to changes and to develop, both personally and professionally. These are not just technical competencies and skills, but also skills such



as professional scepticism, focus on quality, innovative capacity, authenticity, self-awareness and the ability to work with others irrespective of cultural differences and physical limitations. It is not without reason that *whole leadership* is at the heart of the PwC Professional.

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

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

Recruitment

We aim to recruit and retain the best people, and we set the bar high for new colleagues. The procedure for starters consists of several steps. After each step, we check whether the applicant can continue with the next step. All steps include an assessment and a broad-based and/or in-depth interview. Ethics and Code of Conduct are some of the topics that are discussed during this interview.

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

Workforce and talent management

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

Cycles of experience

Mobility is a key element in our flexibility and agility as an organisation. Through what we call Cycles of Experience, we emphasize to our professionals the importance of mobility and experience outside their regular comfort zones.

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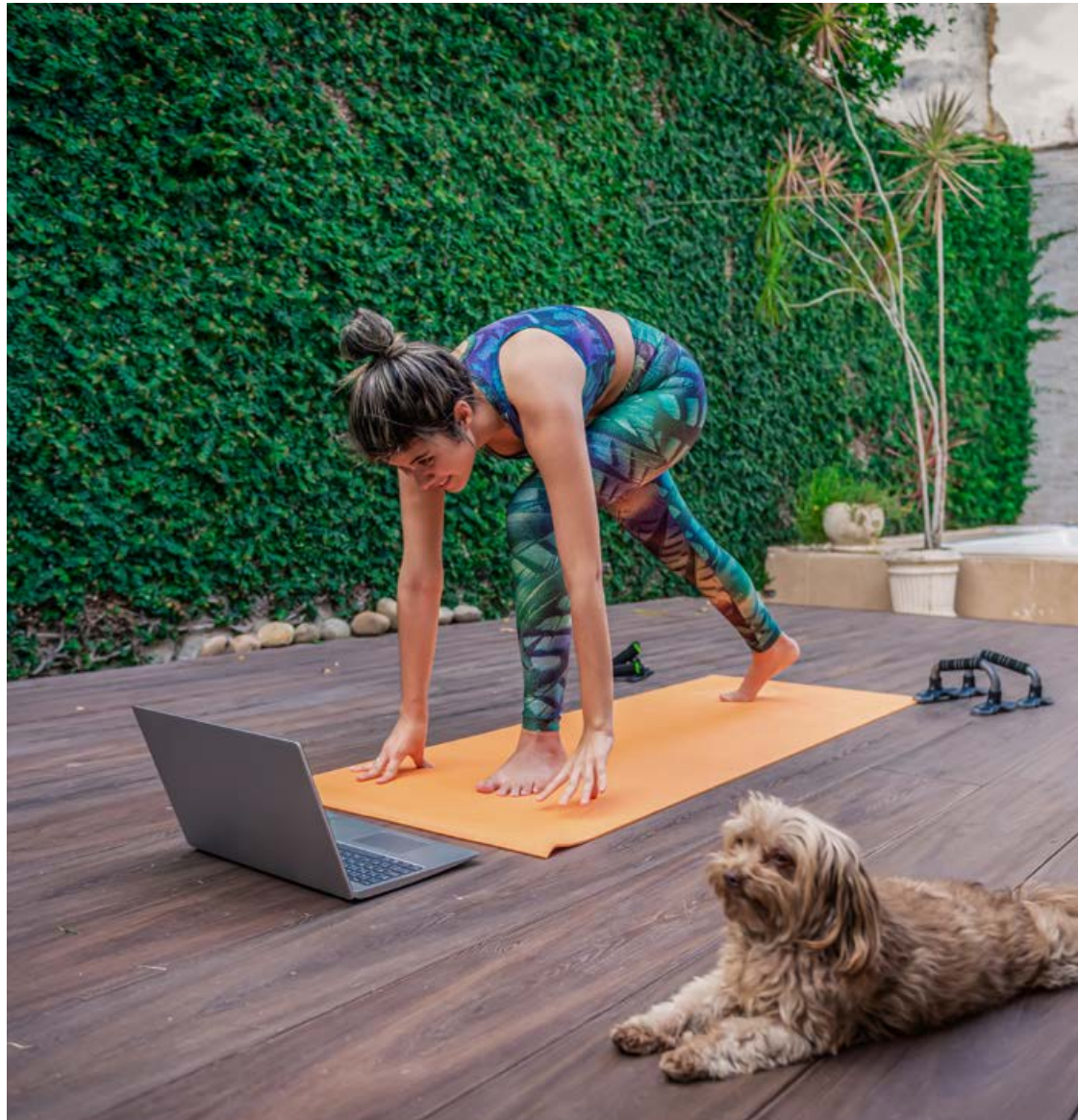
We discuss individual aims and ambitions and we consider which new experiences have added value to both the employee and PwC. A cycle of experience can be of any magnitude: a move to another client portfolio or into another industry sector, a contribution to a corporate social responsibility initiative or to National Office, a move to another business unit or Line of Service, or a short or long term secondment within the PwC Europe collaboration or within the global PwC network of member firms.

Diversity and inclusion

At PwC, we are committed to creating a diverse and inclusive culture in which everyone can and may be heard and valued. We know that having people from different backgrounds and with different points of view working together means that we optimize the value we create for our clients, our people, and society. Our core values of caring and working together guide us to create an environment that involves a wide range of people, perspectives and ideas and in which all individual contributions are recognised.

Wellbeing

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



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Resources

8. Learning and education

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

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

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

Training programme

To maximise consistency across the PwC network, a formal curriculum has been developed at network level. This includes courses on our audit approach, updates on auditing standards and their consequences and on the way in which we can apply digital expertise in the audit, supporting us as we focus on the quality of the statutory audit and offering staff the chance to sharpen their professional decision making, scepticism and technical and professional skills.

All of our people, including partners, maintain and develop their knowledge and skills through a combination of coaching, on-the-job review and a programme of training. Coaching and on-the-job review are key elements in our team approach to auditing, and our people are trained in providing this coaching and feedback.

Also, the Real Time Review team (RTR team) and the engagement-specific quality reviewers (QRPs and CRPs) play a key role in the professional skills coaching of our people (see objectives 13 and 15).

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

Senior associates with (generally) five years' experience up to and including partners follow an annual and pre-determined programme

comprising a mix of e-learnings and Summer School. This programme provides them with training in audit methodology, audit software, risk management and external financial reporting. The content is driven by current developments and the lessons learnt from our root cause analyses and other sources (such as National Office consultations). The curriculum is mandatory, and sanctions can follow for failure to complete. We conclude both the e-learnings and Summer School with tests in which the participants must demonstrate that they have understood and fully grasped the subject matter.

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

Permanent education (PE)

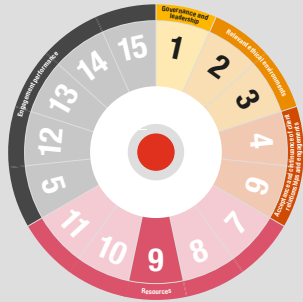
It is the personal responsibility of all chartered auditors to comply annually with the applicable permanent education obligations (PE) of the NBA. As of 2020, the NBA has changed the set-up of the PE. Every chartered auditor has to keep a PE-portfolio, create an education plan with concrete learning goals - tailored to the regular activities of that specific chartered auditor - and ensure its realisation. For 2021, the NBA has made going concern a mandatory theme for all chartered auditors.

Monitoring accreditation obligations

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

Resources

9. Assignment of people to engagements



Objective: Assign appropriate people to each engagement.

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

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

Appointment of engagement leaders

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

Planning procedures

Ultimately, the responsibility for making the resources required to perform accepted audit and other assurance engagements (people and resources) available in a timely manner rests with

the Assurance Board. Each business unit has a planning manager, who is supported by one or more planners. They work under the responsibility of the operations partner of the business unit, who is a member of the management team. Under the leadership of the national partner responsible for planning, the operations partners take care of solving possible expected or identified resource bottlenecks. In this context, there is frequent consultation between the national partner responsible for planning and the responsible Assurance Board member.

The engagement leader determines which resources are needed to be able carry out a high quality audit according to the applicable requirements. This also applies to all other engagements performed for instance by colleagues from the business units CMAAS and Risk Assurance. Depending on the size of the

engagement and in accordance with the rules, the planning process of an engagement team is established, where experience, capability, sector knowledge, availability and independence of the different team members are present in the desired mix. For certain types of engagements, specific training qualifications must be met (see objective 8).

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

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10. Evaluation and compensation

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

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

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

Development and promotion

In our people development, we focus extensively not only on professional skills but also on digital expertise, management, personal and interpersonal skills. The PwC Professional and behaviour in line with our values are the starting points.

New employees in Assurance start their development programme in The Associate Academy. This is where our direct intake from universities and institutes of higher education get started. The Associate Academy provides our associates with intensive and broad-based training (both theoretical and practical) and coaching and guidance from accredited internal coaches. We monitor the breadth and depth of our associates’ progress through the use of a PwC Professional-based competency passport, fine-tuning development plans accordingly. The

Associate Academy allows us to optimise the long-term mobility and flexibility of our staff. After two years, we assess the readiness of the associate for promotion to senior associate in one of our business units.

Promotion policy

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

elements). Colleagues from abroad are eligible for promotion if they have completed a foreign equivalent of this training.

For the appointment to senior manager we have a nomination process, in which the business unit leader nominates the candidates. Historical performance and potential also weighs in. After Assurance Board approval, the candidate will give a presentation to a national panel comprising of a mix of Assurance Board or CAD members, business unit leaders or HC partners, assisted by staff of the Human Capital department. The candidate is promoted to senior manager based on the advice of this panel and approval by the Assurance Board. Among other things, the panel looks at the technical performance, the development since being a manager and the contribution to quality-oriented roles and initiatives.

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

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

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

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Appointment process for new partners and directors

We have an extensive process and a Country Admissions Committee (CAD) in place that coordinates the appointment of new partners and directors. The CAD acts as an advisory body for both the Board of Management (BoM) and the three LoS Boards of PwC Netherlands, including the Assurance Board. The CAD has a sub-committee for each LoS with an independent chairman’s duo. The chairs of the CAD are appointed by the BoM and the members are appointed by the LoS Boards, both for a maximum of two four-year terms. The chairmen and the members have no board positions. The CAD focuses mainly on the personal development of the professionals in relation to the norm profile we have set for PwC partners and directors.

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

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

People Survey

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

Evaluation and remuneration of staff

From senior associate level upwards, in addition to assessing competency development we also look at individual performance. This is done through the annual evaluation cycle and allocation of both a progression and an impact tier.

The progression tier addresses development progress: Is the development in line with expectations and is the staff member ready for promotion to the next job level? The impact tier provides an annual assessment of the functioning

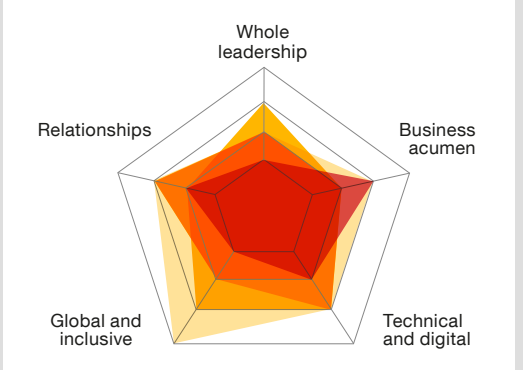
Our people keep track of their progress on all attributes of The PwC Professional by using the Snapshot tool. This is achieved by requesting feedback from more experienced colleagues on at least 5-10 engagements a year using the online Snapshot tool. In this tool you can use a slider to indicate to what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

The starting point for Snapshot is to compare the individual’s current job level to the next job level. A person who is new to the position (such as a first-year senior associate) would therefore not be expected to be ready to continue to the next job level in that year (in this case: manager), and the spider chart will not be wide on all attributes of The PwC Professional.

of the employee on a scale of 1 (excellent) to 5 (insufficient). Feedback is an important element to assess the development of competencies along the attributes of The PwC Professional. The Snapshot tool is one of the tools used to obtain this feedback, see figure. The progression tier is the guideline for the salary determination and possible promotion. The impact tier is determined on the basis of the individual contribution to the quality of our services to stakeholders and

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

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



society along four pillars, namely Client, People, Firm/Society and Other. This addresses not only what the staff member has achieved but also the extent to which this is in line with our purpose and values. The impact tier is decisive for awarding the individual bonus.

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We hold annual sounding and benchmark sessions (the so-called career round tables) in the business units, in which those in a supervisory role (team leaders and career coaches) discuss all colleagues individually on the basis of the Snapshots obtained about their performance. In this way, we try to form a broadly supported and objective opinion for each employee about the progression and impact tier of the past year and the areas for development. We include the results of these sessions in the so-called career outlook conversation. We also assess whether the mix of the progression and impact tier fits within our desired national distribution.

Staff remuneration is based primarily on role and responsibility, as set out in The PwC Professional. Salaries are determined on the basis of ranges per staff level, and remuneration is based on the extent to which the expected competencies have been developed and how these have been deployed in the daily work. The annual salary increases depend on the budget made available after negotiation with the works council and any promotions of employees. There is also a variable element to the remuneration, which varies from a maximum of one month's salary for associates to a maximum of five months' salary for senior managers. Performance in the area of quality impacts the amount of this variable remuneration.

Evaluation and remuneration of our external auditors and managing directors

There is a separate evaluation and remuneration system for partners and directors. The partner evaluation and remuneration process is set

out in the table on the next page. This process is monitored annually by the Remuneration Committee of the SB, with ad hoc input from the Partner Council. The members of the BoM and the members of the Assurance Board (who all qualify as policy makers for the audit organisation) are evaluated by the SB. The SB has appointed the chairs of the Remuneration Committee and the Selection and Appointments Committee as its representatives in the evaluation process.

The chair of the BoM is involved as primary reviewing partner for the members of the BoM and as secondary reviewing partner for the members of the Assurance Board. The chair of the Assurance Board is the primary reviewing partner for the members of the Assurance Board. The Remuneration Committee and the Public Interest Committee (particularly the latter) are responsible for monitoring that quality and quality improvement are properly reflected in the remuneration of partners. Our remuneration arrangements are not only in line with the 'In the Public Interest' report, but also fully consistent with our strategy of ensuring that both positive and negative performance in the area of quality significantly impact partner remuneration.

The process for evaluation and remuneration of directors is the same as that for the partners, except that the various roles are filled by different functional roles. For directors, it is the business unit leader who submits the proposal to the Assurance Board regarding the role of the director. The Assurance Board determines the role/responsibility, and the business unit leader has the role of primary reviewing partner.

The BoM determines the mapping and performance ratings of each individual partner based on proposals from the LoS Boards/ markets leader. Quality impacts the remuneration, as summarised in the table 'evaluation and remuneration' on page 28 in the main document of this Transparency Report. In response to the feedback from the Remuneration Committee, the SB believes that the determination of the remuneration of the policy makers of the audit firm is focused on quality and fits within the long-term goals.

The SB is responsible for determining the remuneration of the members of the BoM. The remuneration arrangements for the BoM are in line with the recommendations of 'In the Public Interest' report. Since 1 July 2015, the members of the BoM now receive a fixed remuneration independent of the organisation's profitability in the year in question. For further information on this, we refer to the PwC NL Annual Report 2020—2021 and the Remuneration Report included therein. The remuneration arrangements for the Assurance Board are the same as those for the BoM, meaning that the members of the Assurance Board also receive a fixed remuneration independent of the profitability of PwC NL. Following the provisions of the Bta (Besluit toezicht accountantsorganisaties/ Decree on the Supervision of Audit Firms), the SB proposes a gross Euro amount for each member of the Assurance Board, before tax, social security premiums, pension and similar items. In principle this amount is the annual fixed remuneration for the term they are a member of the Assurance Board and, in accordance with the association

agreement, it is remitted to the partner BV. The partner BV is responsible for the settlement of taxes and for any pension arrangements and insurances. In addition to the fixed remuneration, the members of the Assurance Board also receive allowances, similar to those received by all partners, for expense reimbursement and interest on capital.

The SB can also award a bonus in addition to the fixed remuneration, up to a maximum of 20% of the fixed remuneration and based on the achievement of long-term goals set by the SB in the context of the firm's societal responsibilities. This bonus may be awarded only as and when the goals set have been exceeded. There is also a bonus-malus scheme applicable for members of the Assurance Board of up to 20% when quality aspects in the role of professional practitioner justify this. No bonus or malus were awarded or applied for 2020—2021.

At the start of the financial year 2020—2021, the SB reviewed the amount of fixed remuneration for the BoM and the members of the Assurance Board halfway through the term. It was concluded that the remuneration should remain unchanged with the exception of some growth for the Assurance Board member who joined as a new member at the time. As part of this review, the SB compared the arrangements to a number of benchmarks for director, partner, and staff remuneration (CEOs, benchmarking average partner income ratios with comparable organisations and other PwC member firms, and remuneration ratios within PwC and other enterprises). The SB also relates the fixed

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remuneration to the responsibilities and job portfolio of each member of the Assurance Board. Halfway through the financial year, on the advice of its remuneration committee and with due observance of the remuneration policy, the SB established a fixed remuneration for a new member of the Assurance Board following his appointment as of 1 January 2021.

Remuneration based on performance

The aggregate amount of partner and director remuneration varies annually based on the financial performance of PwC Netherlands. Partner remuneration is based on a points system in which the Euro value per point is determined at the end of the year as the profit available divided by the aggregate number of allotted points. Points are allocated to partners as of the beginning of each year. These are 50% fixed (based on role and responsibility (mapping)) and 50% variable

(based on performance throughout the year), with ‘at target performance’ entitling the partner to the full basic amount of the variable element. The variable element can fluctuate positively or negatively based on the evaluation of the individual partner’s performance in the areas of: Clients (50% weighting), People (25 % weighting) and Firm/ Strategy (25% weighting).

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

Quality matters

We also expressly evaluate and reward quality positively. A best-in-class score in engagement quality (in ECRs) has a positive impact on the Clients element of the evaluation, and this can be rewarded. In addition to ECR results, we also expressly consider other engagement quality performance and behaviour in the evaluation and remuneration. For instance, we actively support and suitably reward those partners and directors who stand their ground when this is appropriate, who resign from clients that do not meet our quality requirements or who arrange for deadlines to be delayed where this becomes necessary to safeguard acceptable levels of quality. An above-average performance in terms of engagement quality automatically results in a positive evaluation in the Clients element of the evaluation, and this represents a variable remuneration element of between one sixth and one third (i.e. an increase in total remuneration

of between 8.3% and 16.7%), on condition that the partner’s conduct meets the expectations we have set for a PwC partner. We also value an above-average contribution to our system of quality management or distinctive performance in the People component in the Firm/Strategy or People component, which results in one-sixth to a third higher variable remuneration (i.e. a 4.2 to 8.3% higher total reward).

Quality that does not meet the required level in the areas of engagement quality, management responsibility for the quality management system, independence, business conduct, people and baseline expectations (see hereafter) also can have a negative impact on the remuneration of the partner/director. An insufficient performance in terms of engagement quality (e.g. a non-compliant file) can result in a negative evaluation in the Clients element or on baseline expectations

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

Start of the financial year		End of the financial year		
Mapping	Goalsetting	Evaluation	Rating	Remuneration
Based on proposals by the different Lines of Service Boards or the Markets Leader, the Board of Management defines the role and responsibilities of individual partners at the start of the financial year. In this process, partners are placed in categories, and 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.

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

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and thus in a 25 to 100 percent lower variable remuneration of the partner concerned (i.e. a decrease in total remuneration of between 12.5% and 50%). Commercial or other performance cannot compensate for the Clients element in the evaluation. Assurance partners and directors are not rewarded for cross-selling at audit clients.

In line with the ‘In the Public Interest’ report, a clawback scheme has been introduced since 1 July 2015 for audit partners (not for directors in Assurance). The clawback scheme, under which a part of audit partners’ profit shares are withheld and reserved, has a term of six years. During those six years, the amount reserved by the clawback scheme will amount to the average annual income received for the six year period. The reserve will not be settled, either wholly or in part, if, before the end of that six year period, the audit partner issues an incorrect opinion for which the auditor is culpable and which has resulted in societal damage. The amount to be withheld is at the discretion of the SB. The clawback scheme is a rolling scheme: in the seventh year one sixth of the reserve will be settled to the audit partner and another one sixth will be reserved again.

No additional remuneration for ‘regular’ conduct

We assess the way in which our partners and directors behave in their relationship with clients, as well as with colleagues and other stakeholders. ‘Regular’ conduct (i.e. the conduct that we can expect of everyone) does not need to be rewarded extra and we expect that everyone will comply with it. We refer to this as ‘baseline expectations’. Baseline expectations represent conduct in line with our Code of Conduct, complying with all the internal and external regulatory requirements that apply and demonstrating proactive involvement within PwC. Non-compliance with baseline expectations negatively affects total remuneration by up to 50%.

Sanctions policy

Any instance of non-compliance with external and internal requirements or unacceptable behaviour can result in a sanction being levied by the BoM. This can vary from a written warning or reprimand to suspension or dismissal. In the description of objective 2 ‘Ethical requirements and values’ we have provided an overview of the bodies where violations can be reported.

The financial position of audit partners

In the 2014 ‘In the Public Interest’ report, the then working group strongly recommended that the sector investigate developing a pension arrangement for audit partners designed to avoid profit maximization during the final years of their careers. The working group believed that such a pension arrangement could contribute to a greater long-term focus on the part of audit partners. A sector project group has investigated this possibility and concluded that such a pension arrangement is not feasible. The NBA followed up in January 2018 with some proposed additional measures designed to provide the necessary insight into the financial position of partners who act as external auditor (those registered with the AFM).

In this context, during 2018-2019 we reviewed the financial positions of all partners in our audit firm. Where indications were highlighted, we put appropriate measures in place. The follow-up and efficacy of the measures are being monitored and the review has since been carried out on an ongoing basis.

Resources

11. Technological resources

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

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

- The risk that data quality in IT systems and tools used in quality management are not adequately managed or that these systems and tools are unreliable.
- The risk that the process for granting, monitoring and revoking user access to IT systems is not appropriate and security risks are not sufficiently mitigated.
- The risk that the procedures for change management (including functionality testing) of these IT systems and tools are not effective.
- The risk that we don't comply with applicable regulation regarding data privacy and data retention in these systems and tools.

Governance

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

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

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

The information (& Data) Protection Committee has monthly meetings with the following subjects on the agenda:

- Information Protection Committee
- Data Protection Committee (in connection with the Network Data Protection Policy)
- Chief data officer (in connection with the PwC NL Data Retention Policy).

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

Development and maintenance

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

Regular assurance processes are mainly supported by Global systems. Locally developed systems follow the usual Global Policies and Procedures. Furthermore, the potential risks are mitigated and sufficiently managed through the local firm-wide governance set-up, the BPC, the Assurance IT plan and a sound information management function.

Change management

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

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Access Control

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

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

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

Information security

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

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

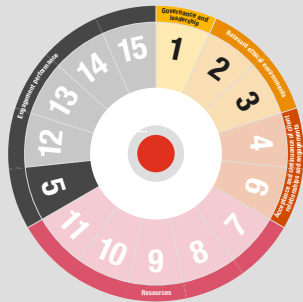
PwC NL is required to adhere to the ISP requirements and complete an annual assessment to demonstrate compliance. This assessment is executed by the Network Information Security Compliance team which operates independently within the PwC network. In addition, PwC NL is ISO 27001 certified.



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Engagement performance

5. New solutions



Objective: Develop new solutions which are aligned with PwC's purpose and support profitable growth in line with the Assurance strategy.

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

- The risk that new solutions are implemented that have not gone through the approval process.
- The risk that there is not enough support within the Assurance LoS for innovation and development of new applications.
- The risk that insufficient investments are made (people and resources) in innovation and new digital solutions, resulting in, among other things, deterioration of PwC's position in the market.
- The risk that the possibilities and risks are not properly assessed before the decision is made to develop new solutions.
- The risk that the development process of new solutions itself is not adequately managed, including the risk associated with the use of third parties.

Digital transformation

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

Our colleagues are encouraged to develop innovative solutions. In addition to offering and making various digital upskilling programs mandatory, digital days are organized in the business units, where new ideas for digital solutions are shared and discussed. In addition,

so-called digital accelerators are active in every business unit – as is the case throughout PwC NL. Ideas deemed suitable can be submitted for possible further development and wider application, approval and monitoring in accordance with the existing innovation/new solutions governance procedures (Idea, Demand, Project (IDP) and Assurance Innovation Procedure (AIP)).

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

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

within the Assurance strategy and are in line with the purpose of PwC. It is crucial that the quality of new solutions or tools is guaranteed. All initiatives must also comply with relevant laws and regulations. In addition to preparing a business case for all new solutions and tools, the risks are mapped and an extensive risk management and approval process is completed. All relevant experts are involved (such as data privacy, data security, legal, independence, National Office, etc.). In addition, extensive user acceptance tests take place. Only when all relevant procedures have been successfully completed, identified risks have been adequately covered and the Assurance Board has granted approval based on the required documents and in accordance with the applicable governance procedure, new solutions and tools are released for use in practice. Applications are registered in the Application Management Tool.

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Engagement performance

12. Support for engagement performance

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

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

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

Our audit approach

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

The PwC Audit

We use a globally applied audit methodology (the PwC Audit) that revolves around the issues and complexities that are specific to each client. We use a digital file system (Aura) and industry-specific audit programmes for all (audit) engagements. Aura Platinum integrates our standard for the set-up of an audit file.

Our well trained and experienced people are at the heart to apply this audit methodology. The approach they apply is smart and they use the most up-to-date techniques that, coupled with the current six-step audit process, results in an audit that is robust, insightful and relevant.

Our colleagues

Technology

Audit approach +

The PwC Audit

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

2. Deep understanding of the client's business

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

3. Relevant risks

In our audit work, we focus on the risks that could have a material impact on the financial reporting.

Identifying the right risks is key to making the audit effective. We continuously train our people on this. We encourage them to use their natural curiosity and professional skepticism to identify the right risks and develop an appropriate audit approach.

4. Determining the scope of the audit procedures

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

5. Robust testing

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

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analysis and new technologies (such as Halo) increases further and both local and within our global network, we are investing substantially in these developments.

6. Meaningful conclusions

Our audit methodology provides stakeholders with assurance about the integrity of an entity’s financial reporting and, bringing together the combined know-how and experience of our network, enables us to draw conclusions that are more informed and more scientifically based. We report to our clients’ senior management through the management letter. We report to the SB, and in particular the Audit Committee, the audit plan and the interim findings (management letter) as well as the board report. We also report to the shareholders of listed companies through our attendance at the Annual General Meetings (AGMs) and through the extended auditor’s reports.

Technologies that strengthen our audits

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



Aura Platinum

The globally-adopted Aura Platinum application provides support to our Assurance teams in their audit work under the PwC Audit, by providing them with a systematic risk-based audit approach that enables them to focus on the things that matter. Aura Platinum integrates a variety of tools to promote audit quality, consistency and ease of documentation. The application also integrates with a variety of other tools and applications, creating one workspace for client work. Aura Platinum enables us to plan, perform and document our audit work better. All our engagements are supported by Aura Platinum.



Connect Suite

Connect Suite is an online portal that facilitates speedy and secure exchange of information between colleagues (both in-country and abroad) and clients at all stages of the audit. Connect Suite consists of Connect and Connect Audit Manager.

- Connect monitors the status of requests and information between our clients and the audit team in real time. Both the audit team and the client know the status at all times.



Halo

Halo is our new data auditing suite of tools allowing us to identify and assess risks and determine where to focus audit procedures. Halo allows us to analyse patterns and trends, identifying divergent transactions. Halo comprises three key components: the acquisition of client data, the transformation, and the testing and analysis of this data; and it clearly links the risks identified to the mitigating measures needed.



Count

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



PwC's Confirmation System

We use a confirmation system for obtaining trade receivable confirmations, standard bank confirmations, and loan confirmations. The system safeguards secure exchange of information between the audit team and the external parties.

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Audit Support

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

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

In addition to this, we have project managers from our Project Management Office (PMO) supporting audit teams and coordinating the audit process, looking at standardisation, risk management and planning and taking much work away from the auditors, leaving them more time for their core tasks.

The various centres, PMO and the planning department have been brought together within the Audit Support department.

Support from the central organisation

The quality and risk management infrastructure out in the field is also provided with support from a central infrastructure. National Office provides support to the practice and to external auditors and staff in their professional development. It plays an important role in the development and implementation of guidelines and requirements in the areas of financial reporting, audit methodology and risk management. National Office is also involved with the implementation of legislation and regulation within the organisation.

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

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

National Office also distributes periodic professional technical updates to keep the Assurance practice up to date on developments in regulatory matters and auditing and accounting standards. Examples are weekly technical news bulletins through the Assurance-wide newsletter, the Spotlight publication, the PCAOB and US GAAS Desk updates, and Accounting Alerts. The findings of our Real Time Review programme (see objective 13) are shared periodically with the entire Assurance practice. We regularly hold (mandatory) digital training courses and webcasts. National Office also maintains Inform. This online portal is available to all PwC employees and financial professionals at clients and other relations. The portal contains technical information in the field of reporting, assurance and risk management, as well as guidance, tools and templates. Finally, National Office has a key role in the development of our Learning & Development Programme.

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Engagement performance

13. Direction, coaching and supervision

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

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

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

Team roles and responsibilities

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

Our audit software, Aura Platinum, integrates our standard for the set-up of an audit file but also has functionalities to help audit team members track the progress of the engagement, ensuring that all work has been completed, that work is reviewed by the appropriate individuals including the engagement leader and, where applicable, the Quality Review Partner or the Concurring Review Partner, and that all matters arising have been appropriately addressed.

Throughout their careers, our people (including partners) develop their knowledge and skills through a combination of coaching, on-the-job review and various training courses. Coaching and review on the job are important parts of the way of working within our audit teams. Our people therefore receive training in giving this coaching

and feedback. In addition, the real-time review team (RTR team) and the engagement-specific quality reviewers (QRPs and CRPs) play an important role in the professional coaching of our people.

Real Time Assurance

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

Realtime-reviews (RTR)

The RTR team conducts in-depth reviews on a selected number of audit files before the auditor’s report is issued and also supports QRPs and CRPs in performing the EQR (see objective 15). The RTR team helps audit teams to ensure the quality of audit engagements, each year focusing on specific themes, such as the fraud risk analysis, the IT audit approach or the application of a new audit standard. If the team establishes that an audit or the audit file could or should be improved, it provides coaching to the audit team concerned. The RTR team not only identifies what needs to be improved, but also what is going well. It shares these lessons with audit practice

and thus increases the change capacity of our organization. Observations by the RTR team also form input for the root cause analysis process.

Business intelligence

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

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Engagement performance

14. Expert knowledge

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

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

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

Use of experts

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

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

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

Consultations

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

National Office

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

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

Fraud panel

In the event of (alleged) fraud at our clients, our internal fraud panel must be involved. As part of risk management, audit teams receive support from forensic experts when needed.

Notification of potential unusual transactions

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

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Engagement performance

15. Quality controls in performing engagements

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

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

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

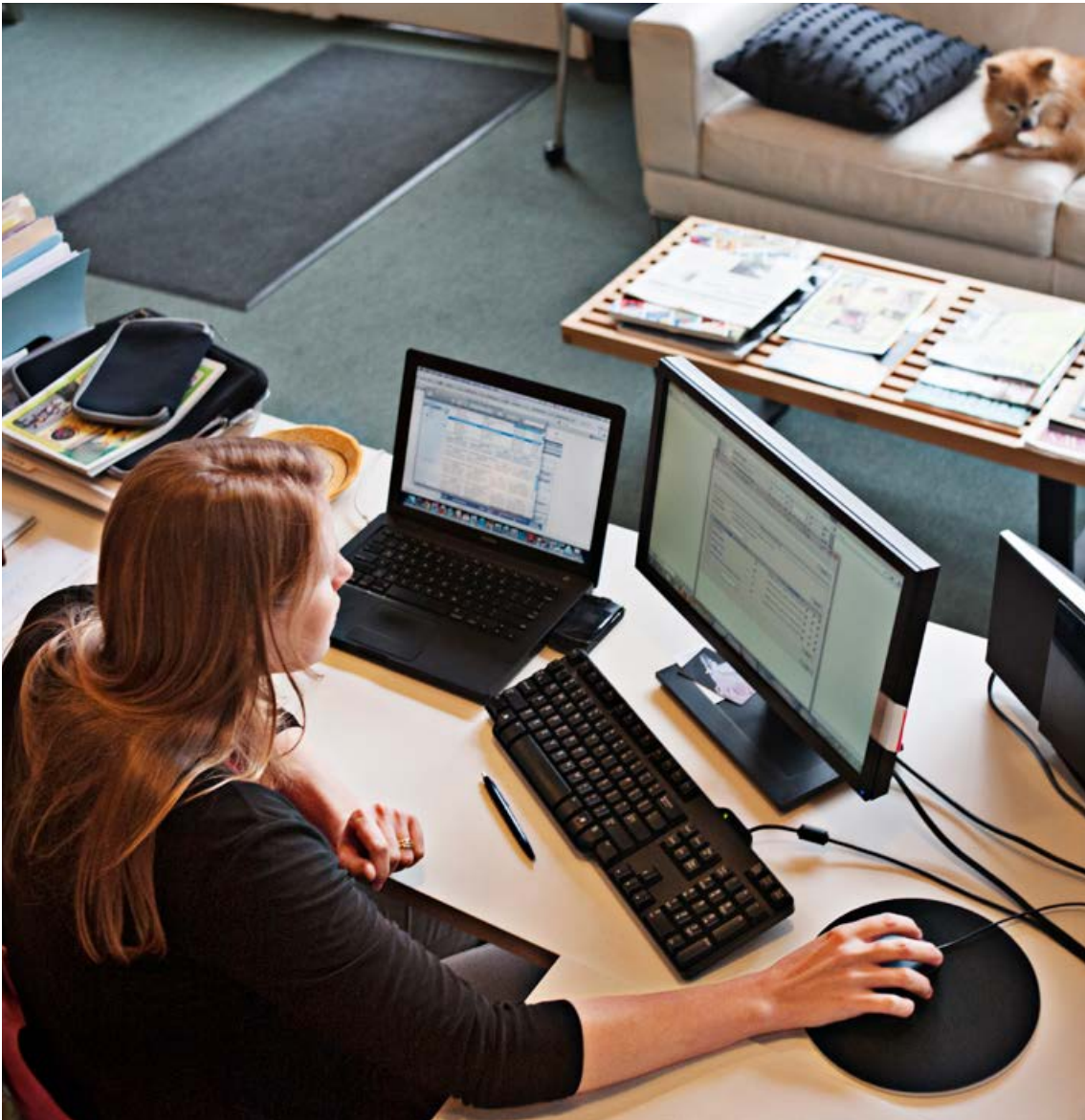
Engagement-specific quality reviews

At PwC, the legally required engagement-specific quality reviews (EQRs) are performed by quality review partners (QRPs). The QRP fulfills his/her role on the basis of the information provided by the audit team and the information in the audit file. The QRPs are appointed by the Assurance Board. They receive training in preparation for their role.

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

In addition to the legally required EQRs, more in-depth EQRs are performed. These EQRs are performed by a team consisting of a Concurring Review Partner (CRP) and members of the RTR team.

The QRPs and the CRPs are part of a joint network managed by the Chief Auditor. Through this network they receive substantive support and guidance in the performance of their roles, while at the same time the network serves as a platform for sharing experiences and best practices.



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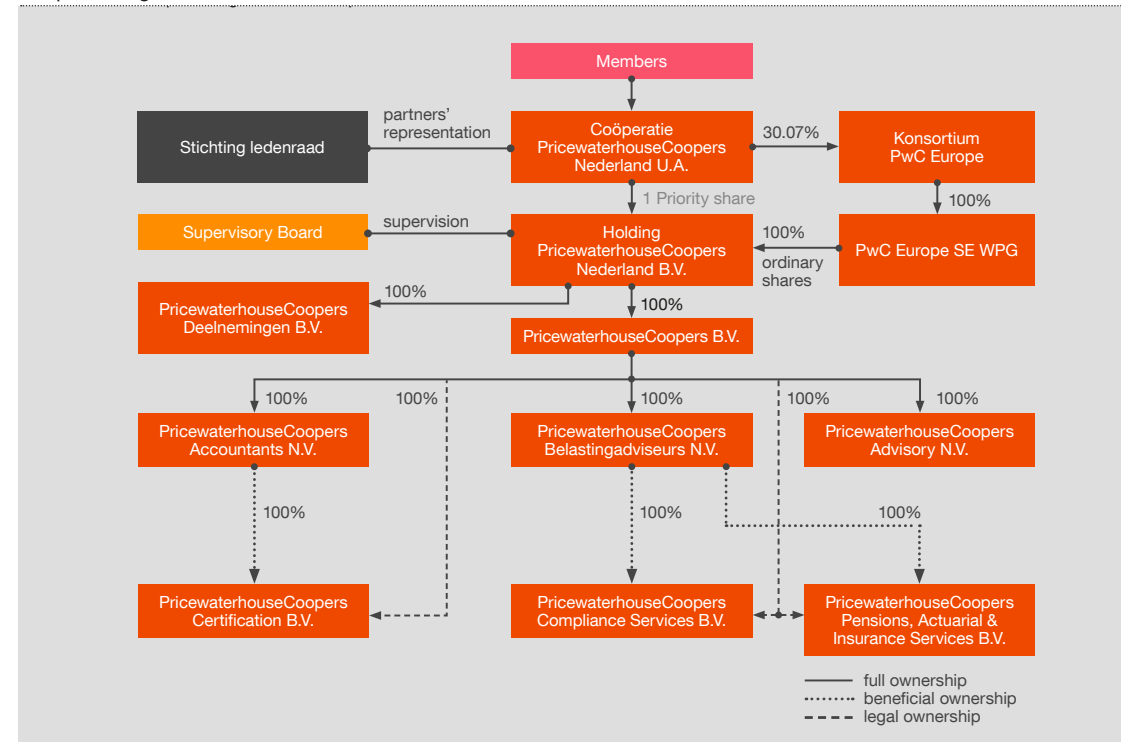
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Our legal structure

PricewaterhouseCoopers Accountants N.V. is the audit firm of PwC and the holder of the licence under Article 5 of the Audit Firms Supervision Act (Wta) (licence number 130002921). PricewaterhouseCoopers Accountants N.V. is a wholly owned subsidiary of PricewaterhouseCoopers B.V., which is a wholly owned subsidiary of Holding PricewaterhouseCoopers Nederland B.V. Holding PricewaterhouseCoopers Nederland B.V. is a wholly owned subsidiary of PwC Europe SE Wirtschaftsprüfungsgesellschaft, Germany, and Coöperatie PricewaterhouseCoopers Nederland U.A. holds one (the only) priority share of Holding PricewaterhouseCoopers Nederland B.V. This share provides rights to exercise control.

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

Simplified legal structure as at 30 June 2021



As of 30 June 2021, Coöperatie PricewaterhouseCoopers Nederland U.A. had 294 associated members, of which 112 were made available to PricewaterhouseCoopers Accountants N.V. The majority of the professional practitioners (being partners/members) made available to the audit firm have been registered with the AFM as external auditor. This registration takes place after a(n internal) quality assessment has been made. After approval from the Supervisory Board, the external auditors are appointed by the Assurance Board.

PricewaterhouseCoopers Accountants N.V. has offices in Alkmaar, Amsterdam, Arnhem, Breda, The Hague, Eindhoven, Groningen, Leeuwarden, Maastricht, Rotterdam, Utrecht and Zwolle.

PricewaterhouseCoopers B.V. also has the following wholly owned subsidiaries:

- 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.

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

PricewaterhouseCoopers Certification B.V. handles assignments that fall under mandatory accreditation, such as assurance on CO2 and NOx emissions and ISO certification of information security management systems (ISMS). PricewaterhouseCoopers Pensions, Actuarial & Insurance Services B.V. (PAIS) provides advice and intermediation in the areas of pensions and insurance products, since 2012 under a Wft licence from the AFM (licence number 12040696).

PwC Europe collaboration

PwC Netherlands cooperates closely with the PwC member firms in Germany, Belgium, Austria, Turkey and Switzerland. This initiative is called PwC Europe. The legal structure of this collaboration is either a shareholding or a collaboration agreement. In the Netherlands, all the ordinary shares of Holding PricewaterhouseCoopers Nederland B.V. are held by PwC Europe SE Wirtschaftsprüfungsgesellschaft, while Coöperatie PricewaterhouseCoopers Nederland U.A. holds the one (and sole) priority share of Holding PricewaterhouseCoopers Nederland B.V. PwC Europe has similar ownership structures in the local top holding entities in Germany, Austria, Belgium and Turkey.

The members of the Board of Management of PwC Europe SE Wirtschaftsprüfungsgesellschaft have been designated as co-policymakers of PricewaterhouseCoopers Accountants N.V. (Assurance).

The structure of the PwC Europe cooperation will be reshaped, in order to tailor it more to the needs of its participating territories, and making it easier to deal with.

The PwC network

PwC is the brand name under which the independent member firms of PricewaterhouseCoopers International Limited (PwCIL) operate and offer professional services. Together these member firms form the PwC network. The term 'PwC' is often used to refer to individual member firms within the PwC network, or a number of them, or all of the member firms at the same time. The PwC network is not an international partnership nor a single entity or multinational. The member firms that comprise the global PwC network are members of PwCIL, a United Kingdom-based private company limited by guarantee. The member firms do not constitute any form of legal partnership or group of companies, except in a very limited number of cases that have been agreed for specific purposes. Coöperatie PricewaterhouseCoopers Nederland U.A., Holding PricewaterhouseCoopers Nederland B.V., PricewaterhouseCoopers B.V., and their subsidiaries are all part of this network.

At the end of June 2020, the global PwC network consisted of 742 offices in 155 countries, with a workforce of 284,258 people of whom 11,356 were partners. PwC's global revenues amounted to USD 43 billion for financial year 2019-2020.

PricewaterhouseCoopers International Limited

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

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

PwCIL has the following governance:

- **Global Board** – the GB supervises the Network Leadership Team and approves PwC Network Standards. The Global Board does not have an external role. The members are elected every four years by the partners of all PwC member firms.
- **Network Leadership Team** – the NLT is responsible for the overall strategy of the network of PwC member firms and the standards to which the separate and independent member firms confirm themselves.
- **Strategy Council** (consisting of the chairs of the larger PwC member firms within the network, including the Chair of the PwC member firm The Netherlands) – the SC gives direction to the network's strategy and facilitates a consistent implementation thereof within the network of PwC member firms.
- **Global Leadership Team** – the GLT coordinates the functional areas (such as risk and quality, methodology, human capital, operations, brand and communications) across the network, reporting to the Network Leadership Team and the Chair of the network of PwC member firms.

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The Chair of the Board of PwC Netherlands (Ad van Gils) is a member of the Strategy Council and maintains the relationship with the Network Leadership Team on behalf of PwC Netherlands.

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

The global PwC network is organised into two large geographical areas: Asia, Pacific, Americas (APA) and Europe, Middle East, Africa (EMEA). This is not a management or reporting structure but is intended to optimize connectivity between integrating markets and client needs. Coöperatie PricewaterhouseCoopers Nederland U.A., Holding PricewaterhouseCoopers Nederland B.V., and PricewaterhouseCoopers B.V. and their subsidiaries are part of EMEA.

System of quality control
 Providing quality is at the very foundation of our strategic objectives. The PwC network has created a framework for quality control that has been integrated both into the operating process and into the firm-wide risk management process to help individual member firms put the strategy into practice. The framework has a quality objective for the Assurance practice, focussing on supporting our people and processes in providing services in an effective and efficient manner and in meeting the expectations of our clients and other stakeholders.

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

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

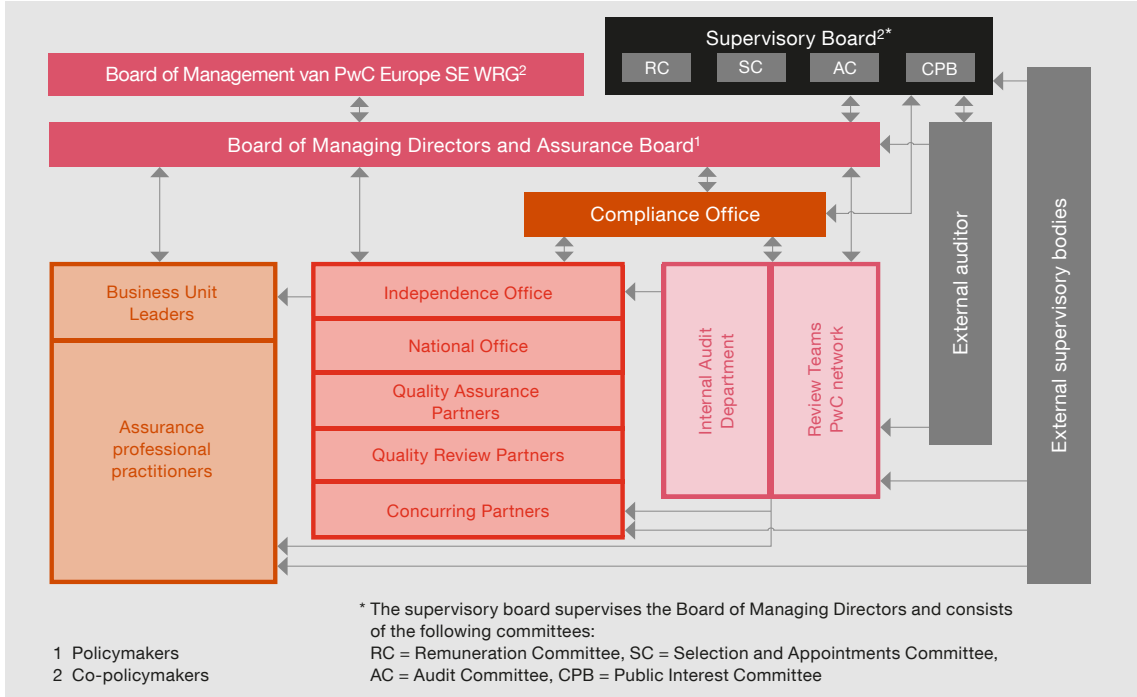
For assurance work, the global PwC network has a review programme directed specifically at quality, based on the professional standards that apply (such as ISQC-1 and, where applicable, the quality control standards of the US Public Company Accounting Oversight Board). The objective of this particular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

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

- significant risks have been appropriately identified and managed.

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

Our organisation



Our organisational structure

Policymakers and co-policymakers of the audit firm

The members of the Board of PricewaterhouseCoopers Accountants N.V. (also referred to as the Assurance Board), together with the members of the Board of Management and Supervisory Board of Holding PricewaterhouseCoopers Nederland B.V., are designated as the policymakers of PricewaterhouseCoopers Accountants N.V. The members of the Board of Management of PwC Europe SE Wirtschaftsprüfungsgesellschaft are designated as co-policymakers of the audit firm.

The Assurance Board is responsible for the day-to-day management of the Assurance practice. In their role as day-to-day policymakers, the responsibilities of the members of the Assurance Board include the design, maintenance, and operating effectiveness of the quality and risk management system. The Chair of the Assurance Board is the single statutory director of PricewaterhouseCoopers Accountants N.V. During 2020-2021, the Assurance Board consisted of Agnes Koops-Aukes (Chair), Michel Adriaansens (up to and including 31 December 2020), Raneesh Jagbandhan (as of 1 January 2021), Joris van Meijel, and Wytse van der Molen.

The Chair of the Assurance Board is appointed by the General Meeting of PricewaterhouseCoopers Accountants N.V. The Chair appoints the other members of the Assurance Board as authorised executive directors after approval from the Supervisory Board. Both the Chair and the other

members are appointed to their respective roles for a maximum aggregate period of two four-year terms.

Partner Council

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

Business units

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

- Implementation of the regulatory requirements that apply for quality, risk management and conduct and behaviour (Code of Conduct), the Business Unit Leader being supported in this

by the Quality Assurance Partner who is also responsible for quality aspects such as the acceptance, continuance, and performance of engagements including the statutory audits.

- Design and management of an effective infrastructure (adequate levels of people and resources, industry expertise, business unit planning and its deployment of resources (productivity, revenue and profitability), the Business Unit Leader being supported in this by the Operations Partner.
- Human capital management, management of the team in terms of service quality and the monitoring and development of our people, their experience and their behaviour, the Business Unit Leader being supported in this by the Human Capital Partner.
- Moving the transformation forward, the Business Unit Leader being supported in this by the Change Partner.

As of 30 June 2021, the Assurance practice has seven business units, covering twelve locations, consisting of four regionally operating Assurance business units and three nationally operating

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

The FS business unit focuses on services to (audit) clients in the financial sector such as banks, insurance companies, investment institutions and pension funds. The CMAAS business unit provides accounting advice primarily to non-audit clients, works on behalf of capital market transactions and provides support to our audit teams in specific accounting subjects. The Risk Assurance business unit delivers and develops non-financial assurance services in addition to its IT role in the audit teams.

The business units are supported by the nationally operating department National Office and by the Audit Support department, consisting of the delivery centre, the competence centre and the centres of excellence.

Business Units and departments as of 30 June 2020

Amsterdam	Alkmaar and Amsterdam
Zuid-Holland	Den Haag and Rotterdam
Noord-Centrum	Arnhem, Enschede, Groningen, Leeuwarden, Utrecht and Zwolle
Zuid	Breda, Eindhoven and Maastricht
Financial Services	Nationally operating Business Unit
CMAAS	Nationally and Europe-wide operating Business Unit
Risk Assurance	Nationally and Europe-wide operating Business Unit
National Office	Nationally operating department
Audit Support	Nationally operating department

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Industry groups

In addition to being allocated to business units, all professionals (as from a certain grade) are also part of an industry group. This is essential in maintaining a good understanding of market trends, regulatory environments and other relevant developments. The exchange of information within the groups, across Lines of Service, helps maintain quality in our service delivery.

We have seven industry groups:

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


Supervisory Board

The internal supervisory role at PwC the Netherlands is discharged by the independent Supervisory Board (SB). The SB was set up on 1 May 2015 at the level of Holding PricewaterhouseCoopers Nederland B.V. and


consisted of seven members. The members of the SB are appointed by the General Meeting of Holding PricewaterhouseCoopers Nederland B.V. after approval of (the General Meeting of) Coöperatie PricewaterhouseCoopers Nederland U.A. on the basis of a binding proposal submitted by the SB. The members of the SB qualify as policymakers of both PricewaterhouseCoopers Accountants N.V. and Coöperatie PricewaterhouseCoopers Nederland U.A. (previously co-policymakers within the context of the Audit Firms Supervision Act ('Wta') as updated effective 1 July 2017. Members of the SB are appointed for a term of four years and may be reappointed for a maximum of one further term of four years. All members must comply with specifically agreed independence requirements and, in compliance with these requirements, are independent of PwC.

The role of the SB is to oversee the activities of the Board of Management and the overall business affairs of Holding PricewaterhouseCoopers Nederland B.V. and its affiliated group enterprises, including Assurance, as well as to provide advice to the Board of

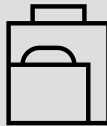
Industry groups



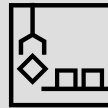
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Technology, Media and Telecom




Consumer Markets




Industrial Manufacturing and Automotive



Government and Public Sector



Health Industries



Energy, Utilities and Resources



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Management. Amongst other things, the SB is also tasked with approving the appointment of external auditors and the Compliance Officer. The Chair of the SB is also Chair of the General Meeting of Coöperatie PricewaterhouseCoopers Nederland U.A.

For the SB, 2020—2021 was a special year. On 5 February 2021, their Chair, Carel van Eykelenburg, passed away unexpectedly. Carel made an important contribution to the transformation of PwC, with an eye for the people around him. The SB owes Carel much gratitude for what he has done for PwC and the SB. As of 5 February 2021, Jan Sijbrand has taken over as interim Chair of the SB and of the selection and appointment committee. The SB of 2020—2021 comprised of Carel van Eykelenburg (chair up to 5 February 2021), Naomi Ellemers, Annemarie Jorritsma, Frits Oldenburg, Cees van Rijn, Jan Sijbrand, and Yvonne van Rooy. The Report of the Supervisory Board is included in the Annual Report 2020-2021.

The SB has the following committees:

Public Interest Committee (PIC)

The Public Interest Committee (PIC) is a core committee of the Supervisory Board and all members of the SB are members of the PIC with Jan Sijbrand as Chair. As of 5 February 2021, Yvonne van Rooy has taken over as interim Chair. Its role is to advise the SB and support it in its decision-making process regarding all matters relating to maintaining the Wta licence and the ongoing continuity of PricewaterhouseCoopers Accountants N.V. as a going concern, including

also for Holding PricewaterhouseCoopers Nederland B.V., and all the applicable societal aspects of its business and activities, safeguarding the public interest in its audits, and other matters relating to the public interest. The PIC’s role also includes providing support in the decision-making process regarding the SB’s approval of the audit firm’s quality policies and how these are safeguarded.

Audit Committee

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

Remuneration Committee

The role of this committee is to support the SB in its responsibilities and approval processes in the area of remuneration. These include preparing the proposals for remuneration policies, for determination by the General Meeting, regarding the Board of Management and the Assurance

Board and approval of the policies for the remuneration of partners and staff including supervision of their proper implementation. The Committee comprises Annemarie Jorritsma (Chair), Carel van Eykelenburg, Yvonne van Rooy and Jan Sijbrand.

Selection and Appointments Committee

The role of this committee is to support the SB in its responsibilities and approval processes in the area of appointments. These include the nomination of the members of the SB and Board of Management, in line with the diversity policy, as well as the approval of the appointment of the Compliance Officer and the approval of the appointment of external auditors. The Committee consists of Carel van Eykelenburg (Chair until 5 February 2021), Naomi Ellemers and Frits Oldenburg. Jan Sijbrand has taken on the role of interim Chair as of 5 February 2021.

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

		Chapter
lid 2		
a	a description of the legal structure and ownership of the audit firm;	Our governance
b	where the statutory auditor or the audit firm is a member of a network: (i) a description of the network and the legal and structural arrangements in the network; (ii) the name of each statutory auditor operating as a sole practitioner or audit firm that is a member of the network; (iii) the countries in which each statutory auditor operating as a sole practitioner or audit firm that is a member of the network is qualified as a statutory auditor or has his, her or its registered office, central administration or principal place of business; (iv) the total turnover achieved by the statutory auditors operating as sole practitioners and audit firms that are members of the network, resulting from the statutory audit of annual and consolidated financial statements;	i) Our governance ii) and iii) List of EU/EEA audit firms that belong to the PwC network of member firms iv) Composition of turnover PwC the Netherlands 2020/2021
c	a description of the governance structure of the audit firm;	Our governance
d	a description of the internal quality control system of the statutory auditor or of the audit firm and a statement by the administrative or management body on the effectiveness of its functioning;	Our system of quality management
e	an indication of when the last quality assurance review referred to in Article 26 was carried out;	Accountability for the system of quality management
f	a list of public-interest entities for which the statutory auditor or the audit firm carried out statutory audits during the preceding financial year;	List of public interest entities
g	a statement concerning the statutory auditor's or the audit firm's independence practices which also confirms that an internal review of independence compliance has been conducted;	Statements
h	a statement on the policy followed by the statutory auditor or the audit firm concerning the continuing education of statutory auditors referred to in Article 13 of Directive 2006/43/EC;	Statements
i	information concerning the basis for the partners' remuneration in audit firms;	Evaluation and remuneration of our external auditors and managing directors
j	a description of the statutory auditor's or the audit firm's policy concerning the rotation of key audit partners and staff in accordance with Article 17(7);	Objectivity and independence
k	where not disclosed in its financial statements within the meaning of Article 4(2) of Directive 2013/34/EU, information about the total turnover of the statutory auditor or the audit firm, divided into the following categories: (i) revenues from the statutory audit of annual and consolidated financial statements of public-interest entities and entities belonging to a group of undertakings whose parent undertaking is a public-interest entity; (ii) revenues from the statutory audit of annual and consolidated financial statements of other entities; (iii) revenues from permitted non-audit services to entities that are audited by the statutory auditor or the audit firm; and (iv) revenues from non-audit services to other entities.	Composition of turnover PwC the Netherlands 2020/2021

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

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Member state	Name of the firm
Austria	PwC Wirtschaftsprüfung GmbH, Wien PwC Oberösterreich Wirtschaftsprüfung und Steuerberatung GmbH, Linz PwC Kärnten Wirtschaftsprüfung und Steuerberatung GmbH, Klagenfurt PwC Steiermark Wirtschaftsprüfung und Steuerberatung GmbH, Graz PwC Salzburg Wirtschaftsprüfung und Steuerberatung GmbH, Salzburg PwC Österreich GmbH, Wien
Belgium	PwC Bedrijfsrevisoren bv/Reviseurs d'entreprises srl
Bulgaria	PricewaterhouseCoopers Audit OOD
Croatia	PricewaterhouseCoopers d.o.o PricewaterhouseCoopers Savjetovanje d.o.o
Cyprus	PricewaterhouseCoopers Limited
Czech Republic	PricewaterhouseCoopers Audit s.r.o.
Denmark	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
Estonia	AS PricewaterhouseCoopers
Finland	PricewaterhouseCoopers Oy
France	PricewaterhouseCoopers Audit PricewaterhouseCoopers Entreprises PricewaterhouseCoopers France PricewaterhouseCoopers Services France PwC Entrepreneurs CAC PwC Entrepreneurs Commissariat aux Comptes PwC Entrepreneurs Audit PwC Entrepreneurs Audit France PwC Entrepreneurs CAC France PwC Entrepreneurs Commissariat aux Comptes France PwC Entrepreneurs France PwC Entrepreneurs Services M. Philippe Aerts M. Jean-François Bourrin M. Jean-Laurent Bracieux M. Didier Brun Mme Elisabeth L'Hermite M. François Miane M. Pierre Pegaz-Fiornet M. Antoine Priollaud

Member state	Name of the firm
Germany	PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft Wibera WPG AG
Greece	PricewaterhouseCoopers Auditing Company SA
Hungary	PricewaterhouseCoopers Könyvvizsgáló Kft.
Iceland	PricewaterhouseCoopers ehf
Ireland	PricewaterhouseCoopers
Italy	PricewaterhouseCoopers Spa
Latvia	PricewaterhouseCoopers SIA
Liechtenstein	PricewaterhouseCoopers GmbH, Ruggell
Lithuania	PricewaterhouseCoopers UAB
Luxembourg	PricewaterhouseCoopers, Société coopérative
Malta	PricewaterhouseCoopers
Netherlands	PricewaterhouseCoopers Accountants N.V. Coöperatie PricewaterhouseCoopers Nederland U.A.
Norway	PricewaterhouseCoopers AS
Poland	PricewaterhouseCoopers Polska sp. z. o.o. PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k. PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością sp. k.
Portugal	PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda
Romania	PricewaterhouseCoopers Audit S.R.L.
Slovak Republic	PricewaterhouseCoopers Slovensko, s.r.o.
Slovenia	PricewaterhouseCoopers d.o.o.
Spain	PricewaterhouseCoopers Auditores, S.L.
Sweden	PricewaterhouseCoopers AB Öhrlings PricewaterhouseCoopers AB

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This includes the PIEs* where a statutory audit was carried out in the financial year 2019-2020 (in alphabetical order):

* Companies established in the Netherlands listed on an EU regulated market, banks, credit institutions and insurance companies (not being insurers with a limited risk size), as defined in Article 1, first paragraph, under I of the Law on the Supervision of Audit Firms.

- A Achmea B.V.
Achmea Bank N.V.
Achmea Pensioen- en Levensverzekeringen N.V.
Achmea Reinsurance Company N.V.
Achmea Schadeverzekeringen N.V.
Achmea Zorgverzekeringen N.V.
Adyen N.V.
Aegon Bank N.V.
AEGON Levensverzekering N.V.
AEGON N.V.
AEGON Schadeverzekering N.V.
AEGON Spaarkas N.V.
AKZO Nobel Assurantie N.V.
Akzo Nobel N.V.
Alfen N.V.
Allianz Finance II B.V.
Amsterdam Commodities N.V.
ARCADIS N.V.
Assurant Europe Insurance N.V.
Assurant Europe Life Insurance N.V.
ASTARTA Holding N.V.
Atradius Finance B.V.
Avantium N.V.
- B Beheerstrategie N.V.
BEST 2010 B.V.
Beter Bed Holding N.V.
Blue Square Re N.V. in liquidatie
BMW Finance N.V.
BMW International Investment B.V.
BNG Bank N.V.
BNP Paribas Cardif Levensverzekeringen N.V.
BNP Paribas Cardif Schadeverzekeringen N.V.
Brunel International N.V.
- C Coöperatieve Rabobank U.A.

- Ctac N.V.
- D De Friesland Zorgverzekeraar N.V.
De Lage Landen International B.V.
de Vereende N.V.
Deutsche Post Finance B.V.
Deutsche Telekom International Finance B.V.
DSW Ziektekostenverzekeringen N.V.
Dutch Property Finance 2017-1 B.V.
Dutch Property Finance 2018-1 B.V.
Dutch Property Finance 2019-1 B.V.
Dutch Property Finance 2020-1 B.V.
Dutch Residential Mortgage Portfolio II B.V.
- E E.ON International Finance B.V.
Ease2pay N.V.
EDP Finance B.V.
Enexis Holding N.V.
Enexis Netbeheer B.V.
Eno Aanvullende Verzekeringen N.V.
Eno Zorgverzekeraar N.V.
Evonik Finance B.V.
- F FBTO Zorgverzekeringen N.V.
FORDless STORM 2018 B.V.
- G Gasunie Transport Services B.V.
Globaldrive Auto Receivables 2017-A B.V.
Globaldrive Auto Receivables 2018-A B.V.
Globaldrive Auto Receivables 2019-A B.V.
GrandVision N.V.
GREEN STORM 2016 B.V.
Green STORM 2018 B.V.
Green STORM 2019 B.V.
- H Hof Hoorneman Bankiers N.V.
Holland Colours N.V.
- I ICT Group N.V.
innogy Finance B.V.

- InsingerGilissen Umbrella Fund N.V.
Interpolis Zorgverzekeringen N.V.
- K Kempen European High Dividend Fund N.V.
Kempen European Property Fund N.V.
Kempen European Sustainable Value Creation Fund N.V.
Kempen Global Property Fund N.V.
Kempen Global Sustainable Equity Fund N.V.
Kempen Orange Fund N.V.
Kempen Oranje Participaties N.V.
Kempen Profielfondsen N.V.
Kempen Umbrella Fund I N.V.
Kigoi 2013 B.V.
Koninklijke Ahold Delhaize N.V.
Koninklijke Brill N.V.
Koninklijke Nederlandse Akademie van Wetenschappen
- L Laurentius
Linde Finance B.V.
- M Merrill Lynch B.V.
Monuta Verzekeringen N.V.
- N N.V. Hagelunie
N.V. Nederlandse Gasunie
N.V. Noordhollandsche van 1816, Levensverzekeringsmaatschappij
N.V. Noordhollandsche van 1816, Schadeverzekeringsmaatschappij
N.V. RENDO Holding
N.V. Univé Her
N.V. Univé Schade
NE Property B.V.
Nedap N.V.
NSI N.V.
- O Onderlinge Verzekeringsmaatschappij Univé Samen U.A.
Onderlinge Waarborgmaatschappij DSW Zorgverzekeraar U.A.

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* Companies established in the Netherlands listed on an EU regulated market, banks, credit institutions and insurance companies (not being insurers with a limited risk size), as defined in Article 1, first paragraph, under l of the Law on the Supervision of Audit Firms.

P	Photon Energy N.V. Prosus N.V.	Stichting ZOwonen STORM 2018-I B.V. STORM 2018-II B.V. STORM 2019-I B.V. STORM 2020-I B.V. STRONG 2016 B.V. STRONG 2018 B.V. Swisscom Finance B.V.
R	Rabo Groen Bank B.V. Rabo Herverzekeringsmaatschappij N.V. Repsol International Finance B.V. RHI Magnesita N.V.	T Telefonica Europe B.V. Triodos Bank N.V. Triodos Groenfonds N.V. Triodos Impact Strategies II N.V. Triodos Impact Strategies N.V.
S	SBM Offshore N.V. Securitised Residential Mortgage Portfolio I B.V. Stad Holland Zorgverzekeraar Onderlinge Waarborgmaatschappij U.A. Stichting Bedrijfstakpensioenfonds voor de Detailhandel Stichting Bedrijfdstakpensioenfonds voor het Beroepsvervoer over de Weg Stichting Beveland Wonen Stichting DUWO Stichting Elkien Stichting Intermaris Stichting Lefier Stichting Maasdelta Groep (MDG) Stichting Mooiland Stichting Pensioefonds voor de Woningcorporaties Stichting Pensioenfonds Zorg en Welzijn Stichting Portaal Stichting Sint Trudo Stiching Standlander Stichting Staedion Stichting Trivire Stichting Wonen Zuid Stichting Woonconcept Stichting WoonInvest Stichting Woonkwartier Stichting Woonpunt Stichting Woonstad Rotterdam Stichting Woonwaard Noord-Kennemerland	U Univé Dichtbij Brandverzekeraar N.V. Univé Het Groene Hart Brandverzekeraar N.V. Univé Noord-Holland Brandverzekeraar N.V. Univé Noord-Nederland Verzekeraar N.V. Univé Oost Brandverzekeraar N.V. Univé Stad en Land Brandverzekeraar N.V. Univé Zuid-Nederland Verzekeringen N.V. V Van Lanschot Kempen N.V. Van Lanschot Kempen Wealth Management N.V. VCL Master Netherlands B.V. VEON Holdings B.V. Vonovia Finance B.V. W Woningborg N.V. Woningstichting Haag Wonen Woningstichting HEEMwonen Woningstichting Rochdale Woningstichting Servatius Woningstichting ‘thuis Y Yapi Kredi Bank Nederland N.V. Z Zilveren Kruis Zorgverzekeringen N.V.

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○ The quality indicator is taken from the NBA Practice Note 1135 Disclosure of Audit Quality Factors. PwC reports in the Transparency Report 2020-2021 on all quality indicators stated in the Practice Note.

Nr.	Reporting criterion	NBA Practice Note	Page*
1a	Number of formal consultations resolved by National Office during the financial year regarding financial reporting and audit matters, including the number of consultations with regards to going concern.	○	6
1b	Number of consultations submitted during the financial year to the Fraud Panel.		6
1c	The number of audit engagements where restructuring specialists from our Advisory practice have supported the audit team during the financial year in identifying and analysing potential going concern risks during the audit.	○	6
1d	The number of audit engagements selected in the financial year in which forensic specialists from our Advisory practice support the audit team in assessing the fraud risks at the organizations we audit.	○	6
1e	Number of notifications of unusual transactions submitted during the financial year to the Financial Intelligence Unit.		6
2a	The number of NOW1-audits that have been completed as of June 30, 2021.		7
2b	The number of clients who have applied for NOW1 support (according to the UWV register) that must be audited.		7
2c	An estimation of the advance subsidies associated with the NOW-1 schemes to be audited by PwC.		
3	All assurance engagements that have led to public assurance reports on sustainability information during the financial year. This includes public assurance reports on CO2-statements and impact reports on greenbonds (but excluding ETS / CORSIA verifications that are not publicly available).		8
4	Number of Real Time Reviews initiated and completed during the financial year by the RTR team including those in support of the QRP and CRP.		8
5	Number of engagements reviewed during the financial year under the (global) ECR process, differentiating between audit engagements and engagements performed in the business units CMAAS and Risk Assurance. Results of the ECRs, differentiating between compliant and non-compliant engagements. The category compliant also includes the compliant engagements with the qualification compliant with improvement required.	○	10
6	Number of engagements reviewed during the financial year by external supervisory bodies and the number with reported findings.	○	10
7a	The average number of hours spent during the financial year per FTE by partners/directors, senior managers/managers and other team members from the audit practice (excluding contracted-in staff, the temporary workforce and short-term secondments)	○	11
7b	The absenteeism percentage is the total number of sick days of the employees, as a percentage of the total number of available calendar days of the employees in the reporting period. The absenteeism percentage includes absenteeism for more than one year and excludes pregnancy and maternity leave. The (extra) long-term absenteeism rate is absenteeism for more than 6 weeks (i.e. at least 42 days at the end of the reporting period) and excluding pregnancy and maternity leave.		11
8a	The number of audit hours spent by the audit teams, as a percentage of the total number of hours charged to PwC's audit engagements (statutory and voluntary) in the reporting year.	○	11
8b	The number of audit hours outsourced to delivery and competence centres and to colleagues of the PMO, as a percentage of the total number of hours charged to PwC's audit engagements (statutory and voluntary) in the reporting year.		11

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Nr.	Reporting criterion	NBA Practice Note	Page*
8c	Number of hours spent during the financial year by IT specialists from our Risk Assurance business unit on audit engagements, as a percentage of the total number of hours charged to PwC's audit engagements (statutory and voluntary).	○	11
8d	Number of hours spent during the financial year by financial data, reporting, valuation, pension and taxation specialists on support to audit engagements, as a percentage of the total number of hours charged to PwC's audit engagements (statutory and voluntary).	○	11
9a	The headcount on 30 June, whereby the staff voluntarily selects one of the options. For male/female ratio the options are: male, female, do not wish to declare (dnwtd), and missing (not indicated). For background the options are: Dutch, Non-Western, Western, do not wish to declare (dnwtd), and missing (not indicated). The options do not wish to declare (dnwtd) and missing are not included in the calculation of both percentages.		12
9b	The number of employees who were promoted to the next job level in the financial year, compared to the number of people included in the assessment round in that category (male/female or background).		12
10	Number of incidents notified to the external supervisory body (AFM) using the digital tool during the financial year.		27
11	Number of partners, directors/director candidates (headcount) subject to personal independence testing during the financial year and the number of independence infringements identified therein by the Independence Office. The number of sanctions levied by the Independence Sanctions Committee, differentiating between written warnings and reprimands, and the number of imposed financial sanctions. The results regard partners and directors/director candidates subjected to review during the financial year.	○	27
12	Number of hours spent during the financial year by partners/directors, senior managers/managers and other team members (including contracted-in staff, the flexible workforce and short-term secondments) on PIE and non-PIE PwC audit engagements, as a percentage of the total number of hours spent by all professional staff on all PwC's audit engagements.	○	27
13	Millions of euros invested in the development of new technology relating directly to audit during the financial year, including the Dutch Assurance practice's share of investments in the development of new technology within the network and costs incurred, but excluding internally generated time and related expenses.	○	27
14	Ratio of the numbers of partners/directors, senior managers/managers, senior associates and associates in permanent employment at 30 June 2021 (excluding trainees, support staff, contracted-in staff, the flexible workforce and short-term secondments).		28
15	Average number of hours per FTE during the financial year, calculated as the total hours spent by professional staff (FTEs) (excluding trainees, support staff, contracted-in staff, the flexible workforce and short-term secondments) on internal and external training and education divided by the average total number of professional staff (excluding trainees, support staff, contracted-in staff, the flexible workforce and short-term secondments) (FTEs).	○	28
16	Number of leavers during the financial year with a permanent contract in the staff levels up to and including senior manager, with a higher than average rating (1 and 2), male/female and migrant/non-migrant background (as specified by staff in the personnel administration), as a percentage of the average workforce in these categories.	○	28
17	Number of formal reviews of financial statements carried out during the financial year by National Office specialists prior to issuance of the auditor's report.	○	28
18	Results from the People Survey during the financial year to questions related to coaching, audit quality, the consistent propagation of the PwC values (act with integrity, make a difference, care, work together, reimagine the possible) by our partners and directors and the results of the People Engagement Index that measures staff satisfaction with PwC as an employer, as well as the percentage of the employees invited who completed the survey.	○	29

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Nr.	Reporting criterion	NBA Practice Note	Page*
19	Number of errors under Article 362 para 6 of the Dutch Civil Code (Dutch GAAP) or material errors (under IFRS and Dutch GAAP) noted during the financial year at entities where PwC was also the statutory external auditor in the prior year, as registered with National Office. Number of errors under Article 362 para 6 of the Dutch Civil Code (Dutch GAAP) or material errors (under IFRS and Dutch GAAP) noted during the financial year, as a percentage of the total number of statutory audit reports issued.	○	30
20	Total hours spent by National Office on (the development) and provision of professional technical support and (the system of) quality management during the financial year.	○	30
21	Number of engagement quality reviews (legally required EQRs) completed by QRPs. Number of engagement quality reviews (legally required EQRs) completed by QRPs, as a percentage of the total number of statutory audits. Number of engagement quality reviews (voluntary EQRs) completed by CRPs. Number of engagement quality reviews (voluntary EQRs) completed by CRPs, as a percentage of the total number of statutory audits. Number of hours spent on engagement quality reviews (legally required EQRs) by QRPs. Average number of hours spent by on the engagement quality reviews (legally required EQRs) by QRPs, as a percentage of the total number of hours spent on these statutory audits. Number of hours spent on engagement quality reviews (voluntary EQRs) by CRPs. Average number of hours spent by on the engagement quality reviews (voluntary EQRs) by CRP's, as a percentage of the total number of hours spent on these statutory audits. Total number of hours spent on engagement quality reviews by QRPs and CRPs. Average number of hours spent by on the engagement quality reviews by QRPs and CRPs, as a percentage of the total number of hours spent on these statutory audits	○	30
22	Number, per evaluation element, of remuneration adjustments that have been or will be levied on partners and directors during the financial year by the Remuneration Committee of the SB under the evaluation and remuneration policies.		31
23	Analysis of the Dutch PwC member firm's revenue by type of service as set out in the NV COS standards. The revenue from statutory audits is determined as defined in Article 1, para 1 sub p of the Law on the Supervision of Audit Firms. Accounting policies are the same as those for the Holding PricewaterhouseCoopers Nederland B.V. annual financial statements.		32

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AFM

Netherlands Authority for the Financial Markets, the external independent body responsible for the supervision of financial enterprises and of audit firms with a PIE licence.

Assurance Board BCC

Board of directors of PricewaterhouseCoopers Accountants N.V. Business Conduct Committee, to which staff refer if they note instances or suspicions of professional misconduct.

BMG&D

‘Beoordeling, Mapping Goalsetting en 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 practice, determined on the basis of geography and/or professional specialism.

Bta

‘Besluit toezicht accountantsorganisaties’, the Decree on the Supervision of Audit Firms.

CAD

Country Admissions Committee, the body that advises the BoM on the appointment of new partners and directors.

CMAAS Compliance

The business unit Capital Markets and Accounting Advisory Services. Compliance with the legal, regulatory and other requirements and standards that apply.

Compliance officer

Officer responsible for overseeing compliance with the legal, regulatory and other requirements and standards that apply.

Compliance Office

The department that supports the compliance officer. The office is amongst others concerned with the Audit Firms Supervision Act (Wta) and on that related laws and regulations.

Cycles of experience ECR

Programme to encourage mobility among our professionals. Engagement Compliance Review, internal reviews carried out by the global network into the quality of client engagements.

EQR

Engagement-specific quality review (‘OKB’). A process established to provide, on or prior to the date of the auditor’s report, an objective evaluation of the significant judgments by the engagement team and the conclusions drawn when formulating the auditor’s report. The EQR is performed by a QRP or CRP, whether or not supported by the RTR team.

General meeting (GM)

Meeting of the PwC partners who, via their partner BVs, are the members of Coöperatie PricewaterhouseCoopers Nederland U.A.

GIP

Global Independence Policy. All processes, minimum procedures and activities to which every PwC network firm must comply are prescribed in the PwC GIP. This policy includes specific processes that must be followed to ensure the independence of our clients if the nature of the service gives rise to it.

HC

Human Capital, the term used for the department or persons responsible for PwC’s staffing policies and the implementation thereof.

Independence Office

Support function that provides support to PwC professionals in maintaining their personal independence and the independence of PwC.

ISA

International Standards on Auditing.

KPI

Key performance indicator or quality indicator.

LoS

Line of Service, the three professional service units through which PwC offers and delivers its services: Assurance, Tax & Legal and Advisory.

National Office

Practice support function that underpins and provides support to the professional quality of external auditors and other staff.

NBA

Netherlands Institute of Chartered Accountants.

NV COS-standaarden

Regulations for audit and other standards issued by the NBA (Netherlands Institute of Chartered Accountants).

PCAOB

Public Company Accounting Oversight Board, the US external supervisory body.

People Survey

Global People Survey (GPS). Our worldwide annual staff satisfaction survey about the employees’ experience of culture, policy and employment conditions.

PIE

Public Interest Entity, organisations that, because of their scope or role in society, impact a wide range of stakeholder groups (for instance, listed companies, insurers and financial enterprises) and for the statutory audit of which audit firms are required to have a licence from the AFM.

PwC Europe

The PwC Europe collaboration of the member firms in Germany, the Netherlands, Austria, Belgium, Turkey and Switzerland.

QMSE

Quality Management for Service Excellence is the PwC framework for the system of quality management.

QRP

Quality Review Partner is a partner assigned to carry out engagement-specific quality reviews (EQRs).

Risk Assurance

The business unit Risk Assurance.

RTR

Real Time Review is an in-depth review of audit engagements carried out by a team independent of the audit team before the auditor’s report is issued.

Wab

‘Wet op het accountantsberoep’, Auditors Profession Act

Wta

‘Wet toezicht accountantsorganisaties’ (the Audit Firms Supervision Act), which regulates the external supervision (by the AFM) of audit firms.

Wwft

‘Wet ter voorkoming van witwassen en financieren van terrorisme’, Anti-Money Laundering and Anti-Terrorist Financing Act.

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The original Transparency Report was prepared in Dutch. This document is an English translation of the original Report. In case of differences between the English and the Dutch version, the latter shall prevail.

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