

2019/2020  
PwC  
Annual  
Report





# Foreword

**Let's create tomorrow\_**

Choosing the word of the year was easy: COVID-19. The COVID-19 pandemic that started at the beginning of 2020 was the cause of a dramatic change in the world and had a great impact on our lives, on the economy and on society as a whole. Across the globe, there were (and still are) victims of the virus and countries went into lockdown for months. It is still very hard to predict how we are going to weather through this crisis. Considering its size, seriousness, duration and the measures that were taken to contain it, we are likely to feel the effects of the crisis for a long time to come, longer than we can predict.

But I have also seen the good things this difficult period has brought us. Whether it was by necessity or not, we have all realised the importance of interconnectedness and that only by working together we can solve the problems of these times.

We need to use this momentum. The current situation is enough reason to work together on finding solutions to existing problems. Problems that have increased in urgency due to this crisis. Which issues can we reconsider, now that a new reality is taking form? What can we do to create sustainable progress?

PwC offers guidance in a world that is changing fast. That fits in with our purpose: building trust in society and helping to solve important problems. With our

knowledge and expertise, we implement a wide variety of ideas, lenses, or perspectives in support of our clients and other stakeholders. We do this together, for a better tomorrow.

During the COVID-19 pandemic, I truly became more aware of the latter. Working from home put us at a physical distance from each other, but it brought us closer together as a collective. As an organisation, we learned that you can only move forward by working together. We were there for our clients from the very beginning and took the first blows together. To support the self-employed, social enterprises and charity organisations, we created the COVID-19 Helpdesk. Through this, we helped this group to deal with the urgent issues caused by this crisis, for instance by answering their questions. Through the power of our combined services, we are now looking at ways to get organisations through this crisis in the best possible way. It is wonderful to see that connection and that drive in our people. This makes me really proud.

In these uncertain times, we also talked about values and what we think is important in life. The Black Lives Matter movement shows us the importance of real diversity and inclusion. We realised that also within our own organisation we still had a lot of work to do. We need to become more comfortable talking about uncomfortable subjects such as inequality

and racism. Only then can we have those difficult but very necessary conversations and challenge each other to do the right thing.

I see this as a logical part of the transformation that we have started at PwC several years ago. A transformation that has only been accelerated by global developments. In this fast-changing world, driven by developments in the areas of sustainability and technology, it has become increasingly important to be connected with society, our clients and with each other. Connection is at the heart of our transformation, and only through that connection can we make use of the full potential of the newly arisen opportunities. We have started to look more outwards, listen more attentively to our clients, and we have let ourselves be more vulnerable. We will continue with that transformation unabatedly.

Digitalisation is an important part of our transformation. Our clients and business partners expect us to keep up with technological developments and expect our people to be digitally capable. The COVID-19 crisis has only deepened their expectations. We had already started rolling out a special training programme last year. All our people had access to digital training and content to enable them to improve their digital skills. One of our tools in this programme was a digital fitness app, which we also temporarily

offered to people outside PwC free of charge.

With this digital transformation we continue to invest in the quality of our services. These last couple of years, we have done this particularly intensively in our audit practice and step-by-step we are seeing the effects of the measures we've taken. Both internal and external studies and reviews show this progress. But our ambitions are on a higher level. And there are still plenty of challenges, as became clear at the beginning of this year with the report of the Committee on the Future of the Audit Sector (CTA).

Despite the challenging circumstances the financial performance was solid. We have shown a growth in revenue, benefiting from a higher demand for our services and due to several large projects we are proud of.

We continue to be open to every change that can contribute to a sustainable restoration of trust.

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

On behalf of the Board of Management,

Ad van Gils,  
Chair

# Highlights 2019/2020



We further enhanced audit quality by the roll-out and use of our new Quality Management System and took extra audit quality measures in response to COVID-19.

## Outcome of quality reviews

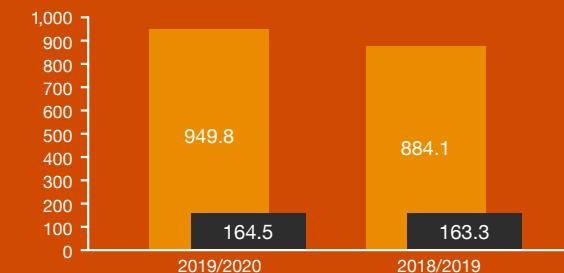
		External reviews	AFM	2019-2020	-	2018-2019	-
		PCAOB	2019-2020	-	2018-2019	3	0
		Other	2019-2020	39	0	17	1
		Audit	2019-2020	56	2	46	2

■ Compliant  
■ Non-compliant/  
not meeting standards

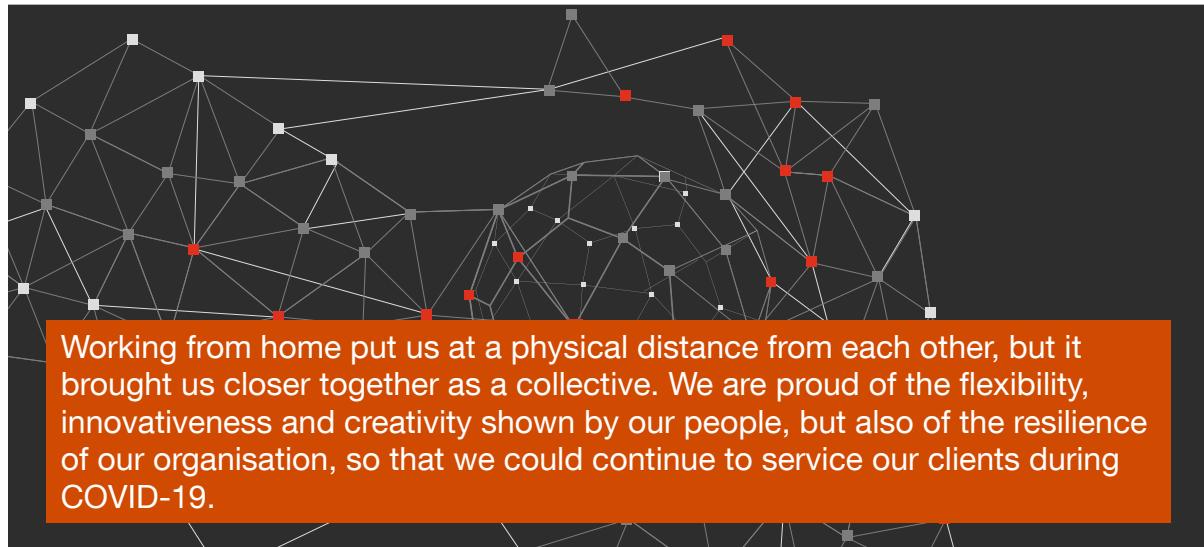


With increased demand for our services, we have achieved growth in Tax & Legal and Advisory.

Margin % slightly eroded from further investments in quality and technology



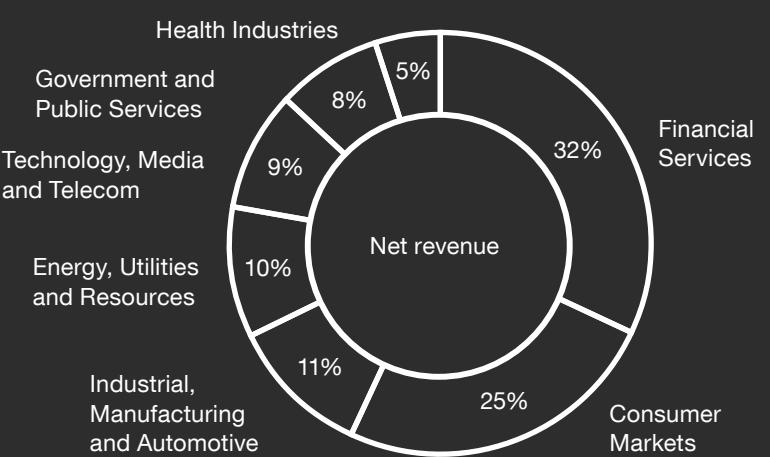
We applied multiple perspectives and delivered integrated value propositions on market themes and client issues relevant for society, our clients and our own organisation (*Public Report 2019-2020*).



# Highlights 2019/2020

We continue to have a strong position in the Financial Services industry.

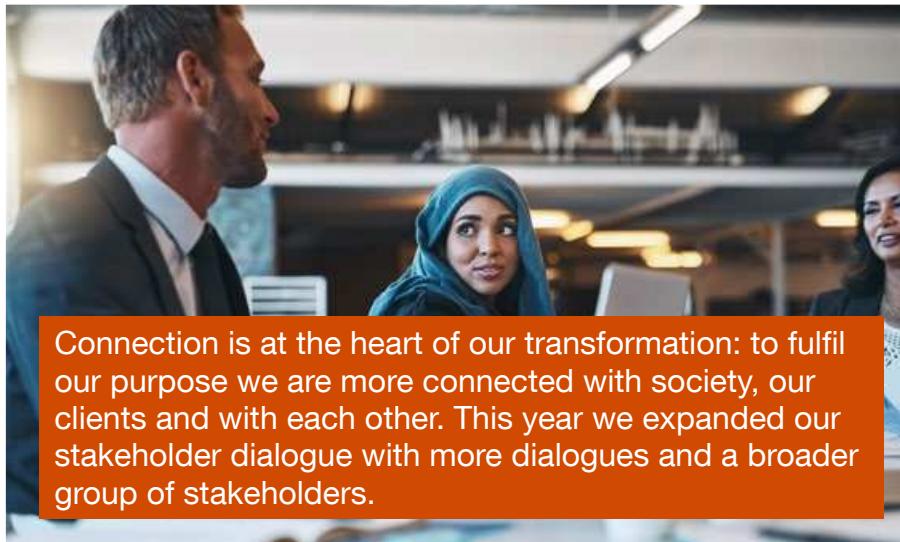
Strongest growth was in Consumer Markets this year.



We realised our partner/director promotion targets on gender, but not on cultural diversity. Gender and cultural intake targets were both met but we need to speed up our transformation towards a diverse and inclusive culture to meet our ambition of 2030.



We realised an increase in circularity in car, air and train mobility this year. Partly due to COVID-19 and based on the measures we took, for example the Board Now launch.



Connection is at the heart of our transformation: to fulfil our purpose we are more connected with society, our clients and with each other. This year we expanded our stakeholder dialogue with more dialogues and a broader group of stakeholders.



We are proud of the step we made in digitising our clients, our services and processes/infrastructure. This year 53 digital accelerators were trained in our Digital Accelerator programme to speed up the digitisation of our own services

# PwC in the Netherlands

## How we are organised

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

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

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

**Advisory** (including Strategy&) focuses on assisting clients in their (digital) transformation, from strategy to execution. Advisory also provides services in the area of mergers and acquisitions, from strategy advice to assistance with business (unit) integration or carve-out. Advisory also includes crisis prevention and management services to companies or institutions affected by fraud, disputes, cybersecurity breaches and near-insolvency.

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



Headcount as at 30 June 2020

**5,565 people**





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

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

We work closely with the PwC member firms in Austria, Belgium, Germany, Switzerland and Turkey within our collaboration association 'PwC Europe' (see pages 126). We are also coordinating business and investments at the level of EMEA (Europe, Middle East and Africa) and of course at a global network level.

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

We are in an unprecedented landscape characterised by macro-economic downturn and societal uncertainties, sectoral break-downs and massive government interventions. This outlook causes transformations, disruptive technologies and system changes to accelerate. Borders between traditional industries are blurring as a result of digitisation. New types of companies are emerging, entering apparently unrelated industries, and challenging industrial conventions that have existed for decades. Established companies are increasingly digitising and acquiring the characteristics of technology companies. At the same time, we see societal themes accelerate that go beyond sectors or industries, such as de-globalisation, cyber, privacy, sustainability and inequality.

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

### How we feel responsible towards our stakeholders

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

# Five-year summary of financial results

	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016
<b>Revenue</b>					
Net revenue (€ millions)	949.8	884.1	832.7	767.0	744.1
Increase	+7.4%	+6.2%	+8.6%	+3.1%	+6.7%
Net revenue per FTE (€'000)	178.7	175.2	176.8	167.0	167.6
Increase/decrease	+2.0%	-0.9%	+5.9%	-0.4%	-1.2%
<b>External revenue per Line of Service (€ millions)</b>					
Assurance	372.4	392.9	367.3	317.3	317.4
Tax & Legal	271.9	247.3	252.8	239.4	221.6
Advisory	304.8	242.9	212.6	210.3	205.1
Other	0.7	1.0	0.0	0.0	0.0
Total	949.8	884.1	832.7	767.0	744.1
<b>Results</b>					
<b>Operating profit (€ millions)</b>	164.5	163.3	161.6	151.2	142.3
Increase/decrease	+0.7%	+1.1%	+6.9%	+6.3%	-9.8%
<b>Operating profit per Line of Service (€ millions)</b>					
Assurance	37.8	46.3	54.8	43.0	43.6
Tax & Legal	74.6	71.1	65.8	67.2	62.3
Advisory	53.4	50.9	44.7	43.3	35.0
<b>Management fee, salary and emoluments</b>					
Available for distribution to partners (€ millions)	163.0	160.8	158.1	148.9	140.1
Average partner management fee* (€'000)	579.8	586.7	583.2	533.3	513.3
Increase/decrease	-1.2%	+0.6%	+9.4%	+4.0%	-15.3%
Staff bonuses** (€ millions)	33.7	28.8	26.4	24.0	27.7
Average salary cost per FTE (€'000)	79.0	77.5	76.6	74.6	72.6
Average bonus per FTE** (€'000)	6.7	6.0	6.0	5.5	6.7
<b>Average number of FTEs</b>					
Partners	5,315	5,045	4,713	4,594	4,440
Professional staff	282	278	271	279	273
Support staff	4,076	3,897	3,615	3,510	3,366
	957	870	827	805	801

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

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

Foreword

Highlights 2019/2020

PwC in the Netherlands

Report of the  
Supervisory Board

Report of the  
Board of Management

Financial statements Holding  
PricewaterhouseCoopers  
Nederland B.V.

Appendices

# Report of the Supervisory Board

# Report of the Supervisory Board

This financial year 2019/2020, the Supervisory Board continued its supervisory and advisory activities under a new chairman. The Supervisory Board at PwC was established five years ago and we have seen that in those years dialogue between the Board of Management and the Supervisory Board has become more and more focused. That dialogue is characterised by an outside-in approach by the Supervisory Board and a critical eye with regard to the Board of Management when it comes to long-term interests and offering quality to clients, among them the execution of statutory audits, to remain relevant to society. We consider it an important task to support the Board of Management in establishing priorities, especially in these extraordinary times due to COVID-19.

## About the Supervisory Board

The Supervisory Board supervises and advises the Board of Management and oversees the overall business affairs of PwC NL. The seven members of the Supervisory Board have a wide range of experience and knowledge in areas such as public administration, corporate governance, supervision, finance and reporting and behavioural science. In this report, the Supervisory Board sets out how it has fulfilled its duties and responsibilities during financial year 2019/2020.

For more detailed information about the duties and responsibilities of the Supervisory Board and its committees, we refer to the Supervisory Board Regulations on the PwC NL website. The Supervisory Board's profile of its size and composition can also be found on the website of PwC NL (as Annex B of the [Supervisory Board Regulations](#)).

## Meetings of the Supervisory Board

The Supervisory Board held seven meetings in financial year 2019/2020, either in person or by means of video calls. Next to five regular meetings with the Board of Management, there were two additional meetings in which the Supervisory Board extensively discussed a number of topics, including the business planning cycle, strategy, enterprise risk management and digital transformation.

The Supervisory Board meetings were very well attended in financial year 2019/2020. Reference is made to the overview on page 13.

## Regular agenda items

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

## Key discussion topics

Looking back at the past year, there have been several matters we particularly focused on.

## PwC's position in society

We have noted that attention from society for organisations like PwC continues to grow. This applies to services provided by Assurance, Tax & Legal and Advisory. Social expectations about those services keep shifting over time. **In addition to an intensive dialogue with stakeholders, we encourage the Board of Management to join public conversations on social issues and visibly contribute to the social debate.** While it requires vulnerability, it is important for PwC to be at the heart of society, to further connect with society and move forward together. In addition, this step outwards can serve as a support for (future) employees and partners of PwC, who sometimes find themselves faced with strong social criticism about their chosen profession.

In this context, we have decided to extend the focus area of the Public Interest Committee from Assurance to the entire firm. Historically, this committee of the Supervisory Board is mainly focused on the audit firm. After amendment of the regulations of the Public Interest Committee, as of 1 July 2020, all subjects touching on Public Interest will be discussed within this committee.

## Transformation and strategy

In the last year, we regularly discussed with the Board of Management the next step of the transformation, for which the importance of digitalisation cannot be underestimated, and the added value of PwC for clients and society. We witnessed, with great interest, that with the tenet 'Let's create tomorrow' and the focus on connection and sustainable progress, the Board

of Management gives worthwhile guidance and significance to the purpose of PwC: building trust in society and solving important problems.

On an ongoing basis, and based on the strategy monitor, we have reviewed and challenged the Board of Management on the implementation of both the strategic plan and the strategic priorities. **We expect that the strategic choice of the Board of Management for specific market themes will give further definition to the integrated cooperation between PwC's various Lines of Service. This remains important to be relevant for society and offer quality to clients.** This also applies to the digital transformation within PwC.

## Focus on quality

As in previous years, this year too, a substantial amount of the Supervisory Board's time was dedicated to different aspects of quality. We discussed the findings of the AFM and the inspection reports of the AFM and the NBA. Furthermore, we have supervised the progress of the implementation of the amended Quality Management System for Assurance and we have had in-depth discussions with the Board of Management about the lessons learned from troublesome practice matters. We value the discussions with the Compliance Officer, in private and during meetings, and his reports in the context of his independent direct reporting line to the Supervisory Board.

An important point of focus for the Supervisory Board this year was the improvement of the results of personal independence testing within PwC. We have noted that the Board of Management

has given this a high priority. We have advised the Board of Management to continue doing so and we will monitor the progress. Further, through an in-depth session, we have gained insight in client and engagement acceptance procedures and we have discussed the dilemmas that may arise. We see that adequate procedures compliant with legislation and professional requirements are not enough. **In the end, it is about culture and behaviour, where quality is the main driver and public interest is paramount. This is a recurring factor in the oversight by the Supervisory Board.**

#### Future of the audit sector

This year was an important year when it comes to the future of the audit profession. Both the Monitoring Committee Audit (MCA) and the Committee on the Future of the Audit sector (CTA) published their final reports. We received the results with great interest and together with the Board of Management analysed these reports and the measures announced by the Minister of Finance to sustainably improve the quality in the audit sector. We encourage the Board of Management to give priority to further elaboration of these measures, such as the development of Audit Quality Indicators. In this context, a significant development is the systematic approach of culture and behaviour. This includes the attention within PwC for mental models, which help to recognise certain patterns, and the ability to steer away from these patterns.

#### Governance and sustainable partnership

Another measure by the Minister of Finance focuses on the reinforcement of governance in audit firms by extending the competencies of the Supervisory

Board. We appreciate the open conversations with the Board of Management on the position of the Supervisory Board within PwC, especially considering the reshaping of the PwC Europe cooperation which PwC NL is part of. We aim to continue these conversations in the coming year.

**We have stimulated the Board of Management to open an internal dialogue about sustainable partnership and we appreciate the initiatives this dialogue has produced.** For instance, the broad vision on development of partners (as change agents) and in particular, the possibility for partners to extend their career within PwC, by elevating the retirement age.

#### External auditor appointment and signing authority

We approved the appointment of several partners, senior directors and directors to act as external auditor, with an extensive internal procedure consisting of observations, interviews and assessments prior to the Supervisory Board's approval. To assist the Supervisory Board in its decision-making process, the chairs of the Country Admission Committee have provided input to several meetings of the Selection and Appointment Committee regarding both the candidates and the process followed. The Selection and Appointment Committee has also discussed with the chairs of the Country Admission Committee the improved career pathway process for partners and the additional quality measures added to this process.

Furthermore, the Supervisory Board has evaluated the external auditors' improvement plans and signing authority based on the 2017 non-compliant

file review results. There were no cases regarding suspension or dismissal of external auditors.

#### Diversity and inclusion

We believe that our diverse composition (in gender and professional background) contributes to the quality of our performance. It enables issues to be considered from a wide range of differing perspectives and experiences and with due regard to individual and independent opinions. That holds true for PwC as well. The Supervisory Board acknowledges and appreciates the dedicated attention for diversity and inclusion within PwC, although numbers show that retaining women and colleagues with a migration origin and developing them towards senior positions remains a challenge for PwC. This year, the Supervisory Board invited two business unit leaders/partners responsible for human capital and the Diversity & Inclusion officer for a special session at PwC's office in Rotterdam to gain deeper insight into the successes and challenges of diversity and inclusion in the business.

#### Impact COVID-19

The last few months of the financial year 2019/2020 have brought unexpected challenges for PwC, which were largely about the impact of COVID-19. We noticed that all progress made towards digital transformation was of great value for the smooth transition to working from home. All the members of the Supervisory Board quickly got used to video conferencing. However, like many others, we missed the social and personal connection of live meetings.

Together with the Board of Management, we extensively discussed the different perspectives

of the coronacrisis. We also invited the Advisory Board to give an update on the impact of COVID-19 on its business.

We noted with much appreciation the different social initiatives PwC offered to provide guidance and support in this time of great uncertainty. We discussed the safety and health of PwC's employees and the effect that working from home had on them, the (resilience of the) financial position of PwC, and the impact of COVID-19 on the services of PwC, including implementing extra quality safeguards. **We support the controlled approach of the Board of Management and challenge the Board of Management to hold onto the positive aspects,** for instance the remarkable flexibility and resilience, the reduction of business travels, going more digital, connecting more frequently. The new tomorrow.

#### Budget

In consultation with the Supervisory Board, it has been decided that the budget-setting process for financial year 2020/2021, including the budget of the audit firm, will be made final in September 2020, when we have a clearer picture of the impact of the coronacrisis.

#### Annual reporting

The Audit Committee was closely involved in the year's annual reporting, discussing this with the CFO, the Internal Audit Department, the external auditor and the finance director.

**Additional sessions**

Between meetings, the chair of the Supervisory Board has had regular contact with the chair of the Board of Management this past year, to discuss topical matters arising both inside and outside the PwC network. Throughout the year, individual members of the Supervisory Board have had regular contact with members of the Board of Management in their roles as chair or member of the Supervisory Board's committees. Also, in these more informal discussions the Supervisory Board exercises its role as advisor and sounding board. These discussions and outcomes often lead to additional agenda items for the various committees and for the Supervisory Board itself.

Supervisory Board members occasionally speak to the members of the Works Council, Membership Council and Young PwC Board. And this year, there were ten orientation sessions attended by 76 partners and senior directors, about, for instance, the position of PwC in society, the sustainable partnership dialogue and cooperation between PwC's various Lines of Service. We value all these conversations and sessions; they offer a form of interactive supervision that enables us to get a clear insight into the culture change within, and the development of, the organisation.

**Supervisory Board committees**

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

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

**Report of the Public Interest Committee**

Overview of key matters the Public Interest Committee discussed in 2019/2020:

- The quality policy and quality management system of the audit firm, including the reporting of Assurance on its quality indicators monitoring the progress being made in the quality agenda, together with projects such as ROME (which analyses the effects of the measures taken in the context of the quality improvement programme).
- Developments around the audit profession, including the recommendations of the Monitoring Committee Audit (MCA) and the Committee on the Future of the Audit sector (CTA) and the measures announced by the

**Members (2019/2020)**

Cees van Rijn (chair),  
Annemarie Jorritsma,  
Frits Oldenburg

**Focus/Activities of the Audit Committee**

- Focuses on finance and reporting, internal and external audit, risk and IT (security)
- Meets regularly with those responsible for internal audit, risk and finance, IT/information security, and the Assurance Board member responsible for finance
- Holds a private discussion annually with the external auditor (in the absence of the CFO and Internal Audit)

Minister of Finance to sustainably improve the quality within the accountancy sector.

- The annual discussion between the Supervisory Board and the AFM about the Audit Firm.
- Internal and external quality reviews, such as the results of the research done by the AFM in 2019 on the quality-focused culture, the quality circle and quality safeguards; the expectations of the AFM for 2020; the research done by the NBA in 2019; and the follow-ups on the PCAOB review in 2019.
- Updates on incidents regarding the audit firms, troublesome practice matters and legal proceedings.
- Updates on the stakeholder dialogue and the ensuing dilemmas for PwC that can be identified.
- Developments of societal interest within PwC's practice, such as the activities of accountants regarding the risk of fraud and corruption and shifting expectations about tax and tax advice.

- The Public Interest Committee provides further insight regarding the past year in its contribution to PricewaterhouseCoopers Accountants N.V.'s Transparency Report (which can be found on the website of PwC NL).

**Report of the Audit Committee**

Overview of key matters the Audit Committee discussed in 2019/2020:

- Periodic financial management reports and forecasts, the 2018/2019 results, and the draft annual financial statements.
- The multi-year development of the profitability of PwC, the long-term financial plan and the business planning cycle for the budget of the coming financial year, including the budget for Assurance, to be completed in September 2020.
- The re-appointment of BDO as the external auditor, the external auditor's management letter, and meeting with the external auditor to discuss the audit plan and approach.
- The internal audit charter together with the internal audit year plan and internal audit reports.
- IT updates, including information security updates and updates on projects resulting from the PwC Europe cooperation (such as the new engagement management and financial system), and monitoring of previous investments (Workday, Salesforce).

**Members (2019/2020)**

All members of  
the Supervisory Board,  
Jan Sijbrand is chair

**Focus/Activities of the Public Interest Committee**

- Focuses on safeguarding the public interest in the audit opinions issued by PricewaterhouseCoopers Accountants N.V., including regulatory affairs, risk and quality, transformation and change
- Each meeting is attended by the Chair of the Board of Management, the Assurance Board chair and the member responsible for risk and quality, the Compliance Officer and the Deputy Compliance Officer and the Director Public Affairs
- Meets regularly with other members of the Assurance Board

## Foreword

## Highlights 2019/2020

### PwC in the Netherlands

#### Report of the Supervisory Board

#### Report of the Board of Management

#### Financial statements Holding PricewaterhouseCoopers Nederland B.V.

#### Appendices

- The central support with risk management procedures for the business, including client acceptance procedures and data governance and maintenance.
- The impact of COVID-19 on PwC NL, including feedback from the crisis management team and reflection on the different financial scenarios.

#### Report of the Selection and Appointment Committee

Overview of key matters the Selection and Appointment Committee discussed in 2019/2020:

- Evaluation of the selection of the partner candidates, senior director and director candidates before appointment as external auditors within Assurance (including the selection itself), the process the candidates went through and the evaluation and adjustments thereof by the Board of Management and the Country Admissions Committee.
- Goalsetting and performance evaluation of the members of the Board of Management, the members of the Assurance Board in their role as policymakers under the Wta, the Compliance Officer and internal auditor.
- Human Capital strategy and developments, such as digital upskilling of staff, diversity and inclusion (intake and promotion/career development targets regarding gender and

- non-western background), people and values surveys and absenteeism.
- Partner affairs (including succession planning and the dialogue regarding sustainable partnership), leavers, joiners and improvement plans.
- Succession planning of the Board of Management and the Supervisory Board, including the preparation of the succession of the chair of the Audit Committee as of 1 July 2021.

#### Report of the Remuneration Committee

Overview of key matters the Remuneration Committee discussed in 2019/2020:

- Remuneration policy and the proposed remuneration of the members of the Board of Management and the members of the Assurance Board.
- Updates to the remuneration policy for partners and the process surrounding the evaluation and remuneration of partners, particularly in the areas of diversity, differentiation, quality, flexibility and talent management.
- The introduction of the Recognition and Accountability framework to facilitate a common approach in PwC NL in holding partners and directors accountable for quality outcomes and quality behaviours.
- Evaluation and remuneration of assurance

Members (2019/2020)	Focus/Activities of the Selection and Appointment Committee
Carel van Eykelenburg (chair), Naomi Ellemers, Frits Oldenburg	<ul style="list-style-type: none"><li>- Focuses on partner, senior director and director admissions, performance evaluations of the Board of Management and Assurance Board, and human capital strategy and developments</li><li>- Has the chair of the Board of Management as primary contact person</li><li>- Meets regularly with the CAD chair and member of the Board of Management responsible for Human Capital</li></ul>

#### Members (2019/2020)

Annemarie Jorritsma (chair), Carel van Eykelenburg, Yvonne van Rooy, Jan Sijbrand

#### Focus/Activities of the Remuneration Committee

- Focuses on the remuneration of the members of the Board of Management and the board of PricewaterhouseCoopers Accountants N.V., and of partners/directors and staff
- Has the chair of the Board of Management as primary contact person
- Meets regularly with the chair of the Membership Council and the member of the Board of Management responsible for Human Capital

partners/directors who act as external auditors, in terms of quality.

- Remuneration policies and conditions of employment for staff and directors, with a focus on flexibility, sustainable mobility, appropriate remuneration, and well-being.
- The Remuneration Committee's Remuneration Report, as adopted by the Supervisory Board, is included as an appendix to this Annual Report 2019/2020 (pages 110-113).

#### Learning and development

We consider continuous learning and development an important aspect of good governance. The members of the Supervisory Board have regularly participated, both collectively and individually, in educational sessions with experts in areas such as the activities of accountants with regard to the risk of fraud and corruption, trends in the financial and public sector and digital development.

#### Independence

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

#### Self-assessment

At a separate meeting held in May 2020, the Supervisory Board discussed its own performance and the performance of its committees and members in the absence of the Board of Management. In preparation, each member of the Supervisory Board carried out a self-assessment which they then discussed with the chair of the Supervisory Board.

Overall, the performance of the Supervisory Board, its committees and members are viewed as positive. The relationship between the Board of Management and the Supervisory Board is good and constructive, while the Supervisory Board continues to have a critical attitude. A number of follow-up points have emerged to further strengthen elements of the Supervisory Board's performance, such as engaging more fully with the Board of Management on strategic considerations, a clearer focus on key aspects in the provision of information, close monitoring of the position of the Supervisory Board in the corporate governance framework, and continued attention for the succession planning of the Supervisory Board and Board of Management.

## Foreword

## Highlights 2019/2020

### PwC in the Netherlands

#### Report of the Supervisory Board

#### Report of the Board of Management

#### Financial statements Holding PricewaterhouseCoopers Nederland B.V.

#### Appendices

In keeping with the self-assessment in 2019, the Supervisory Board has continued to increase its focus on developments in the digital transformation area this year and has set up interaction opportunities between the Supervisory Board and the Line of Service Boards and their members.

#### Performance evaluation of the Board of Management and Assurance Board

As part of the performance evaluation process, the Supervisory Board has carried out, in closed session, the annual performance review of the Board of Management, the Assurance Board and the individual members of both boards (all policymakers of PricewaterhouseCoopers Accountants N.V. according to the Wta).

This review process consists of three steps: (1) agreement regarding goalsetting at both team and individual levels; (2) a mid-year evaluation interview between policymakers and counterparties from the Supervisory Board; and (3) a year-end performance interview between policymakers and counterparties from the Supervisory Board, with the conclusions being reflected in the goalsetting for the coming year.

During this process, we have witnessed that the policymakers take on the challenges of what PwC stands for in a positive way and as a team. The tone at the top gives the Supervisory Board confidence about a successful continuation of the transformation within PwC. The Supervisory Board encourages the members of the Board of

Management to develop this further. In response to the conclusions of the evaluation, the Board of Management continues to place high priority to the transformation of PwC NL towards a purpose-led and values-driven organisation.

#### Remuneration Report

The Remuneration Report, included on pages 110-113, is an integral part of the Report of the Supervisory Board.

#### Annual Report

After discussion of the Annual Report and financial statements, the Supervisory Board has concluded that these present a fair view and have been prepared on a basis consistent with the previous year. The Supervisory Board wishes to thank

everybody at PwC who, through their efforts, expertise and commitment, have contributed to the achievements of PwC in the extraordinary circumstances of financial year 2019/2020.

Amsterdam, 21 September 2020

The Supervisory Board  
Carel van Eykelenburg  
Naomi Ellemers  
Annemarie Jorritsma  
Frits Oldenburg  
Cees van Rijn  
Yvonne van Rooy  
Jan Sijbrand

	Carel van Eykelenburg	Naomi Ellemers	Annemarie Jorritsma	Frits Oldenburg	Cees van Rijn	Yvonne van Rooy	Jan Sijbrand
Initial appointment	2018	2015	2015	2015	2015	2015	2019
Re-appointment	n/a	2019	2019	2019	2019	2019	n/a
End of term	2023	2023	2023	2023	2021	2023	2023
Independent	yes	yes	yes	yes	yes	yes	yes
Attendance at Supervisory Board meetings	7/7 (100%)	7/7 (100%)	7/7 (100%)	7/7 (100%)	7/7 (100%)	6/7 (86%)	7/7 (100%)
Committee memberships and attendance	Public Interest (5/5) Remuneration (3/3) Selection and Appointment (4/4)	Public Interest (5/5) Selection and Appointment (4/4)	Audit (7/7) Public Interest (5/5) Remuneration (3/3)	Audit (7/7) Public Interest (5/5) Remuneration (3/3)	Audit (7/7) Public Interest (5/5) Selection and Appointment (4/4)	Public Interest (4/5) Remuneration (3/3)	Public Interest (5/5) Remuneration (3/3)

# Supervisory Board

## Carel van Eykelenburg

(1952, male, Dutch, Chair) was CFO/CRO of Bank Nederlandse Gemeenten from 2005 and chair of its Board of Management from 2008 until 2017. Prior to that, he was, among other things, chair of the Board of Management of Mn Services, Managing Director of Stichting Bedrijfspensioenfonds voor de Metaal en Technische Bedrijven (PMT), Managing Director of Informatie Beheer Groep, Deputy Managing Director of Informatiseringsbank, and Chief of Staff to the Secretary General of the Ministry for Education, Culture and Science.

### Current positions:

- Board member and member of the Investments and Pension policy Committees and of the Shareholders and Remuneration Committees of ABP (the government and education sector pension fund)

## Naomi Ellemers

(1963, female, Dutch) is a social psychologist and Distinguished University Professor at Utrecht University. Her professional expertise encompasses behaviour in organisations relating to incentives and work motivation, diversity and organisational transformation, moral behaviour and ethical climates at work. Previously, she was teaching director and chair of the Department of Psychology at Leiden University. In 2010 she was awarded the KNAW Merian prize for women in science and the NWO Spinoza prize. In her primary role as professor at Utrecht University, she is involved in a collaborative partnership with the AFM. In this context, scientific research is being done on psychological mechanisms in supervision. There is an endowed chair and PhD programmes are carried out. In view of her role as supervisory director at PwC, she will in no way be involved in research into accountancy firms.

### Current positions:

- Distinguished University Professor at Utrecht University (primary position)
- Member of the Royal Netherlands Academy of Arts and Sciences
- Corresponding Fellow of the British Academy for the Humanities and Social Sciences (FBA)

## Annemarie Jorritsma

(1950, female, Dutch) has been Mayor of Almere from 2003 to 2015 and was also chair of the VNG (the Dutch association of municipalities) for seven years. Prior to that, she was a minister in the Cabinet of Prime Minister Kok for eight years, four of which were at the Ministry of Transport and Water and four at the Ministry of Economic Affairs.

### Current positions:

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

## Frits Oldenburg

(1961, male, Dutch) has been of counsel at FG Lawyers since 2013. From 2004 to 2014, he was a member of the board of trustees of the International Bureau of Fiscal Documentation. From 1995 to 2013 Oldenburg was a partner with NautaDutilh. As a notary, he specialised in company law. He was also, among other things, board member of the Koninklijke Notariële Beroepsorganisatie (the Dutch professional association of notaries).

### Current positions:

- Of counsel at FG Lawyers (primary position)
- Member of the Board of the Vrouwe Groeneveld's Liefdegesticht Foundation
- Member of the Board of the Dutch Asthma Foundation
- Member of the Board of the Foundation for the Preservation of Rotterdam Heritage

## Cees van Rijn

(1947, male, Dutch) was CFO and member of the Board of Management of Nutreco from 2001 to 2011. Previously, he was, among other things, CFO of Sara Lee Meats Europe and CFO Northern Europe of the McCain Foods Group and, prior to that, he held various positions at Nutricia.

### Current positions:

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

## Yvonne van Rooy

(1951, female, Dutch) was, among other things, Secretary of State at the Ministry of Economic Affairs, member of the European Parliament, member of the Second Chamber of the Dutch Parliament, chair of the Executive Board of Tilburg University, chair of the Executive Board of Utrecht University and deputy Crown-appointed member of the SER (the Social and Economic Council of the Netherlands).

### Current positions:

- Chair of the Supervisory Board of Philips Electronics Nederland B.V.
- Member of the Board of Institut GAK (Foundation Institute GAK)
- Member of the Supervisory Board of the Kunstmuseum Den Haag (Museum of Arts The Hague)
- Chair of the Board of Foundation Beschermers National Monument Kamp Vught (Protectors of the Camp Vught National Monument)
- Member of the Supervisory Board of Fonds Nationaal Kunstbezit (the National Artistic Heritage Foundation)
- Member of the Supervisory Board of Fuji Europe
- Member of the Supervisory Board of 's Heeren Loo
- Chair of the Supervisory Board of the Raad voor Accreditatie (the Dutch Accreditation Council)
- Member of the Board of Stichting Continuïteit PostNL

## Jan Sijbrand

(1954, male, Dutch) was a director of De Nederlandsche Bank (DNB - the Dutch Central Bank) from mid-2011 to mid-2018. As Chair of Supervision, he held primary responsibility for the supervisory activities and policies of DNB. He also had supervisory roles at the ECB in Frankfurt and the EBA in London and he was chair of the Curatorium for Postgraduate Studies (Compliance & Integrity) at the Free University (VU) Amsterdam. From 2008 to mid-2011, Jan Sijbrand was a member of the Managing Board and Chief Risk Officer of NIBC, a Dutch banking institution. Prior to that, he worked at ABN AMRO, Rabobank and Shell.

Current positions: Not applicable

Foreword

Highlights 2019/2020

PwC in the Netherlands

Report of the  
Supervisory Board

Report of the  
Board of Management

- Our world is changing
- Our transformation
- Value creation process
- Executing our strategy and adding value
- Financial results for sustainable investments
- Governance and remuneration
- Risk management

Financial statements Holding  
PricewaterhouseCoopers  
Nederland B.V.

Appendices

# Report of the Board of Management



# Our world is changing

## Developments in our external environment

**COVID-19** - The COVID-19 pandemic has an incredible impact on us, and the world. In this annual report, we will go into detail on the many ways this has impacted us. Overall, the crisis has accelerated the course of transformation that we had already started.

**SDGs are driving changes in society and client needs** - The global issues that are addressed in the UN's Sustainable Development Goals (including climate change and inequality) have a major impact on issues our clients are facing and therefore also on our service delivery. We find ourselves more often in the boardroom of our clients, where strategies are being set out and a wider range of stakeholder interests are being addressed. We expect that this shift in service delivery and offerings, where we assist clients from strategy through execution, will continue in the coming years.

**Living up to changing societal expectations** - Societal expectations about our service offering and delivery change over time. To live up to those expectations and provide an anchor in uncertain times, we are in close contact with our stakeholders. In creating tomorrow together, we address wider societal perspectives in our way of working and in the strategic choices we make. We also share our views and knowledge on societal relevant topics such as tax governance and audit quality.

**Impact of technology** - The rapid pace of technological developments has a huge impact on our clients, our business and our professions. To maintain and improve our market position we continually invest in technology-enabled client solutions and transform our way of working. The impact of COVID-19 has accelerated the transformation towards a more technology-enabled way of working even more.

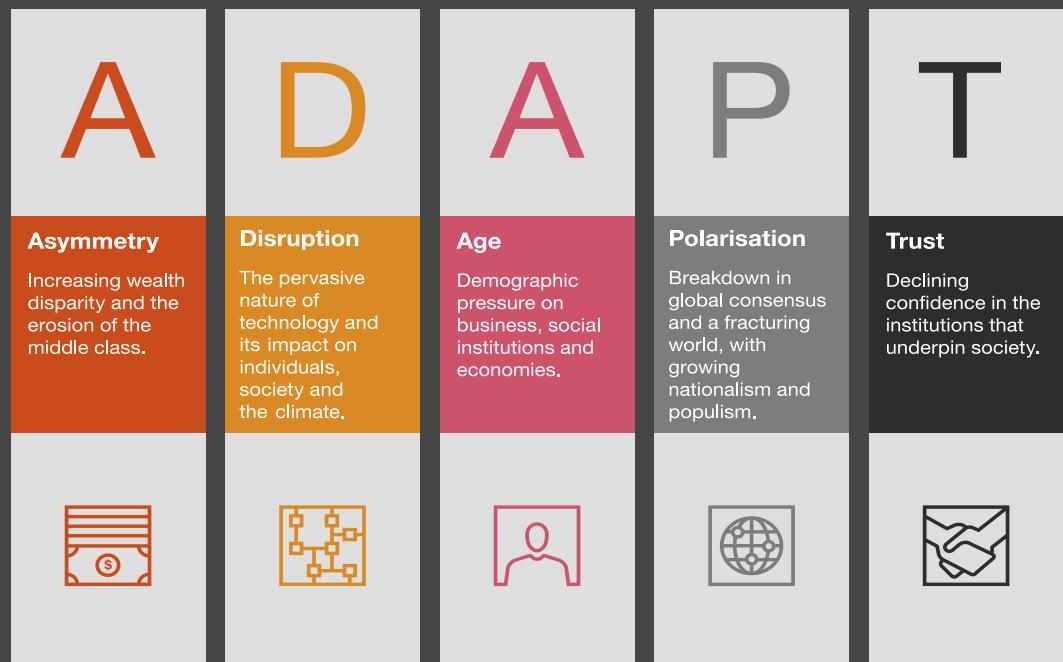
**The war for talent** - Because of solid economic conditions the labour market was highly competitive for the majority of the year. We put a lot of effort in the recruitment and retention of talent, including people with, for us, non-traditional backgrounds in science, technology, engineering and mathematics (STEM). With COVID-19, we are (temporarily) focusing more on retaining our current people and making sure that they can continue to grow professionally as well as personally.

**Volatile environment** - We are facing a volatile market and environment. Today's globalised world with increasing populism, nationalism and other specific events and circumstances can have a major impact on business confidence. These specific events and circumstances include: uncertainties in the regulatory environment, cross-border trade conflicts, the outcome of elections, Brexit, the threat of terrorism, refugee flows and geopolitical challenges.

## ADAPT

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

The megatrends have caused second-order effects that we call ADAPT. As a result of



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ADAPT, organisations are faced with immediate challenges. For example, 'Age' may lead to changing customer needs but also to shortages on the labour market, 'Trust' requires different views on transparency, and 'Polarisation' can lead to rethinking the role an organisation plays locally.

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

**Foreword**

**Highlights 2019/2020**

**PwC in the Netherlands**

**Report of the  
Supervisory Board**

**Report of the  
Board of Management**

- Our world is changing
- Our transformation
- Value creation process
- Executing our strategy and adding value
- Financial results for sustainable investments
- Governance and remuneration
- Risk management

**Financial statements Holding  
PricewaterhouseCoopers  
Nederland B.V.**

**Appendices**



It was already clear before COVID-19 that the pressures arising from ADAPT would cause us to find ourselves in a completely different world in 2025. Now, accelerated by the pandemic, these changes may actually arrive sooner than we originally thought.

Because of the changing world, organisations are facing changing demands and expectations of their customers, employees and other stakeholders. Our clients challenge us to come up with integrated and innovative solutions for their complex issues. It is our ambition to help them with their transformations, thereby making them resilient and trustworthy for their stakeholders. To meet the challenges these issues represent, we have started focusing on four market themes around which we organise our innovation and service offerings. This is also supportive of our purpose to build trust and solve important problems. The themes we have defined are Sustainable Development, Risk & Regulatory, Future of Work and Future of Finance (see page 23).

# What stakeholders expect from us

Throughout the year, PwC is in dialogue with its stakeholders to learn what they expect from us, and how and what we can improve. A dialogue which allows us to stay in touch, especially in these times of rapid change. We engage with our people, clients and society at large. The latter group includes, among others, public sector representatives, NGOs, politicians, professional and investor associations, and universities. By understanding the expectations of our stakeholders, we can build trust in society and help solve important problems as a firm.

## Quality remains key

The themes stakeholders consider most relevant ('material') for our organisation are reflected in our materiality matrix. We create this matrix every other year, including this year. The y-axis of the matrix is based on a comprehensive survey among our stakeholders (more information about the process of creating the materiality matrix is set out on page 115). The matrix shows the themes our stakeholders believe we need to address in our strategy. We have discussed these during one-on-one conversations between stakeholders and members of our Board of Management.

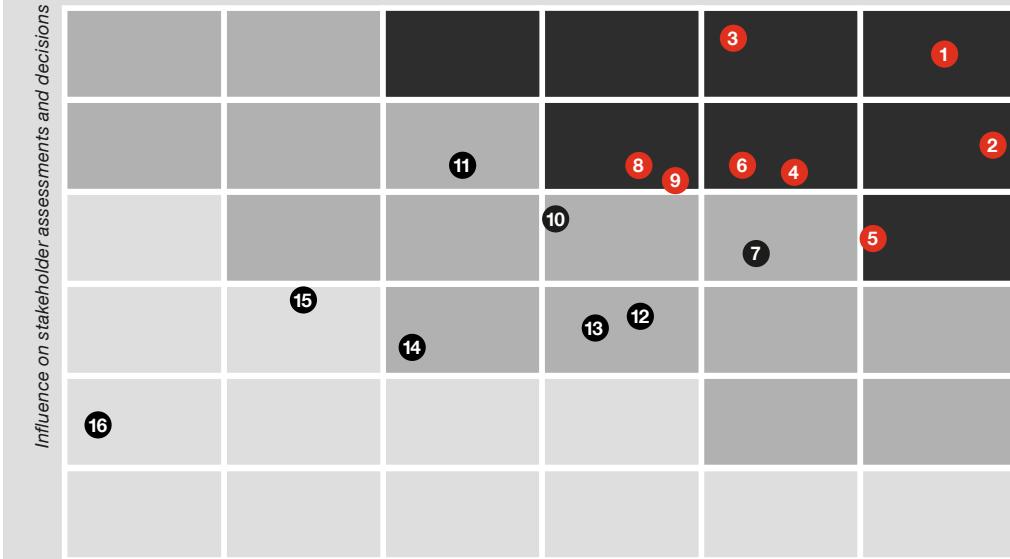
Stakeholders consider integrity and quality the most important themes (y-axis) for PwC to focus on, which has been the case since fiscal year 2014. Since we last created the matrix in fiscal year 2018, the biggest riser on the y-axis is the theme of transparency. This refers to the openness, visibility and accessibility of our organisation. When the input of stakeholders is combined with the economic, environmental and social areas where PwC can make impact

on the themes (x-axis), quality and knowledge development and sharing are considered most material. The positions of themes on the x-axis differ with regard to the previous matrix due to this year's strategic reassessment (see pages 21-23). Based on the sector analysis and conversations with stakeholders, we also put forward a new theme in this year's stakeholder survey: fraud. Stakeholders confirmed the importance of PwC addressing this new theme.

## Stakeholders' expectations

Speaking with a broad range of stakeholders on a wide range of subjects results in a great number of messages we receive. The most important messages are listed below. Despite the great variety of messages, there is a common denominator. Stakeholders urge us to be an integral part of society and not to work in isolation. We must share our knowledge, communicate openly and take the lead in discussions on the future of the audit profession, digitalisation and sustainability. Stakeholders ask us to create a new and better tomorrow together with them.

## Materiality matrix



Reflects the reporting organisations' significant, economic, environmental and social impact

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

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

## Foreword

## Highlights 2019/2020

### PwC in the Netherlands

#### Report of the Supervisory Board

#### Report of the Board of Management

- Our world is changing
- Our transformation
- Value creation process
- Executing our strategy and adding value
- Financial results for sustainable investments
- Governance and remuneration
- Risk management

#### Financial statements Holding PricewaterhouseCoopers Nederland B.V.

#### Appendices

## Develop and share knowledge broadly

*"Be part of an ecosystem: share knowledge and experiences and connect with each other" (a client)*

*"Show you are committed. You cannot thrive as a company if you are not part of wider society" (a stakeholder from the government)*

### Stakeholders' expectation

Stakeholders argue that PwC has knowledge on many topics and sectors, and encourage us to share this expertise broadly. They expect that developing and sharing knowledge will help to bring different perspectives to the public debate. Topics we can weigh in are, among others, sustainable taxation, audit quality indicators and resilience of business models during and after the COVID-19 crisis. Stakeholders recommend we develop knowledge in co-creation, for example with the government and social enterprise sector.

### Current actions

COVID-19 has shown that we need to work together and share knowledge broadly. We have opened a helpdesk for SMEs, self-employed, social enterprises and charity organisations, for crisis-related questions. We hosted webinars for social enterprises and opened our Digital Fitness app available to Dutch citizens. We continue to share and develop knowledge in multiple ways. For example through running a database with the latest fiscal developments for municipalities.

### Next steps

PwC's biggest potential lies in working together as one firm and offering integrated propositions to issues society and clients are facing. We bring together people from various backgrounds and areas of expertise, for example by including forensic and sustainability experts in the audit. However, we can do more to collaborate to our full potential for the benefit of society (see pages 22-23 for our strategy).

## Become more visible in living the purpose

*"Living up to your purpose means looking into behavioural change within the organisation - by examining the formal and informal incentives of your systems - and being credible on said change externally. To do the latter, you should make bold moves and be willing to accept the consequences" (a stakeholder who is a regulatory expert)*

### Stakeholders' expectation

Stakeholders acknowledge the steps we take in becoming an organisation which builds trust in society and solves important problems. Their recurring message is to communicate more on what we stand for and what we care about. In doing so, we should be honest, open and proactive. Stakeholders urge us to engage in societal-relevant topics and do more to come up with solutions for problems in the fields in which we operate. For instance on the future of taxation, preventing and detecting financial fraud or on sustainability-related issues.

### Current actions

We take to heart what our stakeholders tell us about the way we communicate. We have defined a new brand promise (see page 21). Communicating openly and speaking out on relevant societal topics will be an integral part of doing business in 2020 and onward. We are already taking steps through publishing our own *fiscal strategy* and sharing views on *audit quality*, *tax governance* and (digital) upskilling. Moreover, we stimulate colleagues to share their views and work on social media and try to show a more vulnerable side of ourselves in the media and through video blogs, as long as they remain compliant with applicable codes of conduct.

### Next steps

We can speak up more often on what we stand for and by sharing our views on societal issues. But we must remain diligent. For example, in addition to complying with legal and regulatory requirements, our tax advisers involve other perspectives, including societal impact, into their advice. But we experience it is not straightforward to open up – for example when we are asked to comment in the news – while respecting client and legal confidentiality.

## Eyes ahead: prepare for a digital, human and social future

*"Use technology to increase the human added value" (a stakeholder from a government advisory body)*

*"The SDGs are a shared responsibility of us all. It would be immoral leadership not to commit to those" (a stakeholder from a political party)*

### Stakeholders' expectation

Stakeholders ask what the current times of change mean for current business models and for the relevance of the annual statement. They encourage us to innovate, leverage technology and upskill our people digitally, while at the same time focusing on the human element. Stakeholders stress the importance of responding to changing societal expectations in order to stay socially relevant. They see our efforts and notice, among other things, how PwC as a firm commits to the SDGs.

### Current actions

We are digitalising our services. On the one hand, by offering new services such as the recently established smart automation and quantitative solutions team of our Tax & Legal practice. On the other hand, by leveraging technology in current services. But it will always be people who make the difference at PwC. We foster our human difference through developing our empathy, curiosity, creativity, self-awareness, vulnerability and capacity to build relationships (see page 22). We invest in developing these skills, while also getting people equipped with digital skills through our Your Tomorrow training (see page 49).

### Next steps

The SDGs are fundamental to our future. At PwC we have linked four SDGs to our strategy. We are currently examining how to better measure our impact. We should leverage our network of organisations and businesses to raise the bar on this challenge of sustainability. We see this as an important task and opportunity for the coming year.

## Contribute to the future of audit

*"The decision to invest in a company increasingly depends on how it scores on the SDGs. That is why we need assurance on this topic from auditors" (a stakeholder from the investor community)*

*"We should realise that making mistakes is inevitable. Yet, society sees this differently and expects financial statements to be flawless after an auditor has looked at them" (a stakeholder from a university)*

### Stakeholders' expectation

Reports of the MCA and CTA were high on the agenda in many conversations we have had with stakeholders. Stakeholders acknowledge that the sector as a whole, and PwC in particular, have taken steps to improve audit quality. But they also argue that many of these improvements have not yet proven to be sustainable. Some stakeholders ask us to reflect upon the long-term sustainability of the partner model or on the effects financial ring-fencing of the audit practice in multidisciplinary organisations might have. Stakeholders notice the increased importance of non-financial information, for example regarding the ecological footprint of an audited entity. They differ on when and to what extent auditors should audit this type of information.

### Current actions

We agree that there is no silver bullet to improve audit quality. Our measures for quality improvement vary but are also related. By for example focusing on bringing planning activities forward, we reduce workload, increase efficiency and raise quality. By delivering audit support by our forensic experts from Advisory on 138 (2018/2019: 104) audit assignments our auditors learn from their mindset and their knowledge which not only increases audit quality but also develops a more critical mindset towards fraud risks. Following COVID-19, we have adjusted our mandatory (technical) consultation procedures. And when we foresee going concern risks at our clients, we are supported by business restructuring specialists from Advisory, a merit of our multidisciplinary organisation.

### Next steps

Improving audit quality in a sustainable way and living up to the increasing expectations of our stakeholders, takes more than an open dialogue and internal action. It also requires genuine cooperation among all stakeholders in the financial chain. We regard it as the next step and our shared responsibility to make this cooperation come about, for instance regarding the design of uniform audit quality indicators.



# Our transformation

Our relevance and success depend on the extent to which we contribute to creating **trust in society and solving important problems**. That is our purpose. And that's why it has become our overarching ambition to become purpose-led and values-driven.

Our stakeholders determine whether we achieve our purpose, based on their expectations of our services, our insights and our network. Our stakeholder group and their expectations are evolving, as a result of societal and technological changes. Nowadays, not only our direct stakeholders, like our clients and regulators, judge our relevance, quality and performance. We also observe a shift towards increased attention from more indirect or societal stakeholders, for instance politicians, interest groups and media serving the public interest.

## The Journey

When we started our transformation, the initial focus was on culture and behaviour as drivers for becoming purpose-led and values-driven. We referred to these efforts as 'the Journey'. Along the way, while faced with evolving expectations from a widening stakeholder group, we have learned that the scope of our transformation is much wider and that change topics are related and interdependent. Driving successful and simultaneous change in the areas of sustainable services, technology, quality and regulations, industry insights, workforce development, culture and behaviours, and our own sustainability goals can only be done in a comprehensive and integrated fashion.

## WHY:

**Our purpose: building trust in society & solving important problems**

## HOW:

**Our values:**



PwC Professional

## WHAT:

### Vision 2020

Leader in building and sustaining trust-based institutions

Multi-nodal organisation

A professional services network delivering client service from strategy through execution

Technology-enabled innovator

## Why, How and What

That's why we have developed a more holistic view on transformation and widened the scope of the Journey. We gathered and brought together all aspects of becoming purpose-led and values-driven under one common denominator: the Why, the How and the What of our transformation.

Transformation is fundamental and lasting change. It requires continuous dialogue, organisation-wide engagement, and enduring stamina. We believe that the enablers for successful transformation lie in conscious and personal leadership at all levels, a safe learning environment and a clear transformation narrative that connects all the dots. Our training and facilitation programmes, interventions and communication are focused on these enablers.

## WHY: our Purpose

As said, our relevance - or reason for being - is the extent to which we contribute to creating trust in society and solving important problems. But what does our purpose mean for our stakeholders? What's in it for them?

## Our brand promise

In today's world, companies and organisations struggle with how to stay relevant. They look for opportunities to contribute to sustainable progress for their stakeholders, being either clients, employees, suppliers, shareholders, interest groups and communities. And they are increasingly redefining their visions and strategies to cope with the changes in their stakeholder field. They have also come to understand that today's success will not sustain if they only take care of shareholders

or other direct stakeholders, without taking due care of the world they operate in and are part of. Companies and organisations increasingly feel such societal responsibility and are held accountable for that by society more and more.

Moreover, in the current environment of rapid and fundamental change, uncertainty about what the future looks like has increased. Uncertainty, not only about for instance changing business models due to digitalisation, but also about topics a little further from home, such as (geo)political tensions, climate change and now also a pandemic impacting the world we operate and live in. Consequently, companies and organisations are looking for more grip in terms of assurance, insights, views and guidance. That's where we come into play.

Within this context we have defined our brand promise: '**support and guidance as a source for sustainable progress**'. We have held internal dialogues to jointly define why we are here. In order to increase our impact and demonstrate our relevance, we need to better articulate our brand promise to our stakeholders. For instance, in our internal and external communication, stakeholders' conversations, market campaigning and other communication, we strive for more openness and transparency about who we are and what we do.

## HOW: our Values and Behaviours

### People make the difference

Our values are at the heart of ‘how’ we operate and interact. Only with the right behaviour will we be able to engage and connect with our stakeholders. More than ever, ‘how’ we do things determines our success or failure. In professional services, even in a technology-enabled firm, it is people who continue to make the difference.

That’s why we are focusing on developing our human skills, in addition to our professional and digital skills as auditors, tax advisors or consultants. The impact, relevance and quality of our services is dependent on how we behave. By actively listening, showing a true interest in other people’s motives

and with empathy for other views and opinions, we can make a difference in delivering our services.

### Connectedness

So people make a difference by showing a **human connection**. We do this on different levels: with our clients, in our teams, in our ecosystems and with society at large. But connecting with others starts with being in sync with yourself: people can only establish trustworthy relationships with others if they are authentic, self-aware and open-minded themselves.

For instance, winning or losing in the marketplace not only depends on the fit and quality of our service offerings, but also increasingly depends on the extent to which we are able to connect with



#### Act with integrity

Speak up for what is right, especially when it feels difficult

Expect and deliver the highest quality outcomes

Make decisions and act as if our personal reputation were at stake



#### Make a difference

Stay informed and ask questions about the future of the world we live in

Create impact with our colleagues, our clients and society through our actions

Respond with agility to the ever changing environment in which we operate



#### Care

Make the effort to understand every individual and what matters to them

Recognise the value that each person contributes

Support others to grow and work in the ways that bring out their best



#### Work together

Collaborate and share relationships, ideas and knowledge beyond boundaries

Seek and integrate a diverse range of perspectives, people and ideas

Give and ask for feedback to improve ourselves and others



#### Reimagine the possible

Dare to challenge the status quo and try new things

Innovate, test and learn from failure

Have an open mind to the possibilities in every idea

## Vision 2020

### • A leader in building and sustaining trust-based institutions

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

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

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

### • A professional services network delivering client service from strategy through execution

Our clients are facing increasingly complex and interconnected challenges. We can help them navigate all aspects of that complexity by combining our capabilities, from upfront strategy analysis to functional implementation.

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

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

## WHAT: our Strategy

The PwC network developed the four pillars of **Vision 2020** as a foundation of our strategy aimed at value creation for our clients, our people and other stakeholders. These four pillars are leadership in trust, multi-nodal organisation, client service from strategy through execution, and technology-enabled innovator.

Vision 2020 today is still valid and continues to underlie our strategic goals and choices we make in our services and operations. Nonetheless, we continuously update our strategy, for instance by recently embedding the Sustainable Development Goals of the United Nations.

## Our strategic goals

This year, in sync with Vision 2020 and linked to the SDGs, we have articulated five strategic goals. First of all, **quality** is at the heart of everything we do. Of course, quality begins with compliance with rules and regulations but increasingly also asks for a close eye on societal concerns or expectations. Secondly, we invest in the **workforce of the future**. Attracting and retaining a diverse workforce in an

inclusive organisation is a prerequisite for future success. Thirdly, we want to put technology to work. Our **digital transformation** is focused on helping clients with their digitisation, digitising our own services and digitising our own operations. Fourthly, we aim for more **sustainable development**, among other things, by becoming circular. And fifth, we operate and collaborate as **business partners** among ourselves, with our clients (of course,

honouring the regulatory setting where applicable) and within our ecosystems.

## Market themes

Furthermore, we see market and client needs gradually evolve and shift away from industry-specific issues towards more cross-sectoral challenges. This evolution has changed our way of thinking on how to go to market. Therefore, we

defined four cross-industry market themes this year that drive our clients' transformational challenges. We help solve these challenges with integral solutions using multiple competences working seamlessly together. These market themes are **Sustainable Development**, **Risk & Regulatory**, **Future of Work** and **Future of Finance**. We have dedicated teams and leadership to go-to-market and co-create integrated solutions across industries.

## Sustainable Development

We all want a future where we respect each other and the world around us, a sustainable future. A sustainable future where there is decent and meaningful work for everyone, where we live in an inclusive society in which everyone counts regardless of gender, colour, or cultural background. Of course, there is no future without our planet. Our planet is valuable for all of us. This means, individuals, organisations and public organisations need to take the external environment into account when making decisions to ensure that we do the right thing for our people, planet and society. The sustainable development goals (SDGs) of the United Nations provide guidance in this. By focusing on the SDGs, organisations can contribute to solving global problems such as poverty, inequality and climate change.

To this end, sustainable development of organisations is important. This means maximising a positive impact while minimising a negative impact on society and the environment. Using every lever of change to make sustainable ambitions a reality - from values and strategy, through implementation and execution, including financing, tax and reporting policies and processes. But also, for example, transitioning towards a CO<sub>2</sub>-neutral operating model, finding new ways to make the production of goods more sustainable or creating transparency about climate footprints.

PwC wants to take responsibility and by leveraging our Sustainable Development expertise we aim to support our clients in realising a sustainable future.

## Risk & Regulatory

Risk is everywhere. Especially in a rapidly changing world with unprecedented technological innovation and major environmental and societal change. At the same time, mitigating regulation is growing; risk management and regulatory compliance are necessities for doing business and creating trust.

Because of the changes, risk and compliance functions need to transform and digitise to be sustainable, relevant and cost-effective, and to enable the strategy of the organisation. Organisations are expected to take into account new risks such as technological, environmental, social and governance risk and adapt business practices and the risk & compliance functions to meet the challenges of an evolving risk landscape.

As behaviours are evolving, organisations are putting the customer and the workforce at the heart of business decisions and activities. With more and more data at their disposal they face increasing regulatory scrutiny and a moral challenge to balance the optimisation of business value and the ethical handling of data.

## Future of Work

The world of work is changing with a speed we haven't seen before. New technologies are changing products and services, organisations as a whole, and employee expectations. Organisations are looking for new skills among their employees to stay successful in this changing world. Workers, in turn, demand more flexibility, a different work-life balance, fair compensation & benefits that express their personal preferences, meaningful work and enough learning opportunities.

On the other hand, COVID-19 forces organisations to rethink the size and composition of their workforce dramatically. Which people with which skills do organisations need to stay successful in this changing world? How do they become the employer of choice to be able to attract and retain the right talent?

The Future of Work is one of the biggest challenges of society today and tomorrow. By helping governments and companies address these challenges from different perspectives, we help to rebuild trust in the world of work and help solve labour market-related problems of society.

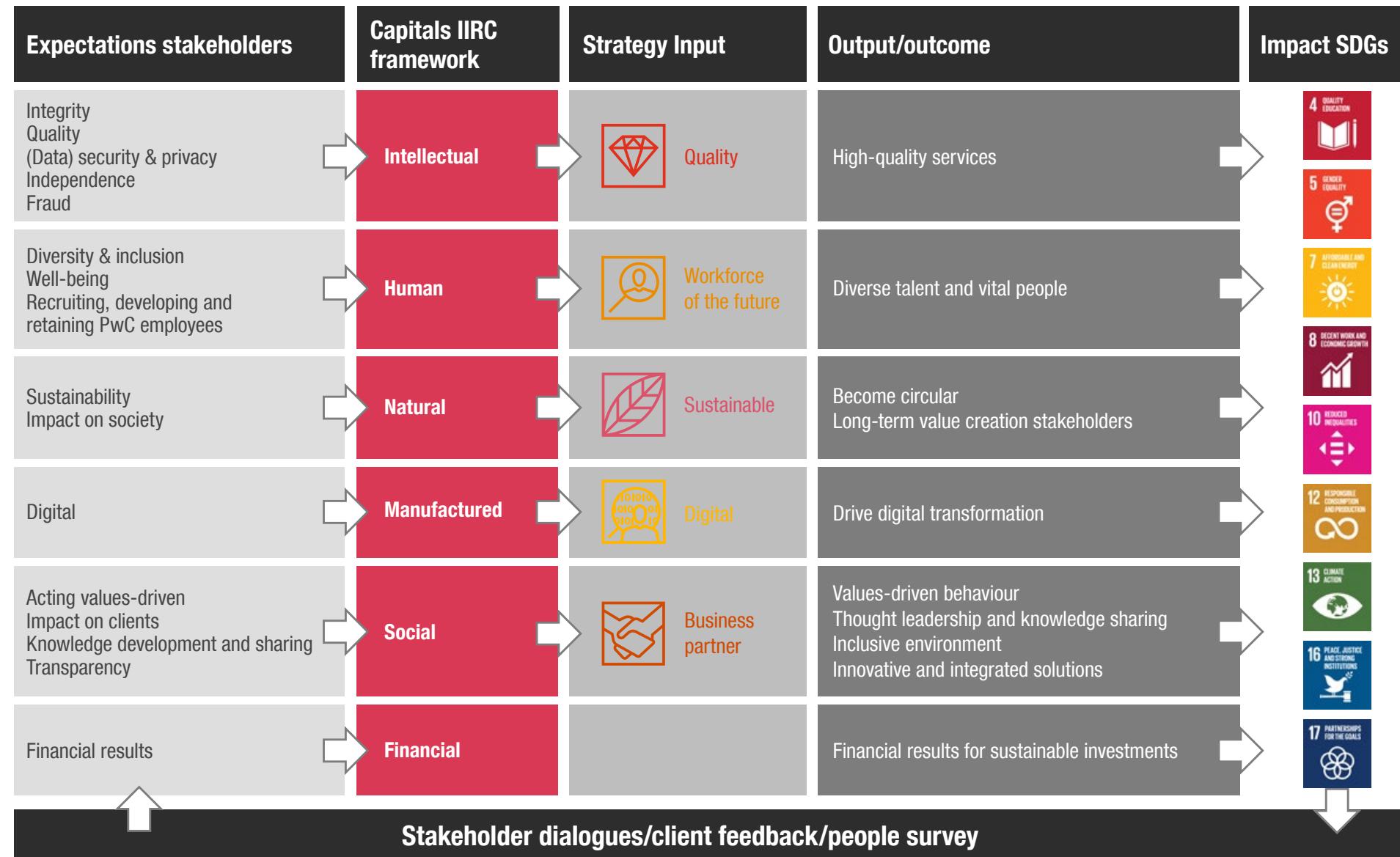
## Future of Finance

In order to stay relevant not only today, but also tomorrow, organisations want to move forward. This starts with the continuity of these organisations. Financial management, control and reporting, using relevant information and data, are all important in this respect. Not only to understand the current situation of organisations, but above all to look ahead and plan for the future.

Although the economy can be volatile and unpredictable, it is about converting this complexity into valuable insights and discovering new opportunities in line with the strategic direction of a company. This aim is supported by relevant technology and the right sets of data and capabilities. This is what Future of Finance is about.

Through our financial expertise and knowledge of digital technologies, we support organisations to build the finance function of the future, to extract the right information from an immeasurable amount of data, and to create valuable insights for a sustainable future.

# Value creation process



## Foreword

## Highlights 2019/2020

### PwC in the Netherlands

#### Report of the Supervisory Board

#### Report of the Board of Management

- Our world is changing
- Our transformation
- Value creation process**
- Executing our strategy and adding value
- Financial results for sustainable investments
- Governance and remuneration
- Risk management

#### Financial statements Holding PricewaterhouseCoopers Nederland B.V.

#### Appendices

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

As of this year, we use the model of the IIRC (International Integrated Reporting Council). This model identifies six core types of capital: intellectual, human, natural, social, manufactured and financial capital.

- Our intellectual capital is where we place our quality framework and way of working, how we technically develop our people and actively discuss the quality of our performance with our stakeholders.
- Although we leverage technology, it is and will be people that make the difference at PwC. We call this the human difference: the uniquely human qualities such as empathy, curiosity, creativity, self-awareness, vulnerability and building relationships.
- Natural capital consists of the natural resources we consume (i.e. our ecological footprint) during our service delivery. But it is also about the value we deliver through our services for our clients and our pro-bono service delivery for society.
- We are transforming, making our values and behaviours central to all that we do, looking beyond our own Lines of Service, and working together on the improvement of our own organisation and joint solutions for our clients. Including collaborating with our business partners: our social capital.

- Manufactured capital regards our digital transformation along three lines: helping our clients become (more) digital, digitising our (existing) services, and optimising our infrastructure and work processes by making optimal use of state-of-the-art digital tooling.
- Financial capital is necessary to attract and retain the other capital.

### Measuring impact on SDGs

In 2017/2018, we formulated targets and indicators to measure our contribution to achieve these goals. Over the past years, we have measured, monitored and steered on our impact on society and the environment. The next table provides an overview of our focus SDGs for the last three years and the corresponding KPIs.



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

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

KPI  
Average PwC NL user score on Digital Fitness app



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

PwC ambition  
Achieve an inclusive culture in which we embrace diversity. To realise a ratio of 50/50% female/male in partner and director positions in 2050 (at least 30% should be female, 30% male and 15% non-western migration)

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



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

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

KPI  
Circularity in operations (%)



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

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

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

## Foreword

### Highlights 2019/2020

#### PwC in the Netherlands

##### Report of the Supervisory Board

##### Report of the Board of Management

- Our world is changing
- Our transformation
- Value creation process**
- Executing our strategy and adding value
- Financial results for sustainable investments
- Governance and remuneration
- Risk management

#### Financial statements Holding PricewaterhouseCoopers Nederland B.V.

#### Appendices

*We conducted a reassessment to decide which SDGs we consider material and focus SDGs*

We have integrated the SDG goals in our value creation process since 2015/2016. The current placement of SDGs in our value creation process is shown on page 24. By placing SDGs at the impact level of our value creation model, we demonstrate our impact via our contribution to the SDGs and with this, taking the next step on our journey.

In 2015/2016, we performed an analysis to identify the SDGs that are relevant for us. We identified nine SDGs. In order to be most effective and have more impact, we decided to focus on four SDGs (see our ambitions regarding these SDGs in the figure on this page). As the world is changing rapidly and our organisation is transforming, we felt the need to perform a reassessment on our SDG prioritisation. We aim to perform this reassessment of our material and focus SDGs every three years, and we will monitor developments in society to ensure that our material and focus SDGs correspond with our most relevant areas of impact.

*Our reassessment resulted in a renewal of our material and focus SDGs*

The reassessment showed that SDG9 (industrial innovation and infrastructure) is no longer material for our organisation. SDG7 (affordable and clean energy) has been added, as it is now perceived material and has an increased relevance from both a country perspective as well as an organisational perspective.



We have selected four focus SDGs that all received a 'high' score in our analysis. SDG5 (gender equality) and SDG10 (reduced inequalities) reflect our ambition to create an inclusive working environment in which differences are valued, as further explained one pages 36-42 of this report. SDG8 reflects our role in accelerating inclusive and sustainable economic growth, both within our organisation and through our work for clients. SDG13 reflects our ambition to have a positive environmental impact from our operations, as well as our contribution to climate action through our work with clients (see page 43).

Over the coming months, we will sharpen our ambitions, our KPIs and targets based on the latest developments within these focus SDGs, bearing in mind the impact of COVID-19. This will provide direction in minimising our negative impact and maximising our positive impact on the environment and society. The KPIs and targets will be integrated in our Integrated Dashboard.

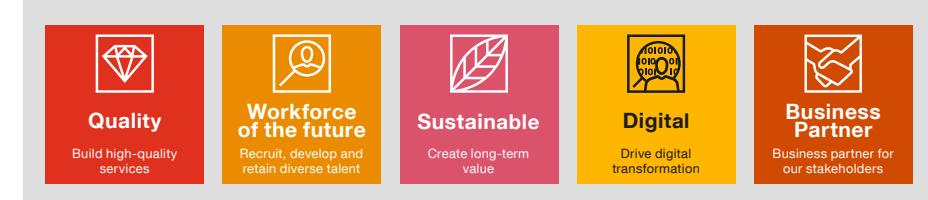


*We are developing an SDG impact measurement framework to determine our contribution to the material SDGs*

At the moment, we are designing an SDG impact measurement framework based on the Responsible Business Simulator methodology. The framework will measure our impact on the nine material SDGs mentioned earlier. Based on literature studies and stakeholder consultations, we will customise this framework for PwC. As of 2020/2021, we will report on our contribution to the SDGs on a yearly basis.

# Executing our strategy and adding value

In executing our strategy, we work along the lines of the five strategic objectives (our focus areas) we have identified to help achieve the goals included in Vision 2020. Together, the strategic objectives and performance indicators are the building blocks of our so-called Integrated Dashboard. This dashboard allows us to monitor and evaluate the full spectrum of our strategy and update it where needed. Next to the measurement of the realisation of the strategic objectives, we measure our financial results for sustainable investments.



Strategic objective	Capital (IIRC)	Material aspect	Performance indicators	Actual 2018/2019	Target 2019/2020	Actual 2019/2020	Target 2020/2021
Build high-quality services (Quality)	Intellectual	Integrity Quality (Data) security & privacy Independence Fraud	<ul style="list-style-type: none"> <li>- Outcomes external quality reviews</li> <li>- Outcomes internal quality reviews</li> <li>- % outsourced work to delivery and competence centres (audit)</li> <li>- Training hours per FTE</li> <li>- Client satisfaction</li> <li>- Client recommendation</li> <li>- Net promoter score*</li> </ul>	<ul style="list-style-type: none"> <li>- No AFM reviews/3 PCAOB reviews compliant/other 18 reviews, 17 compliant</li> <li>- 95.8% compliant Assurance</li> <li>- 91.7% compliant CMAAS and RAS</li> <li>- 94.9% meeting standards Tax</li> <li>- 97.5% meeting standards Advisory</li> <li>- 11.2%</li> <li>- 114</li> <li>- 8.1</li> <li>- 8.0</li> <li>- 25</li> </ul>	<ul style="list-style-type: none"> <li>- Stable</li> <li>- &lt; 5% of the reviewed engagements non-compliant/not meeting our standards</li> <li>- Increase</li> <li>- Growth</li> <li>- 8.0</li> <li>- 8.0</li> <li>- 30</li> </ul>	<ul style="list-style-type: none"> <li>- No AFM reviews/no PCAOB reviews/other reviews 39 (all compliant)</li> <li>- 96.6% compliant Assurance</li> <li>- 100.0% compliant CMAAS and RAS</li> <li>- 99.3% meeting standards Tax</li> <li>- 100.0% meeting standards Advisory</li> <li>- 11.8%</li> <li>- 115</li> <li>- 8.2</li> <li>- 8.1</li> <li>- 30</li> </ul>	<ul style="list-style-type: none"> <li>- AFM review: improvement compared to review of 2017/2018 files</li> <li>- other reviews and internal reviews: &lt;5% of the reviewed engagements non-compliant/not meeting our standards</li> <li>- 16%</li> <li>- Growth</li> <li>- 8.0</li> <li>- 8.0</li> </ul>
Recruit, develop and retain diverse talent (Workforce of the future)	Human	Diversity & inclusion Well-being Develop talent**	<ul style="list-style-type: none"> <li>- Overall results people survey</li> <li>- People engagement index</li> <li>- Turnover rate top talent (%)</li> <li>- Intake male/female (%)</li> <li>- Intake Dutch/western migration/non-western migration origin</li> <li>- Intake STEM (%)</li> <li>- Women in new partner/director appointments (%)</li> <li>- Non-western in new partner/director appointments (%)</li> </ul>	<ul style="list-style-type: none"> <li>- 70%</li> <li>- 84%</li> <li>- 11.0%</li> <li>- 53.1/46.9%</li> <li>- 53.8/16.2/30.0%</li> <li>- 19%</li> <li>- 31.3/23.5%</li> <li>- 7.7/9.1%</li> </ul>	<ul style="list-style-type: none"> <li>- &gt;65%</li> <li>- &gt;80%</li> <li>- &lt;8.0%</li> <li>- Equal %</li> <li>- 50/19/31%</li> <li>- 25%</li> <li>- &gt;25/30%</li> <li>- &gt;12.5/12.5%</li> </ul>	<ul style="list-style-type: none"> <li>- not available FY20</li> <li>- not available FY20</li> <li>- 8.2%</li> <li>- 54.4/45.6%</li> <li>- 56.8/14.1/29.2%</li> <li>- 16%</li> <li>- 25.0/42.4%</li> <li>- 0/3.4%</li> </ul>	<ul style="list-style-type: none"> <li>- &gt;70%</li> <li>- &gt;80%</li> <li>- &lt;8.0%</li> <li>- Equal %</li> <li>- 50/19/31%</li> <li>- 25%</li> <li>- &gt;25/30%</li> <li>- 12.5/12.5%</li> </ul>

\* Net promoter score will no longer be measured in the future, due to the changed focus to qualitative feedback.

\*\* Develop talent = recruiting, developing and retaining PwC employees.

## Foreword

## Highlights 2019/2020

### PwC in the Netherlands

#### Report of the Supervisory Board

#### Report of the Board of Management

- Our world is changing
- Our transformation
- Value creation process
- Executing our strategy and adding value**
- Financial results for sustainable investments
- Governance and remuneration
- Risk management

#### Financial statements Holding PricewaterhouseCoopers Nederland B.V.

#### Appendices

Strategic objective	Capital (IIRC)	Material aspect	Performance indicators	Actual 2018/2019	Target 2019/2020	Actual 2019/2020	Target 2020/2021
Create long-term value (Sustainable)	Natural	Sustainability Impact on society	- People involved in CS projects (%) - Circular in operations (%)	- 22% - 38.8%	- 20% - Improve, 100% by 2030	- 15% - 42.0%	- 15% - Improve, 100% by 2030
<b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b> 							
Drive digital transformation (Digital)	Manufactured	Digital	- Average score on Digital Fitness app	- 195	- Growth	- 186	- Growth
<b>8 DECENT WORK AND ECONOMIC GROWTH</b> 							
Business partner for our stakeholders (Business partner)	Social	Acting values-driven Impact on clients Knowledge development and sharing Transparency	- Number of hours Chief Economist Office	- 11,259	- Stable	- 11,752	- Stable
<b>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</b> 							
Financial goals	Capital (IIRC)	Material aspect	Performance indicators	Actual 2018/2019	Target 2019/2020	Actual 2019/2020	Target 2020/2021
Financial results for sustainable investments	Financial	Financial results	- Net revenue PwC NL - Operating profit PwC NL - Average number of FTE	- € 884M - € 163M - 5,045	- Growth - Stable - Growth	- € 950M - € 165M - 5,315	- Decrease - Decrease - Growth

# Build high-quality services

## How we build high-quality services

Compliance with legislation and professional requirements are at the core of quality. To provide high-quality services, we look at how we can meet the expectations of society, how we can add value for our clients and their stakeholders, and we invest in the professional and personal development of our people. This applies to all Lines of Service. But there is more: auditors and advisors also need to address the societal context in which their service delivery takes place.

This year, the audit sector received reports of the CTA, MCA and AFM. We feel the results mentioned in these reports validate the steps we have taken in the last few years regarding quality improvement and support us to continue following the path taken a few years ago. Also in our internal reviews (real time and after completion of the audit) we see an increase in quality of our audits and documentation. Colleagues from our international network who perform parts of these reviews are positive about the quality of our audit work. Nonetheless, we still see room for improvement on specific parts of the audit and on compliance issues like wordings in auditor's reports. In addition to this continuous focus on quality improvement and a culture which accompanies that (a quality-oriented culture), we believe we have to step up on other socially relevant audit themes such as fraud, going concern, independence and non-financial information.

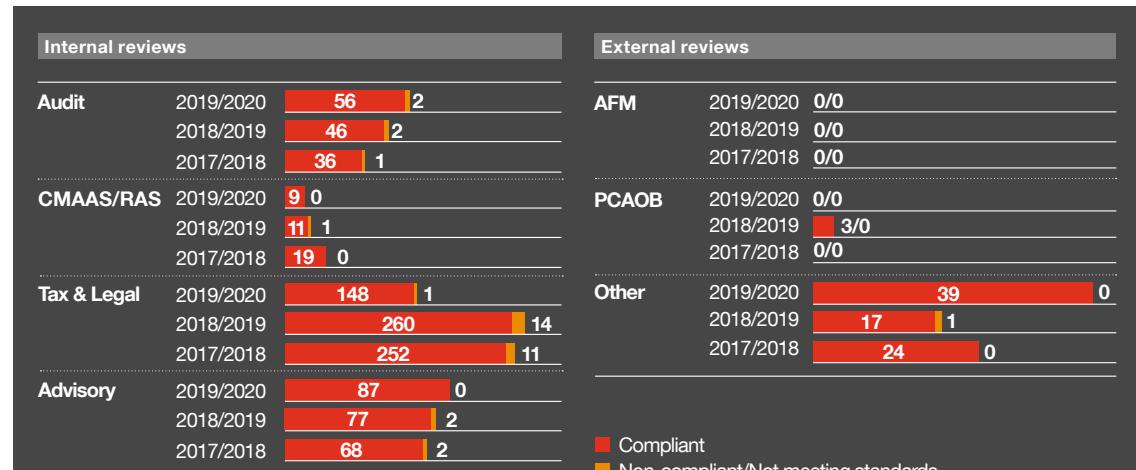
It is very important that all requirements based on our own standards, laws and regulations are anchored in our processes and procedures via our quality management system. In the past years, we have implemented a new quality management system (QMSE), which we believe will help us further improve audit quality. With the results of the international review of QMSE in FY20, we will further enhance QMSE in the coming years.

## What we have learned

Quality of service remains our top priority. We worked on the quality of our files and other challenges, like sharing data safely and digitally communicating with our clients about our findings. With all the trends we mentioned earlier and a broader look from stakeholders towards companies, it is not just about the financials. Our clients want to be in control of risks and of mid-term and long-term scenarios, and they increasingly understand they have to report about their impact on society.

In terms of the audit, there were some special challenges regarding the issuing of auditor's reports. We contributed to the NBA Alert 42 "Impact coronavirus on accountants procedures" (April 2020) and adjusted our mandatory consultation procedures.

To live up to expectations of delivering high audit quality in challenging situations we make use of experts within our organisation, such as our valuations and business recovery services colleagues from Advisory.



■ Compliant  
■ Non-compliant/Not meeting standards

## Testing internal engagement compliance and external reviews

An important test of the quality of our service delivery is the internal Engagement Compliance Review (ECR) process. The goal of the ECRs is to assess the quality of completed engagements and to identify areas for improvement, as ***we expect and deliver the highest quality outcomes***.

Furthermore, in the context of its regular oversight tasks, the NBA investigated our quality management system and in doing so, reviewed nineteen files. All files are assurance or assurance-related engagements in the non-legal audit domain. In total, 39 external reviews were completed, 19 of them by the NBA, 11 by the ADR, 5 by the NZA, and 4 by the Education Inspectorate. All reviews have been found compliant, but a few received comments (from the NBA on six files regarding review matters and from the ADR on one file). The different reviews relate to financial statement audits, grant statements, specific statements, agreed-upon procedures and non-assurance audit engagements.

For example, more support has been provided by to analyse the impact of COVID-19 on the continuity of our audit clients.

## Outlook

We fully realise that improving quality is a continuous process and at PwC NL this will never be filed away as 'job done'. That is why quality remains a top priority and we expect our investments in it to continue. Furthermore, we want to be in touch with our clients, especially in these difficult times. To have an open dialogue and make a difference by bringing the human aspect into our services. We ask for feedback from our clients, but also on the job from the people we work with. ***We give and ask for feedback to improve ourselves and others***.

# Build high-quality services

## Measuring the quality of the audit

On 30 June 2020, we received a PwC-specific report of the AFM in relation to their research into our quality-focused culture, the quality circle and four elements of our system of quality management ([Onderzoek naar de kwaliteitsgerichte cultuur, de kwaliteitscirkel en kwaliteitswaarborgen](#)). We received the following classification: PwC meets the majority of expectations for 2019 on each part of the research. We reflected with the AFM on the content of the report and the resulting actions will be integrated into our existing programme for quality improvement. In this way, we bring the follow-up of the AFM report in line with the ongoing actions arising from, among other things, project ROME (a firm-wide root cause analysis prepared in FY19 with measures taken in FY20) and project FLOW (a project to stimulate engagement teams to start and finalise their planning procedures for the audits earlier). The anonymised outcomes of the research into the larger OOB audit firms were made public by the AFM on 15 July 2020.

Within the programme for quality improvement, we measure the various Audit Quality Indicators (AQIs) like partner/director involvement, the percentage of work outsourced to delivery and competence centres, independence sanctions, and the number of fraud panel consultations. Extensive information on the outcomes of these indicators can be found in our [Transparency Report](#).

Percentage outsourced work to delivery and competence centres (audit)

2019/2020	2018/2019
11.8%	11.2%

Training hours

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

We expected an increase of training hours due to our upskilling programme Your Tomorrow (see page 49). Due to COVID-19, some trainings were cancelled or shortened by transforming them into virtual training.

A working group under the Steering Committee Public Interest has been formed within the sector, led by Agnes Koops (chair of Line of Service Assurance), who has investigated how, and which, AQIs are reported abroad and in other sectors. The results of this analysis were shared and discussed with the appointed quartermasters (two professionals who have been appointed by the Minister of Finance for the period of 3.5 years to monitor the progress the audit profession is making following the recommendations of the CTA). We are discussing the next steps within the sector.

## Sanctions for the violation of independence requirements

On the subject of auditor independence we have noted several trends. One of the most obvious trends is that the world is becoming more digital, more connected globally, with more relationships jeopardizing our independence. And this digital revolution has also influenced the PwC portfolio of clients and services, with for example digital assets that are deployed during audits or cybersecurity consulting, each of them requiring additional assessments of the risk regarding independence.

Another trend is that the view on independence, both internal and external, is changing. Society has become less tolerant about non-compliance when it comes to independence. At PwC we take independence very seriously and comply not just with the external rules, but also with our own strict independence policy.

This year, we appointed an experienced assurance partner in the role of Partner Responsible for Independence. His appointment gives additional weight to the subject and will drive the change that is necessary to become future-proof. Furthermore, we will expand our Independence Office to strengthen it even further. A step towards further digital improvement is our current update of the registers for joint business relationships, for which we have strengthened the criteria. In the near future, we aim to further connect all relevant databases to automate the independence check.

In total there were six independence events this year requiring further investigation. In this investigation we conduct root cause analyses to examine if these were isolated events, if controls failed or were absent, and whether this could occur more frequently. All events concerned firm/services independence infringements, for example regarding the registration of external appointments and inclusion of these in the independence assessment before accepting a new audit engagement.

With respect to personal independence, we extended the sample of tested partners, directors and managers this year to 271 (2018/2019: 174). Together with a clear ‘tone from the top’, emphasizing the importance of compliance with independence rules and regulations, the personal independence compliance rate improved this year to 7% exceptions (2018/2019: 18%). This resulted in twenty sanctions, ten of which were financial sanctions, and the other ten were written warnings (2018/2019: 14 written warnings and 17 notifications). Sanctions in case of violation of independence requirements are dealt with by the Independence Sanction Committee, who submits its proposals to the Board of Management.

# Build high-quality services



## Fraud and corruption

PwC NL performs an extensive Risk Analysis each year, identifying various scenarios for potential fraud and corruption, planning actions, and implementing and testing the relevant controls to mitigate the identified risks. One of the elements of these controls is the mandatory training of our staff, consisting of two (mandatory) elearnings: one on combatting corruption and money laundering, and one on the provisions of the Anti-Money Laundering and Anti-Terrorist Financing Act (in Dutch: WWFT) for professionals such as accountants and tax advisors. The target group for the training 'Combatting Corruption and Money Laundering' consists of 5,276 people (compliance rate: 99.4%). The target group for the WWFT training consists of 4,005 professionals (compliance rate: 98.3%). Within PwC NL, or related to PwC NL, we have not seen any incidents of corruption in 2019/2020.

## Enhancing quality as tax advisors

For PwC, quality consists of more than complying with legal and regulatory requirements. Advisors also need to consider the societal context in which their service delivery takes place. For tax advisors this approach is laid out in the PwC Global Tax Code of Conduct and PwC NL's Tax Strategy. In addition to general training sessions on how to apply the code and policy, advisors can approach the Tax Policy Panel (TPP) any time and the TPP will provide whatever guidance is needed. Digital transformation is another key aspect of quality. This does not only relate to how we deliver our services but also to the impact of digitalisation on our clients. Examples include the use of data analytics by tax authorities or the tax impact of new digital business models.

For this reason, digital upskilling of our practice is a key element in our continuous quality improvement agenda. For us, upskilling is not only about (people) skills, but also about collecting, monitoring and providing up-to-date technical information, news and developments to support our people and clients. PwC NL's Tax Knowledge Centre (KC) plays a critical role in this. For instance, through organising webinars, pop-up master classes and podcasts. This further accelerated as a result of COVID-19 and the mandatory working from home. Together with our technology teams, KC also developed a platform combining internal and external knowledge.

This platform allows us to make connections between numerous information sources, which improves support to our Tax & Legal practice and further enhances the quality of our services. To enhance quality further and create innovative insights, we bring together experts with diverse knowledge, skills and backgrounds in so-called impact centres. Together with the PwC EMEA-firms (Europe, Middle East, Africa) we established three impact centres. These centres work on certain societal and client issues in the fields of HR transformation, retirement and pensions, and tax management and operations.

### Number of fraud consultations

	2019/2020	2018/2019
	118	121

## Build high-quality services

### Integrity

Integrity and quality are the themes stakeholders consider most relevant for us (see page 18). Our quality and risk procedures cover many of the matters that affect integrity and independence. But behaviour is not easily captured in rules. That is why behavioural aspects are also covered in our values and Code of Conduct.

The Code of Conduct sets out what we stand for and what is expected of us. In practice, this means that we expect every PwC person to act with integrity, dignity, honesty and respect. Compliance with the Code of Conduct is not voluntary. It is an integral part of the contract of employment signed by all partners and staff, and our people are expected to do mandatory training on the code: one on the code itself and one on the (prevention of) insider trading. About 99.1% and 98.9% respectively have done so. Non-compliance with the code may have serious consequences.

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

#### Network confidential counsellors

	2019/2020	2018/2019
Consultations with Confidential Counsellors	76	56
Complaints filed to the Complaints Committee	1	1
Notifications to the Business Conduct Committee	5	1

*Sanctions in case of unacceptable behaviour are dealt with by the Complaints Committee and the Business Conduct Committee, both emanating from the Code of Conduct (see page 114).*

## Speak up for what is right, especially when it feels difficult



Femke Meulenbeld supports the Code of Conduct partner and is secretary of the Complaints Committee. Especially the second part is not an easy role.

Femke says: "It's important for us to look behind the individual story, which often is accompanied by a lot of emotion."

For the Code of Conduct, we campaign in various ways to create awareness. For example, with our 'mirror campagne' where we hung mirrored surfaces throughout our PwC offices with the question: Mirror mirror on the wall, who is responsible for the ethics of us all? With this and other campaigns we continuously work to instill the value 'Act with integrity'. And this campaign delivered positive results as we see a steady increase of people who are learning to engage their moral compass, to act with integrity and feel more comfortable about speaking up for what's right, on both a business and a personal level (this is also an explanation for the increase of consultations and notifications in the table on this page). Of course, this is not without friction, but sunshine without rain makes a desert.

# Build high-quality services

## We are seeking more qualitative client feedback via client conversations

Last year, our focus was on face-to-face client conversations, in addition to surveys as we are moving from quantitative feedback to more qualitative feedback. In that context, we have seen the number of conversations increase. Even during the intelligent lockdown when we started virtual conversations. The next step is to go from conversations centred around collecting feedback, to engaging with clients in broader dialogues on how to optimize their experience.

This means not just gathering feedback, but acting on it, and, most importantly, checking back with clients if they have noticed the difference. This movement towards open dialogue and focusing on clients is also inherent in our five values, such as care and working together. Similar to FY19, clients challenged us this year to demonstrate more behaviour related to reimagining the possible.

## What our clients told us in FY20

The insights and suggestions clients are sharing with us, demonstrate that also this year they are largely satisfied with our services and value our relationship. This year's analysis shows that there are four main differentiators for clients that consistently come forward when it comes to valuing our relationship. These differentiators are perceived as positive when we get it right or as negative when we get it wrong.

These four differentiators are: Client focus, Clear and proactive communication, Team behaviour and cooperation and Quality and way of working.

Clients are generally very satisfied with our people, how they operate and work together. Our quality and way of working is also a clear differentiator. Keeping in touch with our clients, follow up on points for improvement and validating the client's satisfaction at a later stage is where we can make a difference.

Organisations continuously evolve and through technology they are constantly changing. The same applies to organisations in the health sector. Some of the challenges this sector is battling with are the shortage on the job market and supplying optimal integrated care. And then there is the proper protection and safe sharing of patient data. PwC is working with organisations in the health sector on meeting these challenges presented by digitisation. Our base assumption is that we help to provide better quality health care at lower cost for society. Following that line, we have joined the coalition 'Wij helpen ziekenhuizen' (We help hospitals) to protect Dutch care institutions - free of charge - against digital attacks during the COVID-19 crisis.

Client feedback results					
Net promoter score		Client satisfaction score		Recommendation	
2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019
30	25	8.2	8.1	8.1	8.0

*\*Net promoter score: An indicator to measure client loyalty. The likeliness a client will recommend us to others.*

Number of job reviews and conversations		2019/2020	2018/2019
Number of job reviews		376	475
Number of conversations		211	121
<b>Total</b>		<b>587</b>	<b>596</b>

The satisfaction scores in the surveys show that our clients' appreciation of the work we do (8.2) remains high. At the same time, the Net Promoter Score has fallen from 38 to 25 last year and rose again to 30 this year. Further analysis revealed that this is explained by the combined effect of both an increase in the number of promoters (clients that are inclined to recommend us to others) as well as a decrease in the number of detractors (unsatisfied clients).



## We had no data breaches to report

This year, we had no breaches (2019/2020) that required notification to the Dutch Data Protection Authority according to the GDPR (General Data Protection Regulation). This year we did not receive any complaints from our clients regarding data privacy.

# Build high-quality services

## Status of legal proceedings

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

### Assurance

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

### Econcern

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

### Phanos

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

### LCI Technology

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

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

- *Software Improvement Group*

On 1 December 2017, a former shareholder/supervisory director filed a disciplinary complaint against one of PwC's auditors and against a former partner of PricewaterhouseCoopers Advisory N.V. in connection with positions they had taken regarding the accounting for a number of items in the financial statements on which a non-PwC firm had issued an auditor's report. On 31 August 2018, the Disciplinary Counsel of Accountants issued the auditor with a formal caution and his colleague partner in PricewaterhouseCoopers Advisory N.V. with a reprimand. The appeal filed by both the complainant and the two colleagues against the decision was heard by the CBb on 12 June 2019. On 8 October 2019, the CBb declared the objections of both PwC partners to be well founded and it dismissed the complaints as unfounded.

- *SHV/Eriks*

Negative publicity arose in February 2017 regarding an alleged case of bribery fraud at Econosto, an SHV/Eriks group company. The Attorney General's office is investigating a number of potential irregularities. On 12 April 2018, the AFM filed a disciplinary complaint against two external auditors. The oral hearing was held on 5 October 2018.

On 17 June 2020, the Disciplinary Counsel of Accountants issued one of the two auditors with a reprimand. The Counsel dismissed the complaint against the other auditor as unfounded. No appeal has been lodged. The disciplinary complaint filed by SOBI (an independent foundation that investigates corporate financial reporting) against the two partners was dismissed. Also no appeal has been lodged against these rulings.

- *Brouwer groep*

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

- *Mijwo Beheer*

On 23 May 2018, Mijwo Beheer filed a disciplinary complaint against an external auditor in connection with an alleged breach of the rules of conduct and professional practice. The allegation is that he was prepared to carry out the audit of annual financial reporting for the purpose of an earn-out computation, while such an audit would not have been professionally possible and would have been in violation of independence requirements. The oral hearing was held by the Disciplinary Counsel of Accountants on 17 May 2019. The Disciplinary Counsel of Accountants issued its decision on 20 September 2019 and dismissed the disciplinary complaint as unfounded. The complainant has filed an appeal against this decision. The auditor has submitted his defence. The oral hearing of the CBb has yet to be scheduled.

On 28 October 2019, Mijwo filed a second complaint against the same auditor, addressing about the same issues as addressed in the first complaint. On 7 August 2020, the Disciplinary Court also dismissed this complaint as unfounded.

- *Swapschade B.V.*

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

- *Loterijverlies.nl B.V. c.s.*

The judge in a fiscal proceeding initiated by plaintiffs is a retired former partner of PricewaterhouseCoopers Belastingadviseurs N.V. Plaintiffs believe there is a conflict of interest and are claiming a small amount for compensation. PwC received the summons on 20 July 2020.

# Build high-quality services

## Advisory

- On 21 December 2017, a disciplinary complaint was filed by the audit firm JAN Accountants against one of PwC's former forensic auditors who had assessed damages as an expert witness. The allegation is that the auditor did not apply the principle of fair hearing and, in doing so, contravened the fundamental principles of professionalism, integrity, objectivity, competence and duty of care. On 11 January 2019, the Disciplinary Counsel of Accountants issued the forensic auditor with a temporary suspension order for a period of two months. Both JAN Accountants and the forensic auditor appealed the decision of the Disciplinary Counsel. On 31 March 2020, the CBb declared the former PwC partner's objection to be partially founded, and issued the former forensic auditor in appeal with a temporary suspension of one month..

## Tax & Legal

- On 21 December 2015, the Dutch tax authority levied a fine on a PwC tax advisor in connection with alleged improper advice regarding a fiscal structure. This is being contested before the court. The procedure is ongoing.
- On 23 November 2017, PwC received a summons from the bankruptcy trustees of a company in connection with alleged improper advice regarding a transfer tax matter. The tax authority has issued an additional assessment regarding the transfer, which both took place more than ten years ago. On 24 July 2019, the court ruled against PwC in the civil procedure raised by the bankruptcy trustees. PwC did not appeal.
- On 23 August 2018, PwC was held liable for damages resulting from alleged improper tax advice regarding social security premiums. Civil proceedings were started and the oral hearing was held on 29 August 2019. The court rejected all the claims. The claimant appealed against this decision. The procedure is ongoing.
- PwC is a suspect of intentionally providing incorrect information to the tax authorities. The Public Prosecutor is assessing the matter and has already informed us that they will ask the tax authorities to start disciplinary procedures against the partner and staff member involved.
- On 24 July 2020, a client started a civil procedure relating to advice concerning an international tax structure and the settlement of an estate.

## Other

The following disciplinary complaint has been filed unrelated to services provided by PwC:

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

# Recruit, develop and retain diverse talent

## How we build our workforce of the future

Being an inclusive organisation is a prerequisite for living up to our purpose and values. It broadens our perspective and improves our ability to develop innovative solutions to solve important problems. Creating an inclusive culture that offers room for creativity and values and engages people is also critical for recruiting and retaining (technological) top talent.

When it comes to diversity and inclusion, we have created a solid base. This base includes many different initiatives to create awareness and the necessary skills, and to open minds to the possibilities of diversity. **We seek and integrate a diverse range of perspectives, people and ideas.** Overarching those initiatives are our values, where we have written down desired behaviours we want our people to cultivate, where inclusion is an important part of this.

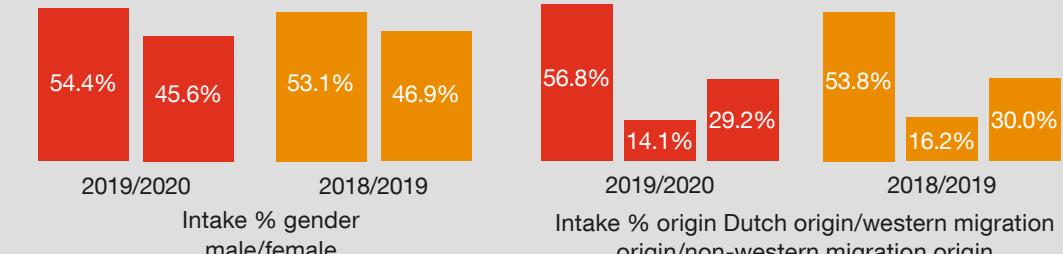
We have set targets in line with our ambition around the SDGs in 2017/2018. Through our predictive analyses, we found that we need to speed up our transformation towards a diverse and inclusive culture to actually be able to meet our ambition. We have seen that we are close to our intake target for diversity (see table), especially with regards to intake at more junior levels. Our challenge lies in retaining and advancing diverse talent in more senior roles.

We are investing in an attractive and inspiring working environment. This means challenging work, competitive terms of employment and a wide variety of development opportunities. Sustainable staff deployment is high on our agenda and we have taken various measures to support the well-being of our people, physically, emotionally, mentally as well as spiritually. We focus on recruiting, developing and retaining diverse talent, not only through D&I policy, but also through the rollout of digital upskilling programs, taking follow-up actions based on our annual people engagement survey, stimulating a coaching & feedback culture and improving our Human Capital processes.

## What we have learned

We have learned that working from home on a regular basis is a valid option. But every individual is different and a proper work life/balance is prerequisite for making it work. Also, there is a risk that some of our colleagues may become or feel invisible. This makes it important to keep everyone engaged and feel valued. We need to consider the conditions necessary to work together at a distance. To be flexible. Everyone has their own needs and **we have to make the effort to understand every individual and what matters to them;** appreciating and accommodating those differences is key to an inclusive culture.

## Intake gender and cultural diversity



\* Registration of ethnicity is voluntary and about 88.4% of our people and 79.9% of our new joiners have done so.

## Outlook

Attention for the Black Lives Matter movement rose at the end of this fiscal year and has become an important subject that we currently are discussing with our colleagues from various backgrounds at PwC in order to take the necessary and appropriate actions. COVID-19 and the Black Lives Matter movement have once again made us realise how important our diversity & inclusion ambitions/policies are. We realise that our transformation towards an inclusive culture is not moving nearly fast enough, making clear that we have to further work on diversity and inclusion.

We all need to become more comfortable being uncomfortable. By having the necessary, difficult conversations, and challenging ourselves and each other to do the right thing. Our culture should stimulate every individual to speak up for what is right, especially when it feels difficult. We will emphasise more personal leadership skills, diverse succession planning, sponsoring diverse talent and challenging each other on our blindspots. Each of us should keep asking ourselves: what is necessary for what I am doing to ensure we really incorporate diverse perspectives, opinions and qualities? We want our people and our clients to learn to recognise the value that each person contributes. Because a more diverse workforce and co-creation leads to new and unexpected ideas and solutions.

## Foreword

### Highlights 2019/2020

#### PwC in the Netherlands

#### Report of the Supervisory Board

#### Report of the Board of Management

- Our world is changing
- Our transformation
- Value creation process
- Executing our strategy and adding value**
- Financial results for sustainable investments
- Governance and remuneration
- Risk management

#### Financial statements Holding PricewaterhouseCoopers Nederland B.V.

#### Appendices



As Director Human Capital, Olivier van Urk is part of the COVID-19 Taskforce. PwC set up a Taskforce right at the very beginning, quickly bringing together a team from many different disciplines: Information Security Office, Facility Management, Health and Safety, Communications, Finance and Human Capital. The goal of the team was to provide rapid response to an ever changing environment. That response was based on three principles: namely, 1) safety of our employees comes first, 2) keeping to the cautious side but avoiding unnecessary measures, and 3) taking guidance from the experts, mainly the RIVM (for local measures in the Netherlands) and PwC Global Security (for international related measures). In addition, a special HC COVID-19 dashboard was created to offer quick insight and easy access to stakeholders on all relevant HC data that was being accumulated.

The situation keeps changing from one day to the next. Early on, after considerable deliberation, the Taskforce made the decision to cancel the annual ski trips, a perhaps controversial decision at that time (***make decisions and act as if our personal reputation were at stake***). Only three weeks later, we were informed that we would be working from home for the foreseeable future. It required some quick gear shifting to make it possible, but our IT infrastructure was well in place, so that went very smoothly. The well-being of our people did pose as a concern as we realised it wasn't going to be an easy switch for all of us. That is why we introduced our weekly survey, to ask our people about their well-being and to understand their needs.

Communication was and is crucial in a situation like this and after considerable thought we chose to make it personal, in tone and address. In every communication, we asked our leaders to include their own experience and struggles. Two of our board members even made vlogs from their home office. Also important in our communication: we take care not to let things become too casual by frequently reminding our people about the governmental guidelines and that we have a duty to society to contribute in whatever way we can. To keep in touch, and to look after each other.

This summer we made plans to go back to the office, looking at how we can make it work within the framework of the 'new normal'.

# Recruit, develop and retain diverse talent

## Well-being

Though we were already focusing on well-being as part of our transformation, COVID-19 made it even more relevant. We had all the digital applications in place to start working from home. But physically, emotionally, mentally and spiritually it was a lot harder for many of our people, as quickly became clear in our first well-being surveys (see page 37). People had to share workspace and time with their family, did not have a suitable chair or found it difficult to work on only one rather small laptop screen. We remedied the chair and screen issues by lending out our (unused) office chairs and allowing our people to buy their own second screen using their well-being budget.

We also wanted to support those of us who suddenly had to juggle taking care of their kids and providing home schooling, while working at the same time. Or those whose workload suddenly dried up. We created a special COVID-19 timecode which was used to book time when the impact of COVID-19 in people's personal lives kept them from working. Not to judge their productivity, but because we wanted them to know that we understood and that it was okay to prioritise taking care of loved ones.

We introduced a regular well-being survey to know on a weekly basis what the level of well-being was of our people.

In a virtual session for all PwC NL employees, we had a psychologist giving advice on how to deal with the working from home situation, and created a special website for best practices. We also found that having a sense of belonging was important and asked all team leaders to check in with their teams on a regular basis.

## Be well, work well

It's all about everyday behaviours and habits focused on fuelling our four dimensions of energy—proven to help us become and sustain our best selves, both personally and professionally!



**Physical** is your fundamental source of energy—your energy expenditure should be balanced with intermittent energy renewal, so you perform at your best in a sustainable way.



**Emotional** is your internal climate from which you act and react—your emotions impact your performance, the higher your reservoir of positive emotions, the more resilient you are.



**Mental** is your ability to drive focus and direct your attention at will—your attention is like any other muscle, the more you train it, the stronger it gets.



**Spiritual** taps into your individual core values and purpose—you serve yourself and others best when you act in alignment with your values.

## Bringing down work pressure remains an important issue

In some units, our people face considerable work pressure in several periods of the year. With COVID-19 we have also experienced that working from home can result in a (sometimes perceived) heightened workload. Beside the fact that work pressure can negatively affect the well-being of our people, it is also one of our main concerns in terms of the quality of our work. That is why we created the well-being budget and took measures like recruiting new colleagues and outsourcing or automating non-judgemental standardised work (see page 30).

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

\* Long-term sickness absence increased to 75% of total sick leave (last year 70%), as short term absence decreased. This decrease is a positive result of working from a distance.

# Recruit, develop and retain diverse talent

## We keep working on anchoring the values within our organisation

Although the outcomes of the 2019 Values Survey indicated we are moving in the right direction, we are very much aware that we are not yet where we want to be on our transformation to a purpose-led and values-driven organisation. The results of the Values Survey were discussed with the management boards of our Lines of Service, the business unit leaders and our Firm Services department heads. We decided, given the COVID-19 circumstances, not to conduct the annual People Survey this year.

For our programme Seeds of PwC, we have entered into a collaboration with the municipality of Amsterdam and the UAF (Universitair Asyl Fonds) which is an organisation for refugees with at least a bachelor degree. Through the initiative Seeds of PwC we provide work experience places within PwC to young refugees with a residence permit who are still studying or have recently graduated. We have placed fourteen people within Assurance and nine of them will be hired permanently. Thanks to the positive results of this programme, we are expanding the programme to also find placement within Tax.

On 1 October 2019, the first Dutch Diversity Day was launched. This is an initiative of Diversiteit in Bedrijf (Diversity at Work) in collaboration with PwC and twelve other companies to create awareness around diversity. Through this day of connectedness, we want to take a step towards a society where everyone's unique talent is unleashed and valued. We want to show the benefits of working together with a mix of people with diverse cultural backgrounds, sexual orientation, gender and/or abilities.

To teach children about diversity and broaden the variety of images and stories they are exposed to, we read books with a diversity theme at elementary schools and donated these books to the school library. One of the books was about "falling in love" which in this case were two men, a farmer and a veterinarian. Another book told the story of a duck that wasn't allowed to join the elephant club or the lions club. After reading the stories to the children, we started a dialogue with them to hear their thoughts.



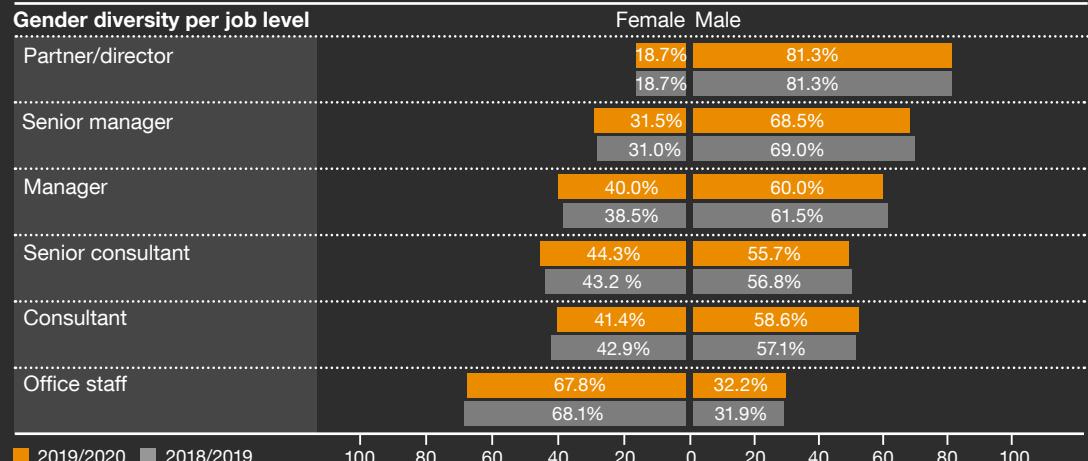
# Recruit, develop and retain diverse talent

Last year we concluded that an equal gender ratio at partner/director level in our firm is too ambitious and adjusted this ratio to at least 30/30% female/male partners and 35/35% female/male directors by 2030.

## Gender ratio

	2019/2020	2018/2019
Partner/director	19%/81%	19%/81%
Total staff	44.1%/55.9%	43.7%/56.3%

## Gender diversity per job level

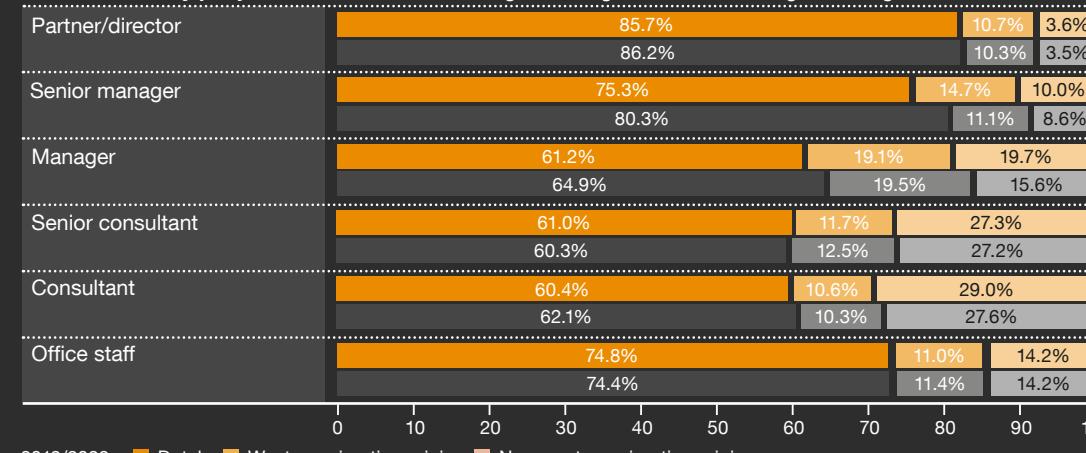


In 2018/2019 we set the ambition to realise a ratio of 15% non-western origin at partner/director level in 2030.

## Cultural ratio

	2019/2020	2018/2019
Partner/director	85.7/10.7/3.6%	86.2/10.3/3.5%
Total staff	67.2/12.5/20.3%	68.0/12.4/19.6%

## Cultural diversity per job level Dutch/western migration origin/non-western migration origin



2019/2020      Orange: Dutch      Light orange: Western migration origin      Pink: Non-western migration origin  
2018/2019      Grey: Dutch      Light grey: Western migration origin      Dark grey: Non-western migration origin

## % STEM intake

We recruit people with a background in science, technology, engineering and mathematics (STEM). These employees are typical specialists in their field and are often more interested in growing horizontally. They are generally more focused on further developing their capabilities within their specialty, on innovations, and on inventing/developing something new.

## % STEM intake

2019/2020	2018/2019
16%	19%

# Recruit, develop and retain diverse talent

## Our annual analysis confirms equal pay

A key indicator in an inclusive culture is the extent of equal pay for equal work. To gain insight into pay equality across the entire organisation, we analysed pay and bonus income of all staff, including partners and support staff. Because cultural diversity is high on our agenda, we have also conducted a cultural equal pay analysis alongside the gender equal pay analysis.

Our conclusion from this analysis is that the average pay difference between male and female colleagues is 1.9% in favour of male colleagues. For colleagues with a Dutch origin the average pay difference is 2.3% in comparison to people with a western migration origin and 3.7% for colleagues with a non-western migration origin. In both cases, the differences are in favour of colleagues with a Dutch origin.

When we look at the bonuses, we found that the average pay difference between male and female colleagues is 2.9% in favour of male colleagues. For colleagues of Dutch origin versus colleagues with a western migration origin the average difference is 3.0%, and for Dutch origin versus non-western origin, this average difference is 3.1%. In both cases, the differences are in favour of colleagues with a Dutch origin.

The identified differences fall within the accepted range of 5%. As PwC, we are very much committed to decreasing all inequality within the company. For that reason we also will conduct an in-depth analysis to determine the causes and explanations for the identified differences within the accepted range of 5%.

Percentage turnover top talent

	2019/2020	2018/2019
	8.2%	11.0%

Percentage of women in new partner/director appointments

	2019/2020	2018/2019
Partner promotions	25.0%	31.3%
Director promotions	42.4%	23.5%

## Agnes Koops, nominated for Top Woman of the Year 2019

Agnes Koops, who was nominated for Top Woman of the Year 2019, said in an interview about female leadership: "I believe in inclusiveness." (interview with Vitamine A, a three-part miniseries of podcasts by the NBA about accountants and diversity). Agnes is very passionate about inclusiveness. She knows she's a role model and wants to use that to inspire (our) people and show the way towards an inclusive culture.



## Turnover

	2019/2020	2018/2019
Male	11.1%	10.9%
Female	11.3%	11.8%
Dutch origin	10.9%	10.3%
Western migration origin	10.9%	12.1%
Non-western migration origin	12.9%	13.8%

Registration of ethnicity is voluntary and about 88.4% of our people and 79.9% of our new joiners have done so.

## Promotions

	2019/2020	2018/2019
Male	17.0%	16.5%
Female	14.5%	14.8%
Dutch origin	16.4%	15.8%
Western migration origin	18.2%	18.2%
Non-western migration origin	15.7%	14.7%

Registration of ethnicity is voluntary and about 88.4% of our people and 79.9% of our new joiners have done so.

# Recruit, develop and retain diverse talent

In their report, Diversity in the Boardroom, the SER (Sociaal-Economische Raad) concluded that to foster gender diversity they advise an ‘assimilation quota’ for the supervisory boards of the 100 listed companies, rather than all-encompassing women’s quota. In addition, all near 5000 large companies should prepare their own ambitious targets and action plans. PwC has already achieved the targets for the Supervisory Board and the Board of Management. But we know we need more than a plan and targets. That is why we invest in a broad diversity and inclusion policy, since we want to **recognise the value that each person contributes**.

## Our diversity policy and programmes

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

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



# Create long-term value

## How we build a sustainable future

For us, Corporate Sustainability is a catalyst for becoming a purpose-led and values-driven organisation. It is related to the impact of our services and operations and is about demonstrating responsible social and environmental behaviour. Our corporate sustainability policy is in line with the guiding principles of the United Nations on business and human rights and the UN's Sustainable Development Goals, which we have embedded into our strategy (see page 23).

Our Corporate Sustainability policy consists of several aspects: ***creating positive impact with our colleagues, our clients and society through our actions***. We create awareness and impact through sustainable advice, thought leadership and by sharing knowledge. Of course, we need to practise what we preach, which is why we are investing in our CO<sub>2</sub> and circular ambition in line with the SDGs. In addition, we support Social Enterprises ('SEs'), giving them pro-bono advice, but also by adding them to our own supply chains as suppliers where we can.

We started this fiscal year with our SDG Dome set up at the main office of the UN during the High-Level Political Forum. We also launched an SDG

Kids Experience on World Children's Day (20 November). Both of these initiatives create awareness about the SDGs through a virtual reality game. In this game, you work with a team to look for ways to solve the 17 sustainability issues as put forward by the UN.

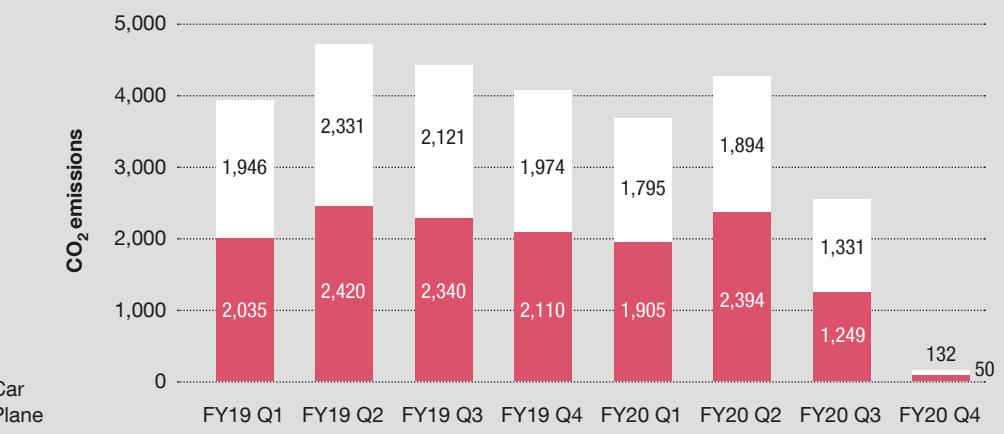
By sharing knowledge internally and externally about the Sustainable Development Goals, we invest in thought leadership and facilitate dialogue with our clients and stakeholders on topics that matter for the strategic agenda of both our clients and society at large.



## What we have learned

The importance of sustainability is steadily on the rise, among our own people and in the world around us. Internally, we actively work on dilemmas such as international travel and face-to-face network building versus lowering CO<sub>2</sub> emissions. The wider perspective, towards the future, is about creating dialogue with our clients on creating sustainable development and growth.

## CO<sub>2</sub> emissions car and plane



With the outbreak of COVID-19, travel became severely restricted. A positive outcome of these travel restrictions was that we suddenly had a significant reduction of our CO<sub>2</sub> emissions (see table). Flying was down by 100% and car use by 90%. We used to think that flying was a necessary part of doing business internationally, however, now that we have actually experienced the opposite, it has made us think. We are proud of the realised increase in circularity in car, air and train mobility this year. We continue the work on the yearly reduction of our CO<sub>2</sub> emissions so we can achieve our ambition to become circular in 2030.

## Outlook

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

We support companies, governments and organisations in reducing CO<sub>2</sub> emissions and in the energy transition. But sustainable development is about more than that. It touches everything we do. From the future of work to sustainable taxes. And from sustainability reports of companies to logistics and 'green' financing by the financial sector. This makes sustainable development not a subject in itself, but an integral part of an organisation. It is a topic on which we work together using all our specialties. That is how we truly help society and our clients to make progress.

# Create long-term value

## Net zero: progress when it concerns our planet

We want to leave our planet in a good state for future generations. So, our children can live just as carefree as we have always done. That is why we need to bring a halt to global warming. To reach that goal, agreements need to be made. Binding agreements like the Paris Accords. Both in the Netherlands and in Europe. Like the Green Deal in which we agreed that for our economy in 2050 CO<sub>2</sub> emissions needs to be 0. Net zero.

Climate change has recently shot up as a top priority on the agenda of not just governments but also of many companies and their stakeholders. The severe economic and societal consequences of the COVID-19 crisis may have (temporarily) changed these priorities, focusing particularly on whether economic recovery could and should be steered in a green, sustainable direction.

*The Green Deal Monitor* answers this question positively. Various studies have shown that the effects of global warming are unimaginable, and we can no longer afford to postpone policies to tackle the problem. The longer we wait, the higher the costs will be. The Green Deal is also about aspects such as innovation, digitalisation, competitiveness, reliable energy, less dependence on raw materials, and sensible food chains.

PwC chairs the 'Anders Vliegen' (Fly Differently) working group of the Dutch Sustainable Mobility Pledge, a network of large public and private organisations who have committed themselves to actively reducing their carbon emissions caused by travel. We encouraged other organisations to follow us in committing to reducing emissions. We also became a launching partner of Board Now, the programme from Sky Energy which provides to fly on Biofuel.



This year we started rebuilding our Plaza and conference rooms in Westgate II. Requirement for rebuilding is reuse of materials.

**Circular 2030**  
2019/2020  
**42.0%**  
2018/2019  
**38.8%**

**"The Green Deal is not only about saving the planet. It is just as much about making sure that the European economy is future-proof."**

## We invested € 1.1 million in new sustainability measures

As of 2017/2018, we monetise our CO<sub>2</sub> emissions as a next step in taking responsibility for protecting our environment. In calculating the cost of our carbon footprint, we have applied a rate of 100 euros per ton resulting in a budget of € 1.88 million for fiscal year 2019/2020. This rate is based on a study by the Netherlands Bureau for Economic Policy Analysis (het Centraal Planbureau), that estimates the minimal social cost (which differs from the current market price) of emitted carbon in 2030 of 100 euros per ton of CO<sub>2</sub>. We use this money to take measures to reduce our negative environmental impact, investments in sustainable innovations and in carbon offset programmes.

Due to COVID-19 we invested less than intended in fiscal year 2019/2020, a total of € 1.1 million, in sustainability measures. With the changed circumstances, we wanted to know how to invest most effectively. The budget not spent in this year, a total of € 0.8 million, will be added to the 2020/2021 budget. In 2019/2020 we invested in the development of a Personal Carbon Dashboard to inform our employees of their environmental performance, and in the continuous reduction of the environmental footprint of our buildings. This dashboard will be implemented in FY21. We also continued investing in the acceleration of our transition to an electric car fleet by facilitating early lease break options for cars that run on fossil fuels.

Next fiscal year, we will have a sustainability budget of a minimum of € 2.0 million. For an extensive overview of all measures taken, we refer to pages 118-119.

- Our world is changing
- Our transformation
- Value creation process
- Executing our strategy and adding value**
- Financial results for sustainable investments
- Governance and remuneration
- Risk management

# Create long-term value



## Circularity

### We have formulated a circularity KPI to monitor our progress towards our 2030 goal

The methodology defines what circularity means for each impact area. This year we added our circular procurement indicator.

The KPI quantifies the average of five areas:

- Car mobility circularity: Percentage of our total car fleet that consists of electric cars (plug-in hybrids are not included as electric cars)
- Air & train mobility circularity: Percentage of train mobility as part of our total air & train mobility based on total flight and train kilometres
- Energy circularity: Percentage of total energy use (in kJ) that comes from green electricity and thermal energy storage
- Waste circularity: Total kilos of recycled waste as percentage of total waste
- Procurement: Percentage circular purchases of total purchases

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

2020: carbon emissions reduction with 30% and zero waste

2022: 100% renewables (energy)

2025: 15% per FTE carbon emissions reduction on air mobility

	Carbon emission (in metric tons)	CO <sub>2</sub> emission per FTE (in tons)	Circularity (in %)
Car mobility	5,153	1.0	35.3
Air & train mobility	5,598	1.1	25.7
Energy	975	0.2	71.8
Waste	250	0.0	48.8
Procurement	-	-	28.2
<b>Total</b>	<b>11,976</b>	<b>2.2</b>	<b>42.0</b>

Please refer to pages 118-119 for an extensive overview of all the measures we have taken this last year.

Impact areas	Environmental indicators	2019/2020	2018/2019
Car mobility	Business kilometres driven (per FTE)	9,773	13,895
	CO <sub>2</sub> emissions cars (in metric tons)	5,153	8,304
	Car Mobility Circular (in %)	35.3	17.8
Air & train mobility	Number of kilometres flown (per FTE)	3,693	5,627
	Number of business kilometres travelled by train (per FTE)	1,276	1,255
	CO <sub>2</sub> emissions air travel (in metric tons) **	5,598	8,905
	CO <sub>2</sub> emissions train (in metric tons)	0	3
	Air and Train Mobility Circular (in %)	25.7	18.2
Energy	Renewable electricity consumption (in %)	89.3	88.8
	CO <sub>2</sub> emissions electricity (in metric tons) *	248	544
	CO <sub>2</sub> emissions gas (in metric tons) *	487	455
	CO <sub>2</sub> emissions thermal energy (in metric tons) *	239	296
	Energy Circular (in %)	71.8	73.5
Waste	Waste in kgs (per FTE)*	88	183
	CO <sub>2</sub> emissions waste (in metric tons)*	250	325
	Waste Circular (in %)	48.8	65.7
Procurement	Percentage of circular spend	28.2	18.6
<b>Total</b>	<b>CO<sub>2</sub> emissions (in metric tons) **</b>	<b>11,976</b>	<b>18,833</b>
	<b>Circular (in %)</b>	<b>42.0</b>	<b>38.8</b>

\* Extrapolated from actual measurements

\*\* The changes are mainly caused by a drop down in travelling due to COVID-19.

# Create long-term value

## Engage people and clients on the SDGs

We encourage employees to *stay informed and ask questions about the future of the world we live in*. To that end we organise knowledge sessions to familiarise them with the SDGs and show them how they link to our operations and service delivery and offerings (for service delivery on sustainable development see page 55).

Many small and medium-sized entrepreneurs, self-employed, social entrepreneurs and charity organisations are affected by the COVID-19 crisis that suddenly disrupted our normal existence early 2020. We at PwC wanted to provide guidance and answer questions to those entrepreneurs, free of charge.

That is why we set up the *COVID-19 Helpdesk*. The helpdesk is especially set up for SMEs (companies with up to 250 employees), self-employed, *social enterprises* and charity organisations.



# Create long-term value

## Social enterprises

The role of social enterprises in the Netherlands has been on the rise in the last five to six years. And current political discussions are moving towards the question of how to make social entrepreneurship more mainstream. Especially now with COVID-19, social enterprises can solve some of the more important problems. At PwC, we support social enterprises with our knowledge and with our specialists offering pro-bono assistance via our [Social Impact Lab](#).

Awarded in 2019 are, among others, [Agysta](#) and [Happy Tosti](#). Agysta delivers sustainable hydropower pump solutions that have a positive economic, environmental and social impact. Happy Tosti offers a fun, inspiring and paid workplace where people with a disability can serve tasty sandwiches. Please listen to our podcasts for an impression on how we work together with the winners of the Social Impact Lab and other social enterprises.

In 2019/2020 we worked together with 211 social enterprises (2018/2019: 152) on a pro-bono basis. We also supported the social enterprise sector through several partnerships, research projects and workshops. 15% (2018/2019: 22%) of our people were involved and we spent 38,399 hours (2018/2019: 39,164) in total. We believe that PwC and our clients can learn a lot from social enterprises when it comes to long-term value creation. On top of that, mutual collaborations with social enterprises based on equality contribute to our transformation. **We want to support others to grow and work in the ways that bring out their best.**

In addition to going circular, we also focus on working with social enterprises for procurement. For example, after a few weeks of working from home because of COVID-19, we thanked our people for their flexibility and creativity by sending them chocolate and tea produced by [social enterprises](#). During lockdown when our offices were closed, we arranged for the fruit we purchase from social enterprise Fruitful Office to be delivered at health care centres instead of to our offices. This was to make sure Fruitful Office could continue its business and to ensure a good destination for the fruit.

You can create societal impact with your buying behaviour, that is why we are a partner of the Buy Social Network. And PwC is not alone in this, since many of our clients want to incorporate a more sustainable procurement process.

Closing the Loop is a social enterprise that aims to make mobile phones a zero-waste product. They offer circular business services to companies, governments and social organisations. PwC has given pro-bono assistance to Closing the Loop, to help them map the set-up of their supply chain process, to analyse their management control framework and by giving further suggestions for improvement. Furthermore, we have entered a collaboration with them to help realise our circular ambition. For instance, compensating for every new phone, Closing the Loop gathers an old and discarded phone from landfills in underdeveloped countries. These are made zero-waste and Closing the Loop then makes sure they are recycled responsibly. In addition, our own old phones are recycled and given new life through our supplier.



The Child Hotline (Kindertelefoon) is a unique helpline in the Netherlands that children can call day and night free of charge. In confidential conversations children can talk about subjects they are afraid to, or can not or will not discuss with people in their own environment. PwC helped the Child Hotline to set up training courses and transform these into digital courses. After this, PwC helped to implement these digital skills training courses among all volunteers of the Child Hotline, for instance through 'train the trainer' sessions. Moreover, PwC provided input on subjects like cyber and security, and contributed to ensuring quality control of the telephone calls and training courses.

# Drive digital transformation

## How we transform into a digital organisation

Our digital transformation is a big driver of our overall transformation and takes place along three lines: helping our clients become (more) digital, digitising our (existing) services, and optimising our infrastructure and work processes by making optimal use of state-of-the-art digital tooling. In order to help our clients with their increasingly complex problems. Our ambition is to bring them integrated solutions that are data-based and that, where relevant, incorporate digital assets (software solutions). In this, we often work with our Technology Alliances (like Google, Microsoft, SAP, Oracle, Salesforce and Workday) and our scale up/start-up ecosystem to bring in the right technologies and expertise. In addition, we use our BXT method (see page 51) for getting to the real problem behind the client question and to co-create the best solution. With respect to the second component of our digital transformation, we are investing in our Digital Accelerator programme to speed up the digitisation of our own services. We are also enhancing our digital infrastructure by deploying and utilising state-of-the-art cloud platforms like Workday, Salesforce and SAP.

Our entire workforce is at the heart of this transformation. They are the driving force behind it and over the past two years we have invested heavily in our digital upskilling programme, Your Tomorrow, to bring everyone to a foundational level of digital skills and capabilities. Our people are now putting these learnings into practice and have the option to upskill above foundation level in areas that are most relevant to them.

## What we have learned

We are proud of how we are progressing on our digital transformation and we are pleased with the positive results we are getting from our choice to upskill our entire workforce instead of only a select few. Minds have been triggered and we see various colleagues reimagine the possible, leading to new client propositions but also to micro-innovations that make life on the work floor easier. An example is the initiative that a number of colleagues are taking to explore how the time spent on planning new meetings can be reduced. The BXT approach includes user interviews, reframing of the problem, checks on available applications and the creation of a minimum viable product (mvp), a Meetbot app, for further user testing. Giving people room to experiment is essential for this type of what we call citizen-led innovation. We have learned from the past though that one-off solutions can be timely and costly. Scalability of innovations is essential for making a real impact. This is why we are launching our Digital Lab where everyone can share these digital assets, search for useful innovations, download them and further enhance them. This international platform will help accelerate our digital transformation further.

Due to the COVID-19 pandemic we saw a surge in virtual meetings and networking during the last quarter of the financial year. Working with visual collaboration tools and interactive digital whiteboards but also for instance the use of digital signatures got a big boost. We already had these tools and infrastructure



in place and based on our staff's and client's feedback we rapidly made some adjustments to suit their needs even better. COVID-19 accelerated this process and we actively stimulate these 'new' ways of working to become part of our business as usual. Another effect of COVID-19 was a change in the immediate needs and concerns of our clients. PwC collaborated with Workday and Salesforce to quickly create innovative Return to Work solutions and applications that will help businesses and communities to reopen safely.

## Outlook

In our digital transformation we are not aiming for a specific finish line. Today's dynamic world means that our clients need to adapt to change constantly, and so do we. It is important that everyone keeps up and we encourage our people to make the most of our Your Tomorrow programme, not just to support our business goals but also their own growth (see page 49).

In addition, we are developing digital assets in our quest for new ways to render our services to the market in a scalable manner to complement our traditional hours/times/tariff business model. Such software solutions are for instance available as a subscription or incorporated into our client solutions.

Most important though is the willingness of individuals to embrace new ways of working, to be and work more agile, and to get out of their comfort zone and look at problems from multiple perspectives. The only way we will realise true innovation is by incorporating diversity and collaboration: not just using different disciplines or different Lines of Services, but also different cultures, different inner worlds. Instead of looking at things with one lens, one specialty, one perspective, diversity provides a range of lenses that gives rise to creativity, improving existing ideas or creating new ones. Behavioural and cultural change are high on our agenda as a growth mindset is essential for progress: with room for innovation, experimenting and failure. For some of us this is more difficult than for others.

## Drive digital transformation



### Your Tomorrow

We launched Your Tomorrow in 2019 as an umbrella for all initiatives that initiate, support and facilitate innovations in the area of standardising and automating (non-judgemental) work and unlocking and analysing data. Digital upskilling is an integral part of Your Tomorrow.

Our digital transformation relates to three aspects:

- Helping our clients to become (more) digital: we help our clients with their challenges in the digital age and enable them to become more digital by assisting them in their transformation, from strategy through to execution.
- Digitalising our (existing) services: this is about the use of technology to raise the quality of our current service delivery and offerings and make them more relevant and efficient. For example, we automate standardised work by applying robotic process automation, and we use data analysis and artificial intelligence to improve insights.
- Digitalising our processes and infrastructure: this relates to the digitalisation of our own organisation, for example to the implementation of systems that support our processes and operations (see page 48) and the way we make use of these systems. It also relates to our new, agile ways of working and the way we collaborate with each other.

Learn.  
Work.  
Share.

### Digital upskilling of our people

As mentioned, our people are at the heart of our digital transformation. We don't want to have a mere group of digital specialists, we expect everyone to improve their digital skills. Over the past years we have therefore invested in our Your Tomorrow programme, giving everyone within the firm access to digital training and content in order to achieve a foundational level of digital skills.

We do not expect all of our people to become information scientists or programmers, but we do need a workforce that knows the opportunities that technology offers, is able to have a proper conversation about them, and is able to formulate technology-enabled solutions. At the same time we continue to recruit people with (for us) non-traditional backgrounds in scientific, technological, engineering and mathematical studies (STEM) as well as those with arts and creative backgrounds: bringing in not just the technical skills that we need but also diverse perspectives and fresh views within the teams. Without diversity we would not be able to deliver on the promise of BXT.

Learning will be a continuous process in this rapidly changing world and we have extended our L&D programme to also accommodate new joiners and to include additional intermediate and advanced learning components. We offer external training possibilities to the colleagues who already have an advanced level of digital knowledge. Moreover, we have initiated communities and organised events where these 'frontrunners' share knowledge and learn from each other, like the European RPA Community Days.

An example of how we upskill is our 'Digital Fitness app'. This app provides easy access to short, 'bite-sized' pieces of learning that help our people to feel more confident and makes them aware of what we offer as a firm. We registered 3,298 people who took a 'digital fitness assessment' which measures someone's 'digital' knowledge. Based on the outcome of this assessment (average score 186 out of 420) the app recommends a personal Fitness Plan for improvement. A mandatory online training on the use of data and analytics is also part of the foundational level, just as a training on our BXT approach. Our Learning and Development programme is also supported by our Vantage tool where people can find more extensive, international training materials on multiple digital topics. Including e-learning on emerging tech as well as deep dives into various elements of BXT.

## Drive digital transformation



Anouk Dusee-Janssen is a senior manager within L&D and responsible for our digital upskilling programme (Your Tomorrow). This year we initiated our Digital Accelerator programme. Digital Accelerators are colleagues who have been freed up for part of their time to go through an extensive 9-month digital learning programme. Through this we have created a group of front runners who are directly applying their learnings into their daily practice. They are contributing to client solutions and are creating efficiencies through data management and process

Ankita Shrivastava joined the Digital Accelerator programme in December 2019 and called the kick-off event “one of the most inspiring events I have ever attended”. Ankita works in our Clients & Markets Department on Research & Insights and writes thought leadership papers on the impact of emerging technologies. “I was very excited to find out how I could actually apply these new technologies in my own daily work”. One of the first things that Ankita did was building a workflow to replace a process for analysing data that used to be very time consuming. With a digital solution that only takes a minute. She has taken on the role of change agent within her department, bringing new ideas for (digital) improvements to her team but also helping others on their way when they for instance get stuck when working on a workflow or data visualisation dashboard. The programme has benefited her entire team and she has noticed that more and more people within PwC are becoming interested in digital upskilling. Ankita says she finds this rising interest “heartening”. The biggest change for Ankita personally has, however, been a change in mindset: “I now often hear myself saying things like ‘Can we do this differently?’, because I know how to do that now!”

automation, resulting in better and consistent quality of work. They work with the client teams instead of for them. By teaching others to create workflows, make visualisations and incorporate Robotic Process Automation and data analytics in their work, they are really helping to accelerate our digital transformation. At the end of FY20 53 Digital Accelerators from all lines of service were enrolled in the programme.

Anouk is responsible for this programme within PwC Netherlands and she experienced a big

challenge when due to COVID-19 she suddenly had to transform an international Digital Accelerator training session into a virtual event in a relatively short period. “I am really proud of what we achieved. We had planned a week-long training for a large international group of DAs in Frankfurt and because we did not want to delay our programme, we decided to go ahead and do it online. This meant a whole new way of presenting content, engaging people and making them feel part of a network. As well as working with new technologies to make everything run



smoothly and ensure interaction. Even though the participants indicated that they did miss the face-to-face network element, the overall feedback was very positive. It convinced us that virtual training for large groups can definitely be part of our future curriculum and we are exploring how we can better cover the networking element to make the next experience even better.”

# Drive digital transformation

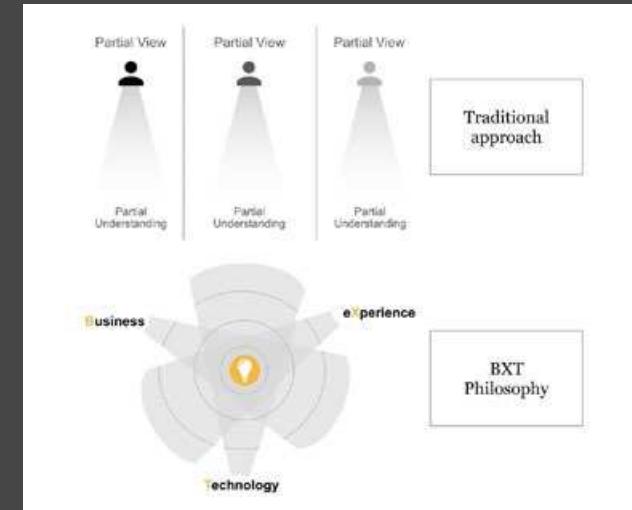
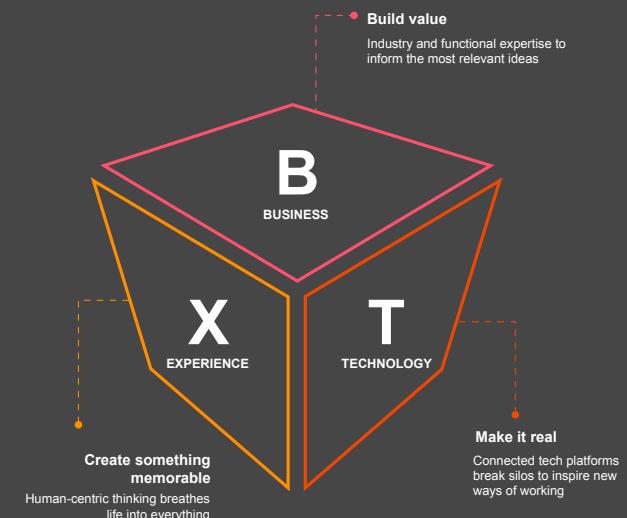
## Helping our clients to become (more) digital through the power of BXT

Purely strategic or technological advice is no longer enough to be able to handle the complexity of major transformation projects. In order to help our clients find the solutions for their needs, we combine business expertise, a user-experienced centred approach, and technological know-how to change the conversation. We call this the BXT approach. When you look at a problem from all three perspectives, *Business, eXperience and Technology*, solutions can be developed that may not have been conceived when you approach the problem only from one perspective. A (digital) transformation begins and ends with the end user: their experience should always be at the centre.

Working with a diverse team is the point of departure of the BXT-method. Business experts, emerging tech experts, developers, user experience designers, industrial designers, creative minds, clients and also end users work together to create unique and sustainable experiences and services. We need people to make possible solutions work successfully. That is why we start testing from an early start to see how they experience the solution. This way we ensure that new technology can be embraced even before the implementation.

As a business integrator, we develop the technology always in the context it will be expected to work, with the end user in mind. By applying BXT, we can prevent problems with for example integration by redefining the ways of working of the business and truly transform an organisation.

Over the past year many colleagues have had the opportunity to get familiar with our BXT approach through our BXT Bootcamps with the expectation to embed BXT in our daily practice on all levels.



## Benefits

### What you accomplish with BXT



#### Unify perspectives.

Bring together diverse experiences, skills, and backgrounds to create bold and unexpected ideas.



#### Work better, smarter, faster.

Break new ground and work with agility to achieve results in days, not months.



#### Transcend not transform.

Move beyond small improvements and embrace continuous invention to become the pioneer.



#### Uplift the human spirit.

Design solutions that generate energy and inspiration, create meaningful connections, and make a difference.

# Drive digital transformation

The Experience Center is the space where we bring BXT to life. Here, teams can work together to innovate within a short timespan: creative thinking, co-creation and prototyping, and testing solutions. This gives stakeholders not only a chance to experience how organisational change works out for clients and employees, but also provides them insight into the next step in the transformation process.

We have most recently experienced the effectiveness of the BXT-method ourselves when we set up the [COVID-19 Helpdesk](#). As in any crisis, response had to be as immediate as possible. With the BXT method, we managed to create, set up and launch the COVID-19 Helpdesk within five days.

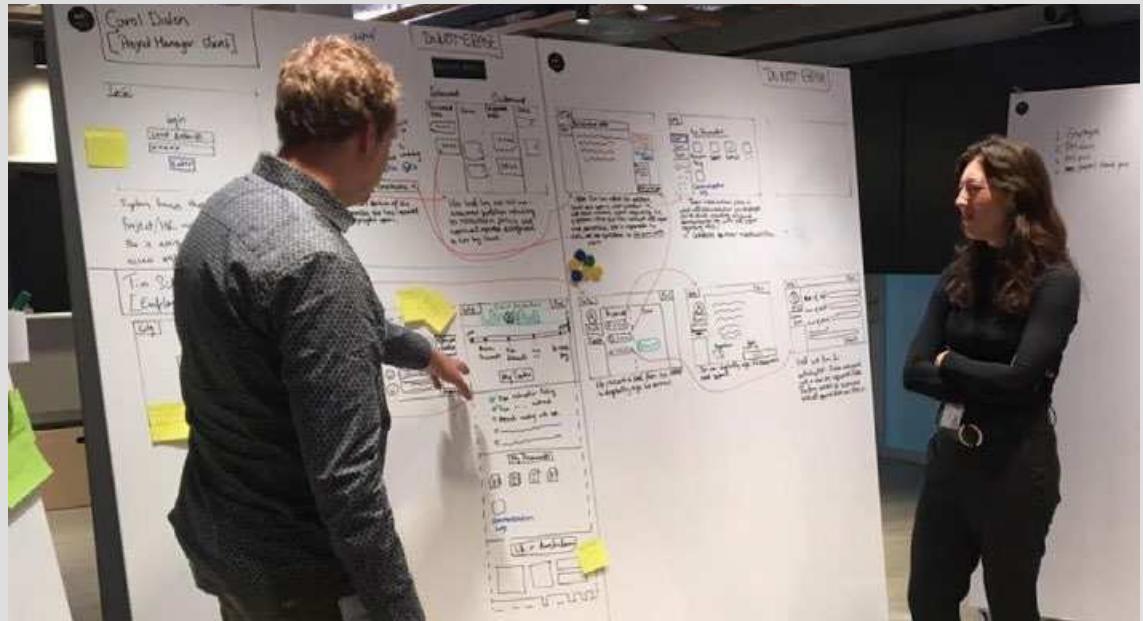
## Collaboration with Slush

Slush is a not-for-profit organisation matching entrepreneurs and tech talent with top-tier international investors, multinational corporations, family businesses, high-net worth individuals looking to invest, executives and the media. PwC has been partnering with Slush since 2010 and in 2015 PwC became Slush's first global partner. Together with Slush, PwC plays an active role in developing startup ecosystems around the world and supporting entrepreneurs as they work to get their ideas off the ground and build sustainable businesses.

## Digital assets used to upskill clients and society

We are increasingly complementing our current professional services with digital assets. Digital assets are scalable software products like the Automated Test Factory or the Continuous Monitoring Platform that can be part of an integrated solution but can also be sold stand-alone to the client on a subscription basis. These assets are monetised differently from how we are used to pricing our core business (rates & hours) and are opening up new business models. A digital asset can also be an internal software solution that for instance helps to digitise a manual procedure resulting in time-savings and quality improvement.

Another example is our Digital Fitness App, an important platform in our own digital upskilling programme which is also available for our clients for their digital upskilling. It contains short powerful learning bites that help users update knowledge and skills in all kinds of new emerging digital topics. We offer this application on a subscription basis. During the COVID-19 months we made the Digital Fitness App available to the outside world, free of charge.



In the world of global relocations, mergers and restructuring projects it is easy to forget the people aspect of things. These complex and ad hoc projects involve loads of documents, reporting and data files impacting lots of people. We set out at PwC to make the chaotic nature of transformation projects more pleasurable. By looking at what insights our clients and their employees want and how we can offer that in a connected and easy to use package.

After months of working closely together the Experience Center and PwC's People & Organisation unit have translated those clients' wishes into a smart digital asset to manage People Transformation projects more effectively while focusing on the experience of the user.

Clients who use this tool have easy access to all relevant documents, reports and data directly in the application. Also project steps are shown visually for every individual involved. This asset not only makes the life of our clients and project managers easier regarding People Transformation Projects, but first and foremost, it offers the employees of our clients a superior experience during these hectic times of an organisational transformation.

## Drive digital transformation

# Berry Driessen: head of Experience Consulting

Our Experience Consultants deliver the X in BXT and work with our clients to design or redesign integrated solutions to seamlessly fit with customer needs, to (re-)design scalable new business models, and innovate the customer experience processes to drive customer and business value. Berry's main goal for the future is to ensure Experience Consulting can offer the best possible X within the BXT approach.

He says: "It feels great when we can help our clients conclude that their problem is not what they think it is." With the BXT approach we ask our client to first fully work out exactly what the problem is, before moving on to a solution, and that focus often leads to finding the real problem underneath.

A prime example of working together with a client organisation to redefine the problem statement was our engagement with Museum Boijmans Van Beuningen. We started with the initial thought to enter into a digital partnership without knowing exactly how. The conversation started with a focus for requirements for a new online ticketing system. Through research, and a co-creation process with stakeholders we discovered that the requirements were more holistic and more strategic in nature. The findings revealed the Museum required a new integrated 'digital visitor experience strategy' in full alignment with its business operations. PwC now supports the Museum to shape its digital strategy based on stories, enabling the Museum to continue to engage with its visitor base, even while the physical Museum remains closed during an extensive multi-year renovation.

With BXT we aim to ask the question behind the question to find the real problem. The COVID-19 crisis has had a big impact on the kind of questions people approach us

with. Four months ago, the building blocks consisted of words like free of friction, digital availability, and visual, all the things that give online services their appeal. Now, the focus is on health, safety, and space and distance. With the many measures to prevent further outbreaks, servicing the customer has become more difficult. Not just physical lines at the supermarket, but also digitally, like call centres where the majority of calls need to be forwarded to employees who are now working from home.

Also, safety in COVID-19 times is not just about keeping that 1.5 mtr distance. As we build more digital tools to cope with the new way of working, cyber security plays an increasingly bigger role.

These new concerns also need to be solved, with solutions that can be implemented as fast as possible for companies to be able to survive this crisis. And this is where our BXT approach can really shine. The beauty of BXT is that it is focused on agile working. When we build an application, we start testing right away. Even when it's barely operational, we take it to users for testing. For us, failing a test means success, as we then know what direction not to take. And since we take it to the same users again and again, they also start thinking more about what they really need out of the product, increasing the quality of their input.

Berry ensures that he really instills this approach of learning from failure in his team. "My team members don't need to come to me for permission to do something, I want them to experiment and see where it leads them. And if they fail, we'll talk about it and decide what the next step will be." Berry believes in giving people room to experiment and that it is the job of those around them, but also supported by the appropriate processes, to provide the checks and balances.



# Business partner for our stakeholders

## How we become a business partner of our stakeholders

The challenges and opportunities at the top of our clients' agendas are often highly interconnected and are relevant to multiple industries and regions.

In addition, our clients' agenda is no longer driven by creating shareholder value only. In an increasingly interconnected and transparent world, it is about a bigger picture: meeting and managing broader stakeholder expectations as well. In other words, it is about creating stakeholder value. To this end, our clients are rethinking their long-term impact on profit, people and planet.

So where industries are converging and the challenges of our clients are converging too, solving these rather complex cross-sectoral issues requires applying multiple perspectives and from us, as PwC the Netherlands, an integrated way of working.

From an inside-out perspective to an outside-in perspective - delivering integrated value propositions and thought leadership. To facilitate this movement, we have chosen four Market themes for PwC NL on which we want to make a difference together.

Our Market themes and underlying integrated value propositions are designed to bridge the gap between our clients' issues and opportunities, recognising the capabilities and skills we offer in these areas in each Line of Service. By pulling these together and focusing our collective expertise around the Market themes, we can bring a consistent point of view to client conversations and help solve our clients' most difficult issues to prepare for the future.

The crisis has shown us the importance of our interconnectedness. Because during the crisis we saw how great our mutual interdependence truly is. We were there for each other. We have learned that only together we can move forward as an organisation. By working together it was possible to match knowledge with experience. **We are collaborating and sharing relationships, ideas and knowledge beyond boundaries.** This resulted in the launch of our COVID-19 Navigator and several webinars for our clients and colleagues to share knowledge.

To provide an anchor in the face of uncertainty, it is important that we – as a business partner of our stakeholders – are transparent about what we do and what we stand for. For that reason, we increasingly contribute to the public debate and share our views. We also discuss these views with our stakeholders, learn more about their expectations, and then report back on how we address those. This also means being transparent about the dilemmas we face and the matters we do not know (yet). We discuss this explicitly with our stakeholders during one-on-one conversations and follow up emails (see page 19), and implicitly through this Annual Report and our [Transparency Report](#).



## Outlook

2020 is the year of the COVID-19 crisis, but it is also the year in which we, our clients, our people, consumers, and the government, prefer to have a more sustainable future. Employees are urging leaders to take action on climate change and consumers are making more conscious decisions about their purchases.

Sustainable development is the only way out of the crisis and it is more than becoming 'greener'. From strategy, through implementation and execution, it affects the future of work, the finance function, the tax and risk & reporting policies and processes.

With an emphasis on the four Market themes - Sustainable Development, Future of Work, Risk & Regulation and Future of Finance - and underlying integrated value propositions, we work from an outside-in perspective on sustainable development to remain relevant to all our stakeholders in the long term.

# Business partner for our stakeholders

## Sustainable Development

### *SDG Values assessment*

Determining a strategy is one thing but executing it is another. Employees are key to the successful realisation of a sustainable strategy; only if their personal values and behaviours align with the organisation's sustainable ambitions, real change will be embedded.

Together with the Barrett Values Centre, PwC developed the SDG Values Assessment. This assessment provides our clients with insights into how well their current and desired culture aligns with their sustainability targets. We can identify existing limiting values which could make it difficult for our clients to reach their sustainability targets. More importantly, we can provide insight into the specific strengths of our client's culture that will accelerate their sustainable ambitions.

The world around us is changing. Due to growing uncertainty and changing stakeholder expectations, our clients are faced with extensive and challenging transformation issues. The SDG Values Assessment is in line with, and strengthens, our Sustainable Development market theme.

### *Energy transition*

To realise the Dutch climate agreement and the broader climate goals, an energy transition is required. To facilitate this transition, the electricity and gas grid operators in the Netherlands are investing heavily in the expansion and reinforcement of their infrastructure. Network operators wonder what the impact of these investment plans is going to be on the financeability of their companies and on the rates for end consumers. With a joint PwC/Strategy& team we performed an assessment to get answers to these questions.

Ultimately, we came up with a sector-wide view on the extent to which the sector is able to fund the required investments, including a specific view on which measures are needed at what point in time, to enable the sector to comply with the regulatory and credit ratios. The subject of financing the energy transition is very complex, but extremely relevant to our society. With this analysis we try to contribute to solutions and increase confidence in achieving the goals of the energy transition.

## Risk & Regulatory

Technology is moving us forward, interconnecting our world, and offering unprecedented opportunities. However, it's also triggering new risks. The COVID-19 crisis has put into sharp focus the dependence on an increasingly complex and interconnected ecosystem and has put even more emphasis on Operational Resilience. The emphasis on, and importance of, Operational Resilience combined with regulatory changes, challenges our clients in multiple ways.

PwC prepared an 'Operational Resilience' round table for its clients in the Financial Sector, organised at 1 July 2020. PwC's specialists from different competences led group discussions about the topics 'IT compliance and transformation'; 'The increasing importance of cyber risks'; and 'Third party risk management in a pandemic'.

More than 25 clients with different backgrounds within the Financial Sector participated in the round table. As a result of PwC's cross competence efforts, a successful client event was organised where clients obtained updates about the recent trends in Operational Resilience and a platform was offered for sharing thoughts.

## Initiative to let insurers become a part of the solution to the crisis

Several partners/directors from the multidisciplinary FS Insurance group took the initiative to approach Insurance Companies with the idea of making them part of the solution to the crisis by having them support their SME and self-employed clients who were hit hard. In a virtual workshop with the management of the Dutch Association of Insurers, PwC presented ideas from the (international) network. These ideas ranged from contribution exemptions, borrowing cash from annuities and pension, giving access to the insurers' data skill set, and to the establishment of 'PandemicRe', a reinsurer that could provide insurance against a pandemic in the future. The next step is to co-create a number of the ideas discussed.

# Business partner for our stakeholders

## Future of Finance

Our client is a large consumer products company. The environment in which they operate is changing fundamentally and faster than ever before. This makes the promise of future success increasingly uncertain. For this reason, we are assisting our client with their Finance Transformation in Europe. The client's complexity and fragmentation in ways of working, data and technology are factors that cause them to lack the necessary speed, agility and efficiency and limit their ability to grow in what is a very competitive market. In order to ensure their business is future-proof, we are designing a fast and flexible back office enabled by SAP S/4HANA technology. Efficient and flexible processes will improve business insights and provide valuable analytical data and management information. It will also allow for seamless customer and supplier experiences. PwC contributes to this project by combining consulting, accounting and tax-related capabilities. These capabilities are sourced from various practices in Europe as well as our global delivery centre in India.

## Future of Work

The world of work is changing and will more radically change, following the global trends. This is accelerated by the impact of COVID-19. The adoption of emerging technologies and data-driven decision making is causing a change in products, business models and is replacing human tasks. Skills that organisations are looking for in their people are changing. This affects the terms of employment, organisational culture and individual needs of employees as well as how organisations and society as a whole respond to this. This emphasises the need to position HR and their business partners to drive the organisation's desired business outcomes effectively.

For these reasons we assisted a fast growing platform company to help them build a future proof workforce. One of the items was that due to their rapid expansion, there was a need for a flexible and global approach around performance management to develop, recognise and retain talent, whilst being supported by Workday. Using a newly developed digital accelerator, PwC was able to design and develop performance management in a way that it aligned with the strategy of the company, whilst being supported by the employees and the business. The project used a research driven approach of best practices, (scientific) literature and was executed via an integrated PwC People & Organisation team, both from Tax and Consulting. The work resulted in an improved Employee Value Proposition for our client which helps them in being employer of choice for the workforce of today and the future.



# Business partner for our stakeholders

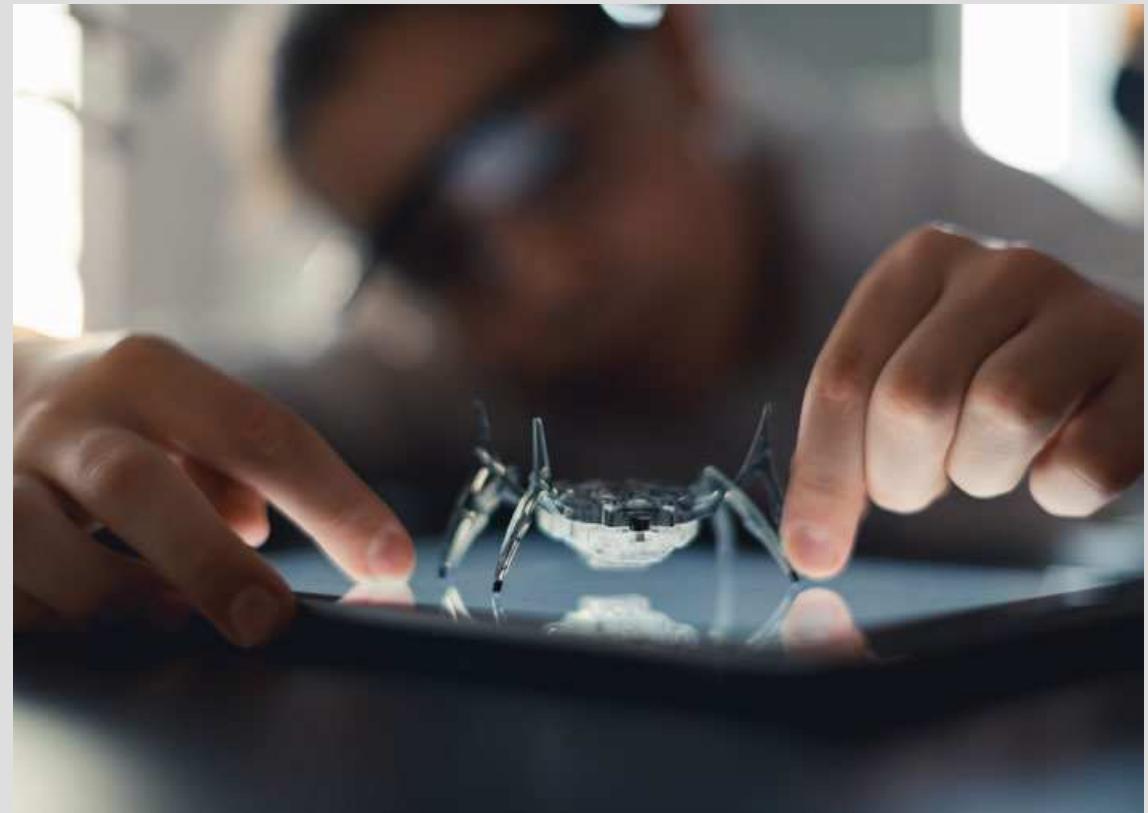
At PwC we look at thought leadership from two different perspectives. On the one hand, we want to equip our people in such a way that they can have a better dialogue with our clients. On the other, we want to contribute to the public debate. To make more impact with our thought leadership, we are now working on streamlining our processes. For one, we are focusing on current market themes and making conscious choices about what we publish. We make sure these choices meet our clients' needs, rather than what we think our clients need. With COVID-19 we can see that creating that focus has become even more important. Everything is accelerating at an incredible pace, forcing us to a more agile way of working to keep up with the constant demand for knowledge sharing and to ensure we are and remain up-to-date.

## Looking at the world with an open mind

The world changes quickly and old systems are asking for new solutions. In our publication *Risky World*, we provide insight into the risks from the past to the future. Especially cyber risks, are clearly playing an increasingly important role in new solutions. In another of our publications, *Rethink*, we show that more and more often issues grow beyond industry borders. Solving these issues can only be done through collaboration within the chain, by co-creating integrated solutions that are future-proof and sustainable. It is vital that we **have an open mind for the possibilities of every idea**. That we don't get trapped in current solutions, but look beyond them to the unexpected.

Number of hours dedicated to Chief Economist office

	2019/2020	2018/2019
	11,752	11,259



## Responsible AI by PwC

AI is on the rise, as we increasingly use computers to do part of our thinking for us, allowing businesses to accelerate, expand, and diversify. But as with anything, there are risks involved in using AI. Risks in the field of performance, security and control, and either economic, societal or ethical. Realising the full potential of AI requires learning to anticipate risks in these five areas and make systems future-proof. At PwC we call this *Responsible AI*. The Responsible AI toolkit we have developed can provide insights that will enable our clients to answer questions from their stakeholders about how the organisations of our clients use AI and data, from how it's developed to how it's governed.

# Business partner for our stakeholders

## Reporting on tax strategy

PwC Netherlands published its [tax strategy](#) in September 2019. Informing our stakeholders about our approach to tax is a vital part of our purpose to build trust in society, solve important problems, and play our role in the further development of sustainable tax. In our view, being transparent about our approach to tax also includes being transparent about our own tax strategy. In 2019/2020 we reported on our [tax strategy](#). In this document, we describe how we have put our tax strategy into practice between September 2019 and June 2020.

Our tax advice involves discussion of the wider considerations involved, as appropriate in the circumstances, including economic, commercial and reputational risks and consequences arising from the way stakeholders might view a particular course of action. We advise clients of appropriate options available to them under the law having regard to all principles laid down in PwC's Global Tax Code of Conduct. Our Dutch Tax Policy Panel is an effective instrument in realising our purpose and enhancing quality in our tax and legal practice. Their analyses and conclusions on intended advice are based on our values, our tax strategy and the PwC Global Tax Code of Conduct. In the reporting period, the Dutch Tax Policy Panel also advised on the responsible use of COVID-19 relief measures by our clients.

To be a business partner for society means for us that we are open to their views and take them into account in our service delivery. Within Assurance for example, that we challenge the organisations we audit about adding non-financial information as part of their directors' report, to meet the asks of stakeholders. And within Tax & Legal for example, we advise our clients based on our compass that relies on three pillars: 1) law and regulation, 2) our Global PwC Tax Code of Conduct and (3) the business strategy of our client. This will provide our clients a basis for making an informed decision.



# Financial results for sustainable investments

## Despite the challenging circumstances the financial performance was solid

In the first nine months of the fiscal year the financial performance of PwC NL was very good and then the COVID-19 pandemic required our full attention. Like any other company we did not face a challenge like this before. In the first period of the pandemic there was a decline in collection of debtors but fortunately this recovered quickly. As a result of the stable financial basis of PwC NL no use was made of any of the support packages as made available by the Dutch government. Despite the challenging circumstances the net revenue increased compared to 2018/2019 by 7.4% to € 949.8 million (2018/2019: € 884.1 million). Advisory and Tax & Legal have shown a growth in revenue, benefiting from a higher demand for our services and due to large projects. The operating profit increased by 0.7% to € 164.5 million (2018/2019: € 163.3 million).

## Costs have increased, following the growth of our average number of FTE

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

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

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

### Investment as a % of revenue

	2019/2020	2018/2019
	5%	5%

The investments are supporting the growth agenda of PwC NL and include investments in technology, innovation and our way of working.

## We keep on investing in cloud-based systems to standardise our way of working

We continue investing on a global and PwC Europe level in cloud-based systems that standardise the processes within our global and PwC Europe network and make accessing data (independent from place and time) easier. After the implementation of the new HR system (Workday) and a global customer relationship management system (Salesforce) last year we are now in the process of preparing the implementation of a global cloud-based system for engagement management and financial information (SAP S/4HANA).

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

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

	2019/2020	2018/2019
	61%/39%	63%/37%

Percentage (billable) client hours versus hours non-billable of working hours. The COVID-19 pandemic affected the number of billable hours of our workforce. Especially in the months April and May our workforce faced challenging circumstances at home and working with clients resulting in a decline in the number of billable hours.

## Foreword

## Highlights 2019/2020

### PwC in the Netherlands

#### Report of the Supervisory Board

#### Report of the Board of Management

- Our world is changing
- Our transformation
- Value creation process
- Executing our strategy and adding value

#### - Financial results for sustainable investments

- Governance and remuneration
- Risk management

### Financial statements Holding PricewaterhouseCoopers Nederland B.V.

### Appendices

#### Investments in quality continued in Assurance

Revenue decreased by 5% and profit decreased by 18%. The decrease in revenue and profitability relates to the runoff of several special engagements with relatively high yield and our increased level of investments. A high demand for our regular Assurance services and improvement of our pricing compensated this partly. We continued with significant investments in quality, workload reduction and technology, and we hired temporary colleagues for some large projects and during the peak season. COVID-19 also had an impact: it led to additional work, and especially in the beginning some inefficiency occurred. Given the significant investments of the past years, and the increase of the quality of our work, we concluded that this cannot only be compensated by efficiencies but also needs to be partly converted into higher fees paid by clients. Therefor we started a new program called "Fair price" with our partners and directors with the goal to be fairly compensated for the value of our work and to increase the profitability of audit in the coming years. This starts with our own beliefsmindset: 'the audit matters and adds value to society'.

As digitalisation moves forward, we are seeing a greater need in the market for assurance and advice around systems and non-financial information. Apart from the runoff of the previously mentioned non-recurring project we can therefore report a moderate growth of our regular Risk Assurance practice until the third quarter. Unfortunately, in the fourth quarter COVID-19 measures had a negative impact on growth.

Also CMAAS, dealing with complex accounting transformation projects, has continued to perform well. The decrease of revenue generated from the implementation of new IFRS standards for listed companies was compensated for a large part with new engagements and propositions. However, COVID-19 had a negative impact on growth in the last quarter.

#### Tax & Legal had a very good year

Despite the challenges posed by the COVID-19 crisis, its revenues increased by 8% and its profit by 5%. Next to large projects requiring an integrated service approach, Tax & Legal has a strong client base with many of our clients requiring our continued assistance varying from compliance services to support during a transformation or to deal with changing regulations and business environment.

All of the business units have shown an increase in revenues, where International Tax Services, Legal and Technology have had double digit growth. The volume increased by 7%.

The shift from traditional tax services to technology-enabled tax consulting and compliance has continued and is enabling us to make more impact with our clients. The continued investments in digitalising our practice also help to reduce the cost of delivery. In combination with an increase in the outsourced hours, the profitability is stable and strong.

The last quarter of the year has been precarious due to COVID-19. Working from home has shown to be very much possible for a large part of our

tax services, but not everywhere and not for all clients. This led to lower results than expected in some groups. On the level of the new joiners the challenges of onboarding are also clear.

Growth potential lies in propositions that currently have become even more relevant such as Future of Work and Managed Services, as well as further diversifying our portfolio of offerings.

#### Advisory performed well in all three business units

Advisory's revenue (17%) and profitability (5%) have again increased compared to prior year, mainly driven by a strong first nine months of the year in all business units Consulting, Deals and CF&P. The revenue growth was partly lost in the last three months of the financial year as a result of delay in and partly discontinuation of projects due to COVID-19. The average number of FTE of Advisory went up by 12%.

#### Net revenue per Industry in %

	2019/2020	2018/2019
Financial Services	32%	37%
Technology, Media and Telecom	9%	9%
Consumer Markets	25%	18%
Industrial Manufacturing and Automotive	11%	11%
Government and Public Sector	8%	8%
Health Industries	5%	6%
Energy, Utilities and Resources	10%	11%

#### Revenue changes per Industry in %

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

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#### Report of the Board of Management

- Our world is changing
- Our transformation
- Value creation process
- Executing our strategy and adding value
- Financial results for sustainable investments

- Governance and remuneration
- Risk management

### Financial statements Holding PricewaterhouseCoopers Nederland B.V.

### Appendices

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

In the Consulting business unit, growth came from major transformation projects in all sectors we serve (financial, public and commercial), supported in particular by new technology, collaboration, alliances, data analysis tooling and our BXT philosophy. Strategy& also managed to achieve strong revenue growth. In particular, we see the “strategy through execution” component of our strategy gaining traction. Consulting also realised growth due to the x-territory investment in ABSI. The development in sales and result of the Deals business unit was supported by a continued

active M&A market in the first nine months of the year (which still flourished due to low interest rates, abundant liquidity, a reasonable economic outlook and transformation processes), as well as the increased demand for Business Restructuring Services, partly as a result of COVID-19. All competencies were able to achieve revenue growth, in particular Business Restructuring Services, Delivering Deal Value, Deals Strategy, and Corporate Finance recorded strong growth.

For the CF&P business unit, revenue growth is driven by services related to the digital transformation agenda of our clients around the themes of cyber security, digital identity and privacy. In addition, our (digital) forensic service delivery makes a stable contribution to revenue.

### Cash flows and financing

Cash and cash equivalents amounted to € 30 million at year-end (30 June 2019: € 12 million) and our solvability ratio was 14.4% (30 June 2019: 16.5%).

When assessing financing needs, we also take into account contributions from partners, which at year-end aggregated € 207 million (30 June 2019: € 189 million), representing some € 735,000 per partner (30 June 2019: € 681,000). Our investments in clients (work in progress and accounts receivable) have gone up to € 207 million (30 June 2019: € 210 million). The Group has no debt to financial institutions and our capex investments are funded from operational cash flow.

### Financial instruments

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

The exchange risk arises primarily on positions and transactions in US dollars. Significant positions are covered by hedge contracts, while interest, credit and liquidity risks are not covered by financial instruments but primarily by the use of internal control measures.

A more detailed description is included in the financial statements (70).

### Trends differ across industries

Looking at our industries, we see revenue growth in particular at Consumer Markets, Government and Public Sector and Industrial Manufacturing and Automotive. In general, industry-based revenue fluctuations compared to last year result from (non-recurring) nature of large projects as part of our services.

The revenue growth of Consumer Markets compared to FY20 was mainly on the back of the E-accounts, and on the back of two exceptional large projects. The revenue growth in G&PS mainly comes from Advisory and to a lesser extent Assurance, and is mainly generated with national government and social organisation clients. The revenue growth of IM&A also mainly comes from Advisory services, mainly to automotive clients.

### Outlook

Projecting the uncertainty of the COVID-19 pandemic in a financial outlook is challenging. Like any organisation we have prepared scenarios for fiscal year 2020/2021 reflecting our best estimates. When required by circumstances scenarios will be revised. Given the current and anticipated liquidity, we expect to be able to finance the investments planned for this current year from internally available resources. We expect that due to the current COVID-19 pandemic the turnover of our headcount will be lower than normal in the first six months of the current fiscal year.

Our revenue from clients is dependent on macro-economic, industry and client specific developments. The global environment in which we operate is volatile; events and circumstances, such as the possibility of a second lockdown, the start and possible impact of the recession, (potential) international trade conflicts, and geopolitical challenges are all affecting business confidence. In the volatile environment we are facing, we prudently foresee no further overall growth, but somewhat lower revenues and profitability.

# Governance and remuneration

## Governance

### Board of Management

As of 1 July 2018 the Board of Management comprises of Ad van Gils (chair, Territory Senior Partner), Agnes Koops-Aukes (Assurance), Jolanda Lamse-Minderhoud (Risk & Quality and CFO, COO), Maarten van de Pol (Advisory), Marc Borggreven (Human Capital), Marc Diepstraten (Tax & Legal) and Renate de Lange-Snijders (Clients & Markets and Corporate Sustainability). The members of the Board of Management who are responsible for Assurance, Tax & Legal and Advisory, chair the respective LoS Boards. Short résumés are included on pages 107-108).

## Remuneration

### Annual performance evaluation and knowledge development of the Board of Management

Members of the Board of Management, both individually and collectively, develop the needed technical other skills to perform their role. Each member is responsible for his/her development and knowledge building by attending relevant meetings and seminars. As a collective the Board of Management dedicates time with each other on specific topics like sustainability, diversity and inclusion, digital and BXT with (internal) experts in these fields. The Board of Management also spends time together around the transformation and their personal and team skills.

The performance of the members of the Board of Management is evaluated by the Supervisory Board. The Supervisory Board sets long-term goals for the Board of Management as a whole and for the individuals. Members of the Board of Management are required to write a self-assessment on a yearly basis towards these goals. The performance evaluation is determined by the Supervisory Board.

Together with the Supervisory Board the Board of Management invested time to discuss progress on the strategy, enterprise risk management, independence, Anti Money Laundering and put this in the perspective of changes in the economical, environmental and societal developments.

### Quality at the heart of our remuneration policy

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

Partner remuneration varies with the financial performance of PwC NL and is based on a points system in which the Euro value per point is determined as the profit available divided by the aggregate number of points in circulation.

The points allocated to partners are 50% fixed as equity and responsibility-based ('mapping') and 50% variable as performance-based ('rating'). At target performance means full partner entitlement to the variable 50% element. A positive or negative outcome to the annual evaluation process can lead to an adjustment to the variable 50% element. The variable element is determined based on individual partner performance in the areas of Clients (weighting: 50%), People (weighting: 25%) and Firm/Strategy (weighting: 25%). Quality is a significant element in all three components. An unsatisfactory rating of the performance of an individual partner on quality can therefore significantly affect the amount of the remuneration. We also reward quality positively. A rating of above average on quality may result in additional remuneration.

PwC uses a Recognition and Accountability Framework to facilitate a common approach in PwC NL in holding partners and directors accountable for quality outcomes and quality behaviours. The existing processes on how we evaluate quality, and how this affects remuneration, have been formalised in this Framework. The Framework applies to all Lines of Service and sets expectations of the right quality behaviours and puts in place the right interventions, and recognition for the behaviours and implementing consequences and reward that is commensurate with quality outcomes (such as internal and/or external quality reviews) and quality behaviours (such as the attitude to quality, personal behaviour and other important compliance matters).

'Regular' conduct (i.e. the behaviour that we at least expect from everyone) does not result in additional remuneration. We refer to this as 'baseline expectations'. Baseline expectations represent conduct in line with our Code of Conduct, complying with all applicable internal and external regulatory requirements and with proactive involvement within the firm. Non-compliance with baseline expectations can negatively affect total remuneration by 12.5-50%.

## Remuneration of the Board of Management is fixed

The members of the Board of Management receive a fixed non-profit related remuneration. The Supervisory Board is empowered to determine a bonus of up to 20% of fixed remuneration based on the achievement of long-term goals set by the Supervisory Board within the context of the organisation's societal role. The Supervisory Board is responsible for determining the remuneration and bonus (or, based on audit quality deficiencies in the role of external auditor, malus) of the members of the Board of Management.

As from 1 July 2018 also the remuneration of the members of the Assurance Board is determined by the Supervisory Board in accordance with the policy for the Board of Management.

## Evaluation of staff based on performance and behaviour

The remuneration process for staff is based on two elements: impact and progression. 'Impact' (which is the basis for the bonus) reflects the business and behavioural impact someone has made during the performance year and is linked to the goal setting that was agreed at the start of the year. It relates to aspects such as contribution to quality, business development and innovation and personal aspects such as commitment, flexibility, team spirit, proactivity and sense of responsibility (both to colleagues and to PwC) or some other unusual achievement. 'Progression' (which is the basis for salary increase) relates to someone's growth and development as a person and professional in relation to our competency framework (the PwC Professional).

Along the same lines as for the partners and directors, our staff set out their objectives for the coming year with their immediate superior. Halfway through the year, based on individual appraisals and other feedback, they determine the progress to date. At the end of the year, they assess to what extent the objectives have been met.

## Clawback

We have a clawback scheme in place for audit partners who are external auditors, with a clawback period of six years. Under this scheme the pay out of one sixth of each individual partner's annual remuneration after corporate tax is deferred and held during the deferral period in a bank account with an independent foundation. When an external auditor issues an incorrect opinion for which the auditor is culpable and which has resulted in societal damage, part or all of the deferred remuneration is finally withheld from the partner and invested in measures to improve quality in PwC NL. The proposal to withhold remuneration is subject to approval by the Supervisory Board. There were no clawback withholdments last year.

## Management fee, salary and emoluments

	2019/2020	2018/2019	Δ%
Available for distribution to partners (€ millions)	163.0	160.8	1.4
Average partner management fee * (€'000)	579.8	586.7	-1.2
Staff bonuses (€ millions)	33.7	28.8	17.0
Average salary cost per FTE (€'000)	79.0	77.5	1.9
Average bonus per FTE (€'000)	6.7	6.0	12.0

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

## Relationship of the highest remuneration within PwC NL to the median and average of the total remuneration within PwC NL (including partners)

	2019/2020	2018/2019
Factor highest remuneration – median *	43.7	32.2
Ratio **	9.0	1.0
Factor highest remuneration – average *	28.5	20.8
Ratio ***	10.4	1.0

## Relationship of the remuneration Chair Board of Management within PwC NL to the median and average of the total remuneration within PwC NL (including partners)

	2019/2020	2018/2019
Factor remuneration Chair Board of Management – median *	23.4	24.5
Ratio **	0.0	-6.3
Factor remuneration Chair Board of Management - average *	15.2	15.9
Ratio ***	0.0	-6.7

\* Based on annual income, including bonuses and excluding non-monetary elements of remuneration such as private use of mobile telephone, lease car and expense allowances. This year the highest remuneration paid increased due to awarding a non-recurring payment as a reward for an exceptional performance. The factors excluding this bonus are 32.5 and 21.2.

\*\* The percentage change in the highest remuneration paid (42.9%) divided by the percentage change in the median (4.8%) excluding the highest remuneration. The ratios excluding the non-recurring payment are 6.4% and 4.8%. The percentage change in the remuneration Chair Board of Management paid (0%) divided by the percentage change in the median (4.8%) excluding the highest remuneration.

\*\*\* The percentage change in the highest remuneration paid (42.9%) divided by the percentage change in the average (4.1%) excluding the highest remuneration. The ratios excluding the non-recurring payment are 6.4% and 4.1%. The percentage change in the remuneration Chair Board of Management paid (0%) divided by the percentage change in the average (4.1%) excluding the highest remuneration.

# Risk management

In determining and implementing our strategy, we take into account the risks that potentially affect us the most. If we do not adequately address these risks, we may lose relevance to clients and, ultimately, to society as a whole. For this reason, we continuously monitor developments and trends as they evolve in society in general, in the business environment in which we operate and in our organisation. This means that risk management is essential in our day-to-day operations, adhering to the risk appetite and aligning our risk procedures to this.

## Risk appetite

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

## Network Standards and Risk Management Policies

As a PwC member firm, we must comply with the PwC Network Standards and Risk Management Policies. These contain a wide variety of requirements to ensure that the strategies of



the individual member firms are aligned with the network strategy, that the services we provide to our clients are 'quality services' and that strategic, operational and financial reporting, financial, regulatory and compliance risks are adequately managed. In order to ensure that our professionals deliver high-quality to their clients, they are supported by various internal functions.

## Enterprise Risk Management

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

## Other risk assessments

Our Internal Audit Department, independent review teams from PwC NL and the PwC Network, and our Compliance Officer periodically review the design and the operational effectiveness of our internal risk management and control system. These reports are discussed with the Board of Management and shared with the Supervisory Board. Detailed information about our risk management and control framework is set out on pages 68-69.

## Foreword

## Highlights 2019/2020

### PwC in the Netherlands

#### Report of the Supervisory Board

#### Report of the Board of Management

- Our world is changing
- Our transformation
- Value creation process
- Executing our strategy and adding value
- Financial results for sustainable investments
- Governance and remuneration
- Risk management

#### Financial statements Holding PricewaterhouseCoopers Nederland B.V.

#### Appendices

## Overview of risks

The accompanying table summarises our gross main risks as determined during the Enterprise Risk Management process 2019/2020, links them to our strategic focus areas, indicates the potential impact of the risks should they materialise and lists the key measures we have taken to mitigate

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

Focus areas	Main risk areas	Description	Gross risk	Response to mitigate the risk	Net risk and change compared to FY19
Build high-quality services	Regulation potentially seriously impacting our business	<ul style="list-style-type: none"><li>Given the regulatory climate, the ongoing public discussions and press coverage on the audit profession, and on the role and responsibilities of tax advisors in the context of the societal debate of tax avoidance, the risk of additional regulatory actions and/or further business restrictions remains high.</li></ul>	Medium to High	<ul style="list-style-type: none"><li>Active participation - at the level of PwC NL as well as at network level - in sector initiatives and in active stakeholder dialogue</li><li>Dialogue with members of parliament, regulators and clients</li><li>Constructive and open attitude towards CTA</li></ul>	Medium to High 
	Quality	<ul style="list-style-type: none"><li>The importance of delivering quality across PwC NL is and remains crucial. We define quality as compliance with legislation and professional standards, meeting the needs of society and managing the professional development of our people.</li></ul>	High	<ul style="list-style-type: none"><li>Firm-wide Quality Management System, policies and procedures</li><li>Participation in the public debate on so-called performance and expectation gap</li></ul>	Medium 
	Information Protection and (Cyber) Security	<ul style="list-style-type: none"><li>The potential reputational and financial risks and consequences of IT security issues, cyberattacks, data leakages and other causes of non-compliance with client confidentiality and data protection requirements are very high.</li><li>Investing in adequate 'state of the art' preventative, detective and corrective measures (incl. training, policies, procedures and controls) is considered crucial to protect PwC (NL) as best as possible.</li></ul>	High	<ul style="list-style-type: none"><li>Information Protection Committee NL and global network</li><li>PwC NL Cyber Resilience Plan being implemented</li><li>PwC NL GDPR project</li><li>Revised PwC NL Data Retention (and Data Deletion) Policy</li><li>Code on ICT behaviour</li><li>Access controls to PwC NL buildings</li><li>Clean desk policy</li></ul>	Medium to High 
	Economic and political developments, destabilising environment, COVID-19	<ul style="list-style-type: none"><li>COVID-19 impact.</li><li>Unexpected/sudden economic changes.</li><li>Serious geopolitical issues.</li></ul>	Medium	<ul style="list-style-type: none"><li>Continuous monitoring of developments by both PwC Global and PwC NL</li><li>European cooperation within PwC Europe and EMEA</li></ul>	Medium 
	Claims (culture)	<ul style="list-style-type: none"><li>The number of claims initiated by receivers/bankruptcy trustees is increasing in the context of the public debate on audit quality. In Tax &amp; Legal and Advisory the inherent risk of claims is growing for similar reasons.</li></ul>	High	<ul style="list-style-type: none"><li>Continue to manage existing claims</li><li>Quality initiatives should result in lower risks of claims arising</li></ul>	Medium to High 
	Know your client	<ul style="list-style-type: none"><li>Increasing attention for financial crime in society.</li><li>Reputational impact.</li></ul>	Medium to High	<ul style="list-style-type: none"><li>Consideration of further tightening of procedures including centralisation</li><li>Implementation of new Network Acceptance and KYC systems</li></ul>	Medium New 
	Data governance/maintenance	<ul style="list-style-type: none"><li>Data is critical to running our business and effectively serving our clients.</li><li>Increased complexity of data and attention for data quality .</li></ul>	High	<ul style="list-style-type: none"><li>Appointment of Chief Data Officer</li><li>Data policies increasing governance, guidelines and processes on handling data</li><li>Alignment with global program</li></ul>	Medium New 

## Foreword

## Highlights 2019/2020

### PwC in the Netherlands

#### Report of the Supervisory Board

#### Report of the Board of Management

- Our world is changing
- Our transformation
- Value creation process
- Executing our strategy and adding value
- Financial results for sustainable investments
- Governance and remuneration
- Risk management

#### Financial statements Holding PricewaterhouseCoopers Nederland B.V.

### Appendices

Focus areas	Main risk areas	Description	Gross risk	Response to mitigate the risk	Net risk and change compared to FY19
Recruit, develop and retain diverse talent	People – changing skill sets, diversity, “advisors of the future”	<ul style="list-style-type: none"> <li>• PwC’s ability to attract and retain top talent in a fast changing world, bringing in the required and desired diversity (gender, skills, background, technical expertise, etc.) requires ongoing attention.</li> </ul>	Medium to High	<ul style="list-style-type: none"> <li>• Diversity and Inclusion policies and actions</li> <li>• Global People Survey actions</li> <li>• Brand promise/media campaign</li> </ul>	Medium =
Business partner for our stakeholders	Ensure/maintain licence to operate	<ul style="list-style-type: none"> <li>• In the long-term we run the risk of losing our licence to operate if we do not transform into a purpose-led and values-driven organisation</li> </ul>	High	<ul style="list-style-type: none"> <li>• Continued focus on our transformation and maintain focus on embedding the PwC purpose and values in our DNA, amongst others through brand promise/media campaign</li> <li>• Ongoing awareness; leading by example</li> <li>• PwC Code of Conduct and mandatory e-learning ('Living the Code')</li> <li>• Embedding values and behaviour in performance assessments</li> <li>• Tone at the top assessment</li> <li>• Engaging people as well as society on issues such as the SDGs</li> </ul>	Medium to High =
	Global collaboration with differences in size, maturity of markets, culture, macroeconomics, politics and societal context	<ul style="list-style-type: none"> <li>• Multiple dimensions to manage: Clients &amp; Markets (Global Relationship Partners), Industries, Priority Services, internationalisation, cultural differences, channel choice, (global) contracting versus PwC Europe and other network changes.</li> </ul>	Medium	<ul style="list-style-type: none"> <li>• Global alignment on purpose, Vision 2020 and strategic priorities</li> <li>• Network and regional organisation leading and supporting territories in strategy execution</li> <li>• Clear catalogue of collaboration in PwC Europe focused on markets, business and operational synergies</li> </ul>	Medium =
Drive digital transformation	Innovation/digitalisation (incl. embedding ‘tech enabled’ into existing and new services)	<ul style="list-style-type: none"> <li>• The PwC Network and PwC NL want to be(come) the leading tech-enabled professional services firm. The risk is that the market does not perceive PwC as such, that the speed of our innovation is too slow and that new (disruptive) parties enter the assurance and tax market.</li> <li>• Impact of increasing digitalisation on business and pricing model.</li> </ul>	Medium to High	<ul style="list-style-type: none"> <li>• Large-scale investments on the level of PwC NL, PwC Europe and global network</li> <li>• ‘Your Tomorrow’ plan Europe (including NL), which brings together all digital initiatives</li> <li>• Cooperation with/participation in ‘high-tech innovation’ initiatives</li> <li>• Manage and monitor ‘time-to-market’ of strategic tech initiatives</li> <li>• Digital Assets proposition</li> <li>• Use of Technology Risk Framework for cross-border tooling</li> </ul>	Medium to High =
	Transformation and change	<ul style="list-style-type: none"> <li>• Risk of doing (too) many things at the same time (risk of change overload, lack of focus and priorities, partner and staff ‘fatigue’).</li> </ul>	Medium to High	<ul style="list-style-type: none"> <li>• Communication about phasing of priorities (short-term, medium and longer term)</li> </ul>	Medium =
Financial results for sustainable investments	Financing of investments/ acquisitions and liquidity planning	<ul style="list-style-type: none"> <li>• Tight liquidity planning.</li> <li>• Availability of sufficient funds to invest.</li> </ul>	Medium	<ul style="list-style-type: none"> <li>• Planning and monitoring of liquidity position</li> <li>• European cooperation to have larger base for investments</li> </ul>	Low to Medium =

## Foreword

### Highlights 2019/2020

#### PwC in the Netherlands

#### Report of the Supervisory Board

#### Report of the Board of Management

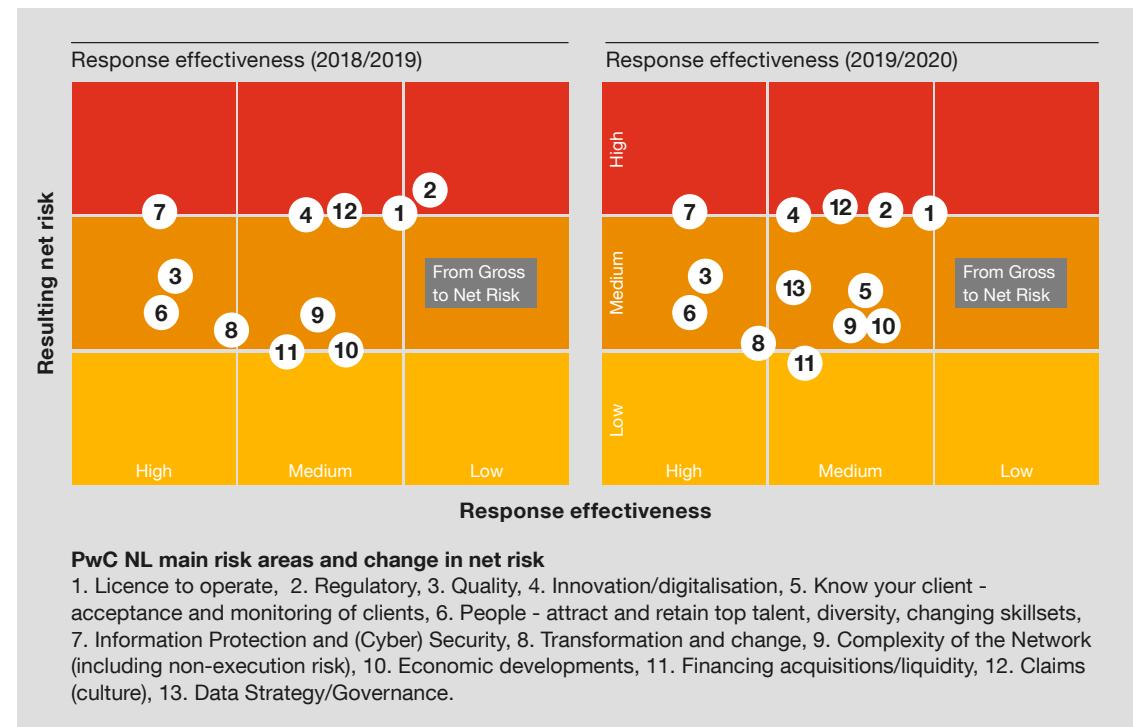
- Our world is changing
- Our transformation
- Value creation process
- Executing our strategy and adding value
- Financial results for sustainable investments
- Governance and remuneration
- Risk management

#### Financial statements Holding PricewaterhouseCoopers Nederland B.V.

#### Appendices

The heat maps for 2018/2019 and 2019/2020 reflect the change in risk during the year, and the net risk in the year after planned mitigating activities. The heat map reflects the effectiveness

of our response to this risk (in other words: the extent to which we can mitigate the risks). We concluded that new risks arise due to the rapid changing world and expectations from society.



### Responsibility Statement by the Board of Management

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

The Board of Management reviewed and analysed:

- the strategic, operational and financial reporting, and the financial, regulatory and compliance risks, as discussed in the 'Risk Management' section on pages 68-69 of this Annual Report; and
- the design and operating effectiveness of the internal risk management and control system as discussed on pages 65-66 of this Annual Report.

The results of this review and analysis were shared with the Audit Committee and the Supervisory Board and PwC NL's external auditor. With reference to best practices provision 1.4.3 of the Dutch Corporate Governance Code, the Board of Management states that, to the best of its knowledge:

- this integrated Annual Report fiscal year 2019/2020 provides sufficient insight into major failings in the effectiveness of the Internal Risk Management and Control Systems. There are no major failings to report;
- the aforementioned system provides reasonable assurance that the financial reporting, as included in the Financial statements, does not contain any material inaccuracies;
- based on the current state of affairs, it is justified that the financial reporting, as included in the Financial statements, is prepared on a going-concern basis; and
- this Annual Report fiscal year 2019/2020 sets out those material risks and uncertainties that are relevant to the expectations of the company's continuity for the period of twelve months after the preparation of this report.

## Our quality, risk management and compliance framework

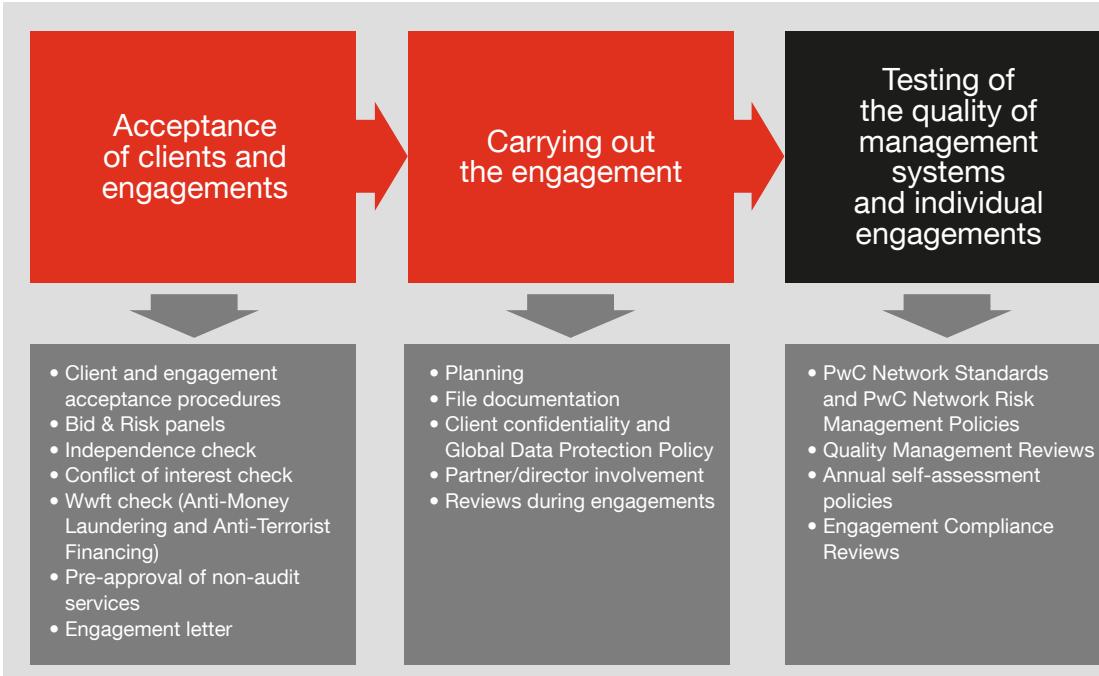
At PwC NL we aim at delivering high-quality professional services. Our quality and risk management policies and processes cover two important aspects, namely the extent to which our services and deliverables comply with legislation, regulatory requirements and professional standards, and the extent to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

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

The picture shows the main elements of our quality management framework and applies to all Lines of Service. Our quality control and risk management systems are embedded in our operational processes, from the acceptance of clients and engagements through to the delivery of the end product.

### Acceptance of clients and engagements

Acceptance procedures for (new) clients and engagements are carried out in accordance with Wwft guidelines. The Wwft requires us to identify the client representative(s) and the Ultimate Beneficial Owner (UBO). Where necessary, this identification will be verified before the engagement starts. The acceptance procedure also includes determining and verifying possible adverse media that might impact the relationship, the complexity of the engagement or the nature, diversity and composition of the stakeholders we might encounter. A risk panel can decide to impose additional requirements to address the risks identified, for instance a requirement to



have 'two pairs of eyes' involved, by appointing a second partner to the engagement or by adding a subject matter expert to the engagement team.

Dutch law prohibits the provision of advisory services to public interest entities (PIEs), such as listed companies, banks and insurance companies for which it performs the statutory audit. That is why a pre-approval of non-audit services takes place. The audit partner responsible for the client must pre-approve all non-audit services proposed for his/her client irrespective of which PwC member firm wishes to provide

the service. The approval process is managed through the Authorisation for Services application (AFS). Next to this in the Netherlands specific independence requirements apply to audit and assurance engagements. PwC NL and its partners and directors must be independent to the clients to which they provide these services. The PwC Global Independence Policy extends this requirement to all PwC audit clients worldwide. PwC NL has extended this requirement to all directors.

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

### Carrying out the engagement

PwC NL starts this phase with planning the engagement. We determine who is responsible for what and what competencies are required to complete the engagement as agreed with the client. The engagement leader (who is always a partner, senior director or director) is responsible for the adequacy and quality of the performed work. In order to ensure that audits meet the quality requirements, independent reviews (Real Time Reviews) are carried out in Assurance during the engagement to support and coach the audit teams.

### Testing of the quality of management systems and individual engagements

All PwC member firms are required to comply with the PwC Network Standards and to ensure that all partners and staff comply with the PwC Network Risk Management Policies. Compliance with the PwC Network Standards is annually confirmed with self-assessments, which are reviewed by network specialists. Compliance with the PwC Risk Management Policies is assessed through Quality Management (System) Reviews (QMR) and the Engagement Compliance Reviews (ECR). Next to QMR and ECR, ad hoc reviews are also carried

## Foreword

### Highlights 2019/2020

#### PwC in the Netherlands

##### Report of the Supervisory Board

##### Report of the Board of Management

- Our world is changing
- Our transformation
- Value creation process
- Executing our strategy and adding value
- Financial results for sustainable investments
- Governance and remuneration
- Risk management

#### Financial statements Holding PricewaterhouseCoopers Nederland B.V.

#### Appendices

out internally as deemed necessary in view of circumstances or as follow-up to the outcome of earlier internal and external reviews.

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

By law, the Compliance Officer (see page 127 - How we manage the execution strategy) has a legal supervisory responsibility regarding auditor compliance with laws and regulations and regarding the operation of the quality management systems. PwC NL has extended this responsibility to include its entire organisation. The Compliance Officer reports his or her findings to the Chair of the Board of Management, the Board of Management, the Public Interest Committee and the Supervisory Board.

#### Line of Service-specific policies

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

#### - Assurance

The services provided by Assurance are regulated. Statutory audits fall under the

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

#### - Tax & Legal

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

#### - Advisory

Advisory is ISO 9001:2015-certified for its quality management system. External audits are carried out periodically to assess Advisory's maintenance of quality in connection with these certifications and accreditations.

#### Other measures

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

Amsterdam, 21 September 2020

#### The Board of Management:

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

\*Authorised executive director

Foreword

Highlights 2019/2020

PwC in the Netherlands

Report of the  
Supervisory Board

Report of the  
Board of Management

Financial statements Holding  
PricewaterhouseCoopers  
Nederland B.V.

1. Consolidated financial statements
- 1.1 Consolidated balance sheet as at 30 June 2020 (before appropriation of result)
- 1.2 Consolidated profit and loss account for the year ended 30 June 2020
- 1.3 Consolidated statement of cash flows for the year ended 30 June 2020
- 1.4 Notes to the consolidated financial statements
- 1.5 Notes to the consolidated balance sheet as at 30 June 2020
- 1.6 Notes to the consolidated profit and loss account for the year ended 30 June 2020
- 1.7 Other notes
- 1.8 Segment information
2. Company financial statements
3. Other information

Appendices

# Financial statements Holding PricewaterhouseCoopers Nederland B.V.

# 1. Consolidated financial statements

## 1.1 Consolidated balance sheet as at 30 June 2020 (before appropriation of result) (in €'000)

		30 June 2020	30 June 2019
<b>Fixed assets</b>			
<b>Intangible fixed assets</b>	[1]		
Goodwill		8,798	8,380
Software		348	1,111
Development costs		898	-
		<b>10,044</b>	<b>9,491</b>
<b>Tangible fixed assets</b>	[2]		
Leasehold improvements		14,856	16,791
Office furniture		9,589	9,861
Office equipment		12,324	9,837
Fixed assets under construction		1,205	751
		<b>37,974</b>	<b>37,240</b>
<b>Financial fixed assets</b>	[3]		
Other participating interests		5,958	5,957
Deferred tax assets		2,355	2,542
Other receivables		14,702	10,704
		<b>23,015</b>	<b>19,203</b>
<b>Current assets</b>			
<b>Work in progress</b>	[4]	<b>38,777</b>	<b>45,095</b>
<b>Receivables</b>			
Receivables from clients	[5]	227,276	193,579
Taxes and social security charges	[6]	291	628
Other receivables	[7]	19,062	12,229
Prepayments and accrued income	[8]	8,853	11,974
		<b>255,482</b>	<b>218,410</b>
<b>Cash and cash equivalents</b>	[9]	<b>30,167</b>	<b>11,726</b>
<b>Total</b>		<b>395,459</b>	<b>341,165</b>

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

## Foreword

## Highlights 2019/2020

## PwC in the Netherlands

## Report of the Supervisory Board

## Report of the Board of Management

## Financial statements Holding PricewaterhouseCoopers Nederland B.V.

### 1. Consolidated financial statements

#### 1.1 Consolidated balance sheet as at 30 June 2020 (before appropriation of result)

#### 1.2 Consolidated profit and loss account for the year ended 30 June 2020

#### 1.3 Consolidated statement of cash flows for the year ended 30 June 2020

#### 1.4 Notes to the consolidated financial statements

#### 1.5 Notes to the consolidated balance sheet as at 30 June 2020

#### 1.6 Notes to the consolidated profit and loss account for the year ended 30 June 2020

#### 1.7 Other notes

#### 1.8 Segment information

#### 2. Company financial statements

#### 3. Other information

## Appendices

		30 June 2020	30 June 2019
<b>Equity and liabilities</b>			
<b>Group equity</b>	[10]	<b>10,260</b>	<b>10,260</b>
<b>Provisions</b>	[11]	<b>21,786</b>	<b>21,099</b>
<b>Long-term liabilities</b>			
Subordinated loans	[12]	46,666	46,066
Other loans	[13]	740	-
Accrued expenses and deferred income (long-term)	[14]	5,696	8,060
		<b>53,102</b>	<b>54,126</b>
<b>Current liabilities</b>			
Liabilities to suppliers	[15]	35,603	14,388
Liabilities to shareholders	[16]	75,430	84,831
Taxes and social security charges	[17]	45,063	45,051
Other liabilities	[18]	132,633	85,717
Accrued expenses and deferred income (current)	[19]	21,582	25,693
		<b>310,311</b>	<b>255,680</b>
<b>Total</b>		<b>395,459</b>	<b>341,165</b>

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

**Foreword****Highlights 2019/2020****PwC in the Netherlands****Report of the  
Supervisory Board****Report of the  
Board of Management****Financial statements Holding  
PricewaterhouseCoopers  
Nederland B.V.**

1. Consolidated financial statements

1.1 Consolidated balance sheet as at 30 June 2020 (before appropriation of result)

1.2 Consolidated profit and loss account for the year ended 30 June 2020

1.3 Consolidated statement of cash flows for the year ended 30 June 2020

1.4 Notes to the consolidated financial statements

1.5 Notes to the consolidated balance sheet as at 30 June 2020

1.6 Notes to the consolidated profit and loss account for the year ended 30 June 2020

1.7 Other notes

1.8 Segment information

2. Company financial statements  
3. Other information**Appendices****1.2 Consolidated profit and loss account for the year ended 30 June 2020 (in €'000)**

		2019/2020	2018/2019
<b>Net revenue</b>	[20]	<b>949,774</b>	<b>884,142</b>
Cost of work contracted-out and other external costs	[21]	139,273	100,311
Salaries		324,937	300,891
Social security charges	[22]	72,011	68,225
Amortisation and depreciation of fixed assets	[1,2]	13,178	12,494
Other operating costs	[23]	235,858	238,906
<b>Total operating costs</b>		<b>785,257</b>	<b>720,827</b>
<b>Operating profit</b>		<b>164,517</b>	<b>163,315</b>
Interest and other financial income		801	263
Interest and other financial expenses	[24]	-1,221	-1,363
<b>Profit on ordinary activities before tax</b>		<b>164,097</b>	<b>162,215</b>
Taxes	[25]	-1,091	-1,428
Management fee Coöperatie PricewaterhouseCoopers Nederland U.A.	[26]	-163,006	-160,787
<b>Profit after tax</b>		<b>-</b>	<b>-</b>

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

**Foreword****Highlights 2019/2020****PwC in the Netherlands****Report of the  
Supervisory Board****Report of the  
Board of Management****Financial statements Holding  
PricewaterhouseCoopers  
Nederland B.V.**

1. Consolidated financial statements

1.1 Consolidated balance sheet as at 30 June 2020 (before appropriation of result)

1.2 Consolidated profit and loss account for the year ended 30 June 2020

1.3 Consolidated statement of cash flows for the year ended 30 June 2020

1.4 Notes to the consolidated financial statements

1.5 Notes to the consolidated balance sheet as at 30 June 2020

1.6 Notes to the consolidated profit and loss account for the year ended 30 June 2020

1.7 Other notes

1.8 Segment information

2. Company financial statements

3. Other information

**Appendices****1.3 Consolidated statement of cash flows for the year ended 30 June 2020 (in €'000)**

		2019/2020	2018/2019
<b>Cash flow from operating activities</b>			
Operating profit		164,517	163,315
<b>Adjustments for:</b>			
Amortisation, depreciation and other impairments	[1-3]	12,858	12,494
Movements in provisions	[11]	647	-5,176
Movements in accrued expenses and deferred income (long-term)	[14]	-2,364	-2,438
		<b>11,141</b>	<b>4,880</b>
<b>Changes in working capital</b>			
Receivables	[5-8]	-36,821	3,420
Work in progress	[4]	6,682	-584
Current liabilities	[15-19]	53,574	2,095
		<b>23,435</b>	<b>4,931</b>
<b>Cash flow from business operations</b>			
		<b>199,093</b>	<b>173,126</b>
Interest*	[24]	-727	-801
Taxes	[25]	-647	-123
		<b>-1,374</b>	<b>-924</b>
Management fee Coöperatie PricewaterhouseCoopers Nederland U.A.	[26]	-163,006	-160,787
<b>Cash flow from operating activities</b>			
		<b>34,713</b>	<b>11,415</b>
<b>Cash flow from investing activities</b>			
Additions to intangible fixed assets	[1]	-1,110	-876
Additions to tangible fixed assets	[2]	-11,482	-14,479
Disposals of tangible fixed assets	[2]	1,161	561
Additions to financial fixed assets	[3]	-5,710	-4,247
Disposals of financial fixed assets	[3]	2,218	1,134
Acquisition of subsidiaries		-2,509	-
<b>Cash flow from investing activities</b>			
		<b>-17,432</b>	<b>-17,907</b>

## Foreword

## Highlights 2019/2020

## PwC in the Netherlands

### Report of the Supervisory Board

### Report of the Board of Management

## Financial statements Holding PricewaterhouseCoopers Nederland B.V.

1. Consolidated financial statements

1.1 Consolidated balance sheet as at 30 June 2020 (before appropriation of result)

1.2 Consolidated profit and loss account for the year ended 30 June 2020

1.3 Consolidated statement of cash flows for the year ended 30 June 2020

1.4 Notes to the consolidated financial statements

1.5 Notes to the consolidated balance sheet as at 30 June 2020

1.6 Notes to the consolidated profit and loss account for the year ended 30 June 2020

1.7 Other notes

1.8 Segment information

2. Company financial statements

3. Other information

## Appendices

		2019/2020	2018/2019
<b>Cash flow from financing activities</b>			
Subordinated loans	[12]	600	726
Other loans	[13]	740	-
<b>Cash flow from financing activities</b>		<b>1,340</b>	<b>726</b>
<b>Net cash flow</b>		<b>18,621</b>	<b>-5,766</b>
Cash and cash equivalents - opening		11,726	17,190
Net cash flow		18,621	-5,766
Foreign currency exchange differences		-180	302
<b>Net cash and cash equivalents - closing</b>	[9]	<b>30,167</b>	<b>11,726</b>

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

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

1. Consolidated financial statements
- 1.1 Consolidated balance sheet as at 30 June 2020 (before appropriation of result)
- 1.2 Consolidated profit and loss account for the year ended 30 June 2020
- 1.3 Consolidated statement of cash flows for the year ended 30 June 2020
- 1.4 Notes to the consolidated financial statements**
- 1.5 Notes to the consolidated balance sheet as at 30 June 2020
- 1.6 Notes to the consolidated profit and loss account for the year ended 30 June 2020
- 1.7 Other notes
- 1.8 Segment information

## 1.4 Notes to the consolidated financial statements

### Activities

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

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

The Board of Management has considered the consequences of COVID-19 and it has determined that they do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as a going concern. The impact of COVID-19 on the future performance of the different Lines of Services (Assurance, Tax & Legal and Advisory) in which the Company operates differs. It is expected that the Lines of Service Assurance and Tax & Legal will encounter a slight decrease in the demand for their services. For Advisory this decrease is expected to be more significant. On the level of the Company the impact of COVID-19 on the future performance and therefore on the measurement of assets (like receivables from clients, intangible fixed assets) and liabilities or on the liquidity is not considered to be significant. As a result the financial statements of the Company are prepared on the assumption that the Company is able to continue as a going concern.

### Group relationships

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

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

Coöperatie holds the sole priority share in the Company. Coöperatie also holds an interest in Konsortium PwC Europe, registered in Frankfurt am Main, Germany. Konsortium PwC Europe is a consortium of the Dutch, German, Austrian, Belgian and Turkish PwC member firms and it holds a 100% interest in PwC Europe SE Wirtschaftsprüfungsgesellschaft. PwC Europe SE Wirtschaftsprüfungsgesellschaft concluded a cooperation agreement with the Swiss member firm, on the basis as if the Swiss member firm were a member of Konsortium PwC Europe. Coöperatie's equity share in Konsortium PwC Europe was 29.47% as of 30 June 2020 (30 June 2019: 29.96%). This interest in Konsortium PwC Europe is revised annually as of 1 July and is related to the number of the Dutch member firm professional practitioners relative to the total number of professional practitioners in the PwC

member firms of the PwC Europe consortium. Recently, a resolution has been adopted to reshape the form of the PwC Europe co-operation, in order to tailor it more to the current needs of its participating memberfirms.

### Basis of reporting

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

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

### Principles of consolidation

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

consolidated entities, are eliminated to the extent that the results have not yet been realised through transactions with third parties.

The entities included in the consolidation are the following:

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

## Foreword

## Highlights 2019/2020

### PwC in the Netherlands

#### Report of the Supervisory Board

#### Report of the Board of Management

### Financial statements Holding PricewaterhouseCoopers Nederland B.V.

1. Consolidated financial statements
- 1.1 Consolidated balance sheet as at 30 June 2020 (before appropriation of result)
- 1.2 Consolidated profit and loss account for the year ended 30 June 2020
- 1.3 Consolidated statement of cash flows for the year ended 30 June 2020
- 1.4 Notes to the consolidated financial statements
- 1.5 Notes to the consolidated balance sheet as at 30 June 2020
- 1.6 Notes to the consolidated profit and loss account for the year ended 30 June 2020
- 1.7 Other notes
- 1.8 Segment information
2. Company financial statements
3. Other information

### Appendices

- TruEconomy Consulting Holding B.V., Zaltbommel (100%)
- PricewaterhouseCoopers Technology Consulting (Netherlands) B.V., Amsterdam (100%)

### Fiscal unity

Except for Executive Academy VOF, PricewaterhouseCoopers N.V., PricewaterhouseCoopers Deelnemingen B.V. and PricewaterhouseCoopers Technology Consulting (Netherlands) B.V., all of the abovementioned consolidated entities form a fiscal unity for value-added tax purposes with Holding PricewaterhouseCoopers Nederland B.V.

Except for PricewaterhouseCoopers Technology Consulting (Netherlands) B.V., all of the abovementioned consolidated entities form a fiscal unity for corporation tax purposes with Holding PricewaterhouseCoopers Nederland B.V.

### Acquisitions of group companies

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

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

### Estimates

In applying accounting policies and financial reporting requirements, the Board of Management needs to make judgements and estimations that can be critical to the amounts reported in the financial statements.

Where necessary to provide the insight required by Article 2:362, clause 1 of the Dutch Civil Code, the nature of these judgements and estimations, and details of the underlying assumptions, are provided in the note disclosures for the relevant balance sheet items.

### Related parties

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

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

## Accounting policies for assets and liabilities

### General

Unless otherwise indicated, all amounts in the financial statements are reported in thousands of Euros. Amounts followed by 'm' are in millions of Euros.

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

### Comparison with prior year

The valuation principles and method of determining the result are the same as those used in the previous year, with the exception of the changes in accounting policies as set out in the relevant sections.

### Foreign currencies

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

is applied. Non-monetary assets carried at acquisition cost in a foreign currency are translated using the exchange rates prevailing on the dates of the transactions.

### Financial instruments

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

### Goodwill

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

### Software

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

### Development costs

Expenditure on development projects is capitalised if it is likely from both a commercial and technical perspective that the project will be successful (i.e.: if it is likely that economic benefits will be realised) and the cost can be determined reliably. A legal reserve has been recognised within equity of PricewaterhouseCoopers B.V. regarding the recognised development costs for the capitalised amount.

The amortisation of capitalised development costs commences at the time when the asset is taken into use and takes place over the expected future useful life of the asset. Research costs are recognised in the profit and loss account.

### Tangible fixed assets

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

### Impairment of fixed assets

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

### Financial fixed assets

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

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

Deferred tax assets are recognised on tax losses and on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, to the extent that it is probable that future taxable profit will be available against which the temporary differences and fiscal losses can be utilised. Deferred income tax is determined, at nominal amount, on the basis of tax rates applying at year-end or at future tax rates where these have been enacted.

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

### Work in progress

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

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

Other receivables all mature within one year.

### Cash and cash equivalents

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

### Provisions

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

Pension provisions relate to commitments under non-activity arrangements.

Personnel provisions relate to long-term disability benefit top-ups, long-service entitlements and severance pay. The provisions for commitments under non-activity arrangements and long-service entitlements are carried at present value using a discount rate of 0.5% (30 June 2019: 2.0%) and taking into account staff turnover probability. The provision for long-term unemployment benefit top-ups is carried at its present value using a discount rate of 0.5% (30 June 2019: 2.0%).

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

### Subordinated loans

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

### Accrued expenses and deferred income (long-term)

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

### Liabilities

Liabilities are recognised initially at fair value, increased by transaction costs directly attributable to the assumption of the liability, and thereafter at amortised cost. The difference between carrying amount and ultimate repayment amount is charged to income as interest expense over the term of the liability based on the effective interest rate. Bonus and untaken leave entitlements are carried at the amounts required for monetary settlement.

## Foreword

## Highlights 2019/2020

### PwC in the Netherlands

#### Report of the Supervisory Board

#### Report of the Board of Management

### Financial statements Holding PricewaterhouseCoopers Nederland B.V.

1. Consolidated financial statements

1.1 Consolidated balance sheet as at 30 June 2020 (before appropriation of result)

1.2 Consolidated profit and loss account for the year ended 30 June 2020

1.3 Consolidated statement of cash flows for the year ended 30 June 2020

1.4 Notes to the consolidated financial statements

1.5 Notes to the consolidated balance sheet as at 30 June 2020

1.6 Notes to the consolidated profit and loss account for the year ended 30 June 2020

1.7 Other notes

1.8 Segment information

2. Company financial statements

3. Other information

### Appendices

The liability recognised for bonuses reflects the best estimate of the expenditure necessary to settle the obligation. Other current liabilities all mature within one year.

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

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

### Operating leases

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

### Accounting policies for the profit and loss account

#### General

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

### Net revenue

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

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

### Operating costs

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

### Salaries and social security charges

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

### Pensions

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

### Amortisation and depreciation of intangible and tangible fixed assets

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

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

### Interest income and expenses

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

### Exchange differences

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

### Dividends receivable

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

### Taxes

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

### Management fee

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

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

### Segment information

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

## Foreword

## Highlights 2019/2020

## PwC in the Netherlands

## Report of the Supervisory Board

## Report of the Board of Management

## Financial statements Holding PricewaterhouseCoopers Nederland B.V.

1. Consolidated financial statements
  - 1.1 Consolidated balance sheet as at 30 June 2020 (before appropriation of result)
  - 1.2 Consolidated profit and loss account for the year ended 30 June 2020
  - 1.3 Consolidated statement of cash flows for the year ended 30 June 2020
  - 1.4 Notes to the consolidated financial statements
  - 1.5 Notes to the consolidated balance sheet as at 30 June 2020
  - 1.6 Notes to the consolidated profit and loss account for the year ended 30 June 2020
  - 1.7 Other notes
  - 1.8 Segment information
2. Company financial statements
  3. Other information

## Appendices

The net revenue and cost of work contracted-out and other external costs as included in the segment information are adjusted as a result of a change in the presentation of internal revenues. This change in presentation has no effect on the consolidated net revenue, profit after tax and consequently the equity.

## Basis of preparation of the consolidated statement of cash flows

### General

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

### Working capital

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

## 1.5. Notes to the consolidated balance sheet as at 30 June 2020 (in € '000, unless otherwise stated)

### [1] Intangible fixed assets

The movements are as follows:

			2019/2020	2018/2019
	Goodwill	Software	Development costs	Total
<b>Balance as at 1 July</b>				
At cost	16,215	5,042	-	21,257
Accumulated amortisation	-7,835	-3,931	-	-11,766
<b>Carrying amount</b>	<b>8,380</b>	<b>1,111</b>	-	<b>9,491</b>
<b>Movements</b>				
Additions	2,942	212	898	4,052
Amortisation	-2,524	-975	-	-3,499
	<b>418</b>	<b>-763</b>	<b>898</b>	<b>553</b>
				<b>-2,498</b>
<b>Balance as at 30 June</b>				
At cost	19,157	5,254	898	25,309
Accumulated amortisation	-10,359	-4,906	-	-15,265
<b>Carrying amount</b>	<b>8,798</b>	<b>348</b>	<b>898</b>	<b>10,044</b>
Amortisation percentages	10-25	20-33	-	

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

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

Goodwill of € 2,942 was recognised on the acquisition of PricewaterhouseCoopers Technology Consulting (Netherlands) B.V. as of 30 June 2020 and is being amortised on a straight-line basis over four years.

The development costs relate to investments made for the rollout of a new finance and engagement management solution and for the end to end integration with the existing systems landscape as part of PwC's Global BOS (Business Operations Solutions) programme.

The programme includes the development and implementation of a wide range of cloud applications to facilitate and integrate the main back office and front office processes for the members of the global PwC network.

### [2] Tangible fixed assets

The movements are as follows:

					2019/2020	2018/2019
		Leasehold improvements	Office furniture	Office equipment	Fixed assets under construction	
<b>Balance as at 1 July</b>						
At cost	56,529	16,456	29,802	751	103,538	115,510
Accumulated depreciation	-39,738	-6,595	-19,965	-	-66,298	-83,068
<b>Carrying amount</b>	<b>16,791</b>	<b>9,861</b>	<b>9,837</b>	<b>751</b>	<b>37,240</b>	<b>32,442</b>
<b>Movements</b>						
Additions	1,291	1,053	7,786	1,352	11,482	14,479
Additions at cost from acquisitions	-	10	82	-	92	-
Disposals	-52	-221	-4,208	-898	-5,379	-26,451
Accumulated depreciation on disposals	32	212	3,974	-	4,218	25,890
Depreciation	-3,206	-1,326	-5,147	-	-9,679	-9,120
	<b>-1,935</b>	<b>-272</b>	<b>2,487</b>	<b>454</b>	<b>734</b>	<b>4,798</b>
<b>Balance as at 30 June</b>						
At cost	57,768	17,298	33,462	1,205	109,733	103,538
Accumulated depreciation	-42,912	-7,709	-21,138	-	-71,759	-66,298
<b>Carrying amount</b>	<b>14,856</b>	<b>9,589</b>	<b>12,324</b>	<b>1,205</b>	<b>37,974</b>	<b>37,240</b>
Depreciation percentages	10-25	10	10-35			

The fair value of tangible fixed assets does not differ materially from the carrying amount.

1. Consolidated financial statements
- 1.1 Consolidated balance sheet as at 30 June 2020 (before appropriation of result)
- 1.2 Consolidated profit and loss account for the year ended 30 June 2020
- 1.3 Consolidated statement of cash flows for the year ended 30 June 2020
- 1.4 Notes to the consolidated financial statements
- 1.5 Notes to the consolidated balance sheet as at 30 June 2020
- 1.6 Notes to the consolidated profit and loss account for the year ended 30 June 2020
- 1.7 Other notes
- 1.8 Segment information
2. Company financial statements
3. Other information

[3]

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

### Financial fixed assets

The movements are as follows:

			2019/2020	2018/2019
	Other participating interests	Deferred tax assets	Other receivables	Total
<b>Balance as at 1 July</b>	<b>5,957</b>	<b>2,542</b>	<b>10,704</b>	<b>19,203</b>
Additions	1	-	3,998	3,999
Charge to the profit and loss account	-	-187	-	-187
<b>Balance as at 30 June</b>	<b>5,958</b>	<b>2,355</b>	<b>14,702</b>	<b>23,015</b>
				<b>19,203</b>

Other receivables include a loan note including interest of € 3.2 m to PricewaterhouseCoopers Enterprise Advisory BV (before: PricewaterhouseCoopers Enterprise Advisory CVBA) and is received in July 2020.

### Other participating interests

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

The Group holds the following participations:

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

### Deferred tax assets

Deferred tax assets relate to temporary tax differences of € 9.8 m (30 June 2019: € 11.6 m) arising mainly on differences in depreciation periods for tangible fixed assets and on the timing of recognition of office vacancy costs. An amount of € 1.2 m (30 June 2019: € 0.9 m) of the deferred taxes balance is expected to be recoverable within one year.

### Other receivables

Other receivables as at 30 June 2020 consist of four receivables.

The first receivable is a Floating Rate Subordinated Unsecured Loan Note of € 1,733 provided to Lifeguard Finance B.V. on 20 February 2014. The receivable is subordinated to all other creditors of Lifeguard Finance B.V. Interest is payable semi-annually at the end of February and August and is set at the end of August each year at six-month Euribor plus 0.75%. For the period from 28 February 2019 to 31 August 2019 interest has been set at 0.75%. The principal, together with any unpaid interest, is repayable in full on 31 August 2022.

The second receivable concerns a loan note of \$ 5.6 m (€ 4.7 m) arising on the incorporation of PwC Business Solutions B.V. An amount of \$ 3.9 m (€ 3.2 m) was paid on 12 September 2017 and the remaining \$ 1.7 m (€ 1.5 m) on 18 June 2018. On 7 December 2018 and 11 November 2019 additional amounts of respectively \$ 1.3 m (€ 1.2 m) and \$ 0.6 m (€ 0.6 m) were paid and on 7 May 2020 an amount of \$ 2.2 m (€ 2.0 m) was redeemed. For the period from 1 September 2019 to 31 August 2020 interest has been set at twelve-month LIBOR plus 0.75%. The total of these loan notes of \$ 5.4 m (€ 4.8 m) together with the accrued interest is due and repayable on 30 June 2023.

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

The fourth receivable concerns a loan note of € 5 m provided to PwC Digital Technology Services B.V. on 17 June 2020. Interest of 3.5% is payable annually. The principal, together with any unpaid interest, is repayable in full on 30 June 2030.

**[4] Work in progress**

Work in progress at 30 June 2020 is stated net of on account billings aggregating € 107.5 m (30 June 2019: € 74.7 m).

**[5] Receivables from clients**

Receivables are due within one year and are not interest bearing. A provision for doubtful debts of € 9.6 m was carried at 30 June 2020 (30 June 2019: € 8.0 m).

**[6] Taxes and social security charges**

	30 June 2020	30 June 2019
Corporation tax	291	628
<b>Total</b>	<b>291</b>	<b>628</b>

**[7] Other receivables**

Other receivables are as follows:

	30 June 2020	30 June 2019
Receivables from related parties	16,977	5,863
Receivables from international network	-	2,845
Receivables from personnel	222	538
Other	1,863	2,983
<b>Total</b>	<b>19,062</b>	<b>12,229</b>

Receivables from related parties comprise receivables from a number of PwC entities that are not part of the Group.

**[8] Prepayments and accrued income**

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

	30 June 2020	30 June 2019
Prepaid rental costs	4,681	5,233
Prepaid car lease cost	96	2,154
Prepaid insurance premiums	27	56
Other	4,049	4,531
<b>Total</b>	<b>8,853</b>	<b>11,974</b>

**[9] Cash and cash equivalents**

Of the cash and cash equivalents, € 3.2 m (30 June 2019: € 3.2 m) was not freely available.

**[10] Group equity**

Disclosures regarding shareholders' equity are provided in the notes to the company financial statements.

A consolidated statement of comprehensive income is not presented, as there is no difference between profit after tax and comprehensive income (2018/2019: the same).

1. Consolidated financial statements
- 1.1 Consolidated balance sheet as at 30 June 2020 (before appropriation of result)
- 1.2 Consolidated profit and loss account for the year ended 30 June 2020
- 1.3 Consolidated statement of cash flows for the year ended 30 June 2020
- 1.4 Notes to the consolidated financial statements
- 1.5 Notes to the consolidated balance sheet as at 30 June 2020
- 1.6 Notes to the consolidated profit and loss account for the year ended 30 June 2020
- 1.7 Other notes
- 1.8 Segment information
2. Company financial statements
3. Other information

**[11] Provisions**

The movements are as follows:

	Personnel	Pensions	Other	2019/2020	2018/2019
				Total	Total
<b>Balance as at 1 July</b>	<b>4,500</b>	<b>17</b>	<b>16,582</b>	<b>21,099</b>	<b>26,275</b>
Additions	2,018	3	6,090	8,111	4,618
Utilisation	-1,127	-20	-3,113	-4,260	-6,661
Releases	-	-	-3,164	-3,164	-3,133
<b>Balance as at 30 June</b>	<b>5,391</b>	<b>-</b>	<b>16,395</b>	<b>21,786</b>	<b>21,099</b>

Approximately € 17.9 m (30 June 2019: approximately € 18 m) of provisions is long-term.

Personnel provisions include amounts for long-term disability benefit top-ups, long-service entitlements and severance pay. Pension provisions include obligations under non-activity schemes.

Other provisions include the office vacancy provision of € 4.4 m (30 June 2019: € 6.6 m) in respect of leased premises. This provision is based on the lease costs for future periods during which it is expected that the premises will not be occupied. Other provisions include a provision for obligations to restore leased premises at the end of the lease period of € 1.4 m (30 June 2019: € 1.5 m); this provision is recognised evenly over the lease period.

Other provisions also include professional liability provisions of € 10.4 m (30 June 2019: € 8.3 m) relating to work performed up to and including the balance sheet date. Releases relate primarily to changes in the estimated costs of claims outstanding. All of the claims are disputed, and provisions are made for any loss still expected to be incurred by the Group relating to ongoing claims. The Group is insured against any such claims. While the outcome of these disputes cannot be predicted with certainty, legal advice and other information received indicate that they will have no significant effect on the financial position of the Group.

**[12] Subordinated loans**

PwC Europe SE Wirtschaftsprüfungsgesellschaft has provided financing of € 46,666 (2018/2019: € 46,066) in the form of a loan subordinated to all of the Company's other creditors. Interest accrues at a maximum of 12% per annum depending on profitability. The amount of the loan fluctuates depending on the number of professional practitioners made available.

	2019/2020	2018/2019
<b>Balance as at 1 July</b>	<b>46,066</b>	<b>45,340</b>
Net movement from new and terminated association agreements with partners	600	1,000
Other	-	-274
<b>Balance as at 30 June</b>	<b>46,666</b>	<b>46,066</b>

**[13] Other loans**

PwC Enterprise Advisory BV has provided PricewaterhouseCoopers Advisory N.V. a loan with respect to the purchase of the shares in PwC Technology Consulting (Netherlands) B.V. This loan will be repaid in four instalments. The interest rate is set at 3,5% per annum and will be repaid per 30 September 2021 for the first time. Securities are not granted.

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

Long-term accrued expenses and deferred income include the long-term element of incentives received under a number of office lease agreements that are being released to the profit and loss account over the duration of the related rental contracts. The portion that will be released to the profit and loss account in 2019/2020 is included in short-term accrued expenses and deferred income in current liabilities.

## Foreword

## Highlights 2019/2020

### PwC in the Netherlands

#### Report of the Supervisory Board

#### Report of the Board of Management

### Financial statements Holding PricewaterhouseCoopers Nederland B.V.

1. Consolidated financial statements

1.1 Consolidated balance sheet as at 30 June 2020 (before appropriation of result)

1.2 Consolidated profit and loss account for the year ended 30 June 2020

1.3 Consolidated statement of cash flows for the year ended 30 June 2020

1.4 Notes to the consolidated financial statements

1.5 Notes to the consolidated balance sheet as at 30 June 2020

1.6 Notes to the consolidated profit and loss account for the year ended 30 June 2020

1.7 Other notes

1.8 Segment information

2. Company financial statements

3. Other information

### Appendices

The deferred rental incentives are being released as follows:

	30 June 2020	30 June 2019
From 1-5 years	5,696	8,060
> 5 years	-	-
<b>Carrying amount</b>	<b>5,696</b>	<b>8,060</b>

## [15] Liabilities to suppliers

Liabilities to suppliers are all due within one year.

## [16] Liabilities to shareholders

The liability to shareholder Coöperatie has a remaining term of less than one year and is interest bearing. The average interest rate for 2019/2020 was 1.648% (2018/2019: 0.388%).

## [17] Taxes and social security charges

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

	30 June 2020	30 June 2019
Value-added tax	29,292	31,037
Wages, tax and social security charges	15,771	14,014
<b>Total</b>	<b>45,063</b>	<b>45,051</b>

## [18] Other liabilities

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

	30 June 2020	30 June 2019
Work in progress for which on account billings exceed the project revenue earned	59,463	28,798
Bonuses payable	32,518	27,941
Accrued leave entitlements and holiday allowances	25,573	21,181
Amounts due to related parties	14,990	7,623
Other	89	174
<b>Total</b>	<b>132,633</b>	<b>85,717</b>

## [19] Accrued expenses and deferred income (current)

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

	30 June 2020	30 June 2019
Invoices to be received	17,694	22,351
Current portion of incentives received under lease agreements for office premises	2,449	2,439
Other	1,439	903
<b>Total</b>	<b>21,582</b>	<b>25,693</b>

## Foreword

## Highlights 2019/2020

## PwC in the Netherlands

### Report of the Supervisory Board

### Report of the Board of Management

## Financial statements Holding PricewaterhouseCoopers Nederland B.V.

1. Consolidated financial statements

1.1 Consolidated balance sheet as at 30 June 2020 (before appropriation of result)

1.2 Consolidated profit and loss account for the year ended 30 June 2020

1.3 Consolidated statement of cash flows for the year ended 30 June 2020

1.4 Notes to the consolidated financial statements

1.5 Notes to the consolidated balance sheet as at 30 June 2020

1.6 Notes to the consolidated profit and loss account for the year ended 30 June 2020

1.7 Other notes

1.8 Segment information

2. Company financial statements

3. Other information

## Appendices

## Off-balance sheet liabilities and commitments

- PricewaterhouseCoopers B.V. stands surety for the annual Group profit-linked periodic benefit payments administered by Stichting Verrekenfonds, for the beneficiaries of one of the legal predecessors of the legacy firm Coopers & Lybrand. For 2019/2020, the payments amounted to € 0.5 m (2018/2019: € 0.6 m). The payments are due for the lifetimes of the individual beneficiaries.
- Guarantees provided in relation to lease and other obligations total € 3.2 m as at 30 June 2020 (30 June 2019: € 3.2 m), with the longest running guarantee expiring on 30 September 2029.
- The Group has undertaken, in certain circumstances, to assume an obligation of up to \$ 12 m (30 June 2019: \$ 14 m) of L & F Holdings Limited, an entity in which PricewaterhouseCoopers Deelnemingen B.V. holds a 7.1% participating interest.
- PricewaterhouseCoopers B.V. has undertaken to indemnify a third party for 2.4% of certain liabilities that that party may incur under an agreement to fund supplementary payments of non-Dutch pensions.
- PricewaterhouseCoopers Deelnemingen B.V. has undertaken to bear 2.4% of the damages certain third parties may suffer in relation to their responsibilities in a certain non-Dutch Retirement Medical Trust.
- On 17 June 2020, PricewaterhouseCoopers Deelnemingen B.V. entered into a loan agreement with PwC Digital Technology Services B.V. of € 13 m. As of per 30 June 2020 an amount of € 5 m has been drawn down.

The Group has long-term rental contracts, other operating lease obligations and facility services insourcing obligations totalling € 259 m (30 June 2019: € 263 m).

These obligations mature as follows:

in € millions	30 June 2020	30 June 2019
< 1 year	65	61
From 1-5 years	132	127
> 5 years	62	75
<b>Total obligations</b>	<b>259</b>	<b>263</b>

## 1.6 Notes to the consolidated profit and loss account for the year ended 30 June 2020 (in € '000)

### [20] Net revenue

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

	2019/2020	2018/2019
Assurance	372,362	392,921
Tax & Legal	271,872	247,350
Advisory	304,829	242,858
Other	711	1,013
<b>Total</b>	<b>949,774</b>	<b>884,142</b>

Net revenue is earned primarily in the Netherlands.

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

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

### [22] Social security charges

Social security charges are as follows:

	2019/2020	2018/2019
Social security charges	47,202	44,248
Pension premiums	24,809	23,977
<b>Total</b>	<b>72,011</b>	<b>68,225</b>

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

### [23] Other operating costs

Other operating costs are as follows:

	2019/2020	2018/2019
Travel	67,198	67,218
Other personnel costs	56,790	55,370
Occupancy costs	31,075	29,957
Technology	29,671	28,844
Sales and business development	8,547	10,993
External consultants' fees	1,102	2,890
Other costs	41,475	43,634
<b>Total</b>	<b>235,858</b>	<b>238,906</b>

The increase in other personnel costs arises in relation to the well-being policy for our staff. Technology costs increased due to our share in the global investments in cloud applications. Other costs include membership contributions to PricewaterhouseCoopers International Ltd. and insurances and other costs related to professional liability.

### [24] Interest and other financial expense

Interest and other financial expense are as follows:

	2019/2020	2018/2019
Interests payable to PwC Europe SE	634	575
Exchange differences	-	299
Interests payable to Coöperatie	-	178
Other interest expense	587	311
<b>Total</b>	<b>1,221</b>	<b>1,363</b>

## Foreword

## Highlights 2019/2020

## PwC in the Netherlands

### Report of the Supervisory Board

### Report of the Board of Management

## Financial statements Holding PricewaterhouseCoopers Nederland B.V.

1. Consolidated financial statements

1.1 Consolidated balance sheet as at 30 June 2020 (before appropriation of result)

1.2 Consolidated profit and loss account for the year ended 30 June 2020

1.3 Consolidated statement of cash flows for the year ended 30 June 2020

1.4 Notes to the consolidated financial statements

1.5 Notes to the consolidated balance sheet as at 30 June 2020

1.6 Notes to the consolidated profit and loss account for the year ended 30 June 2020

1.7 Other notes

1.8 Segment information

2. Company financial statements

3. Other information

## Appendices

## [25] Taxes

Taxes are as follows:

	2019/2020	2018/2019
Profit on ordinary activities before tax	164,097	162,215
Management fee Coöperatie PricewaterhouseCoopers Nederland U.A.	-163,006	-160,787
Book/tax differences		
- Non-deductible items	3,635	2,730
- Temporary differences	-1,053	-2,787
<b>Taxable profit</b>	<b>3,673</b>	<b>1,371</b>
Tax thereon	904	332
Adjustments relating to prior year deferred tax	187	1,049
Correction of previous years	0	47
<b>Corporation tax due</b>	<b>1,091</b>	<b>1,428</b>

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

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

## [26] Management fee Coöperatie PricewaterhouseCoopers Nederland U.A.

The management fee Coöperatie contributes to the aggregate profit available for distribution to the professional practitioners, as further described in 1.7 (Other notes) on page 89.

## Foreword

## Highlights 2019/2020

### PwC in the Netherlands

#### Report of the Supervisory Board

#### Report of the Board of Management

### Financial statements Holding PricewaterhouseCoopers Nederland B.V.

1. Consolidated financial statements

1.1 Consolidated balance sheet as at 30 June 2020 (before appropriation of result)

1.2 Consolidated profit and loss account for the year ended 30 June 2020

1.3 Consolidated statement of cash flows for the year ended 30 June 2020

1.4 Notes to the consolidated financial statements

1.5 Notes to the consolidated balance sheet as at 30 June 2020

1.6 Notes to the consolidated profit and loss account for the year ended 30 June 2020

1.7 Other notes

1.8 Segment information

2. Company financial statements

3. Other information

### Appendices

## 1.7 Other notes (in € '000)

### Management agreement and other costs

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

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

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

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

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

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

	2019/2020	2018/2019
Management fee to Coöperatie	163,006	160,787
Results Coöperatie	461	2,173
<b>Profit available for allocation</b>	<b>163,467</b>	<b>162,960</b>
Management fee payable by Coöperatie to its members	-156,644	-156,243
Return on capital contributions paid to members of Coöperatie	-6,823	-6,717
Average number of partners (FTE)	282	278
Average management fee per partner*	579,8	586,7

\* Includes return on members' capital contributions.

In addition to their management fee, the members of Coöperatie also receive car and expense allowances, aggregating € 8.7 m (2018/2019: € 8.5 m), and interest on their current accounts, aggregating € 0.9 m (2018/2019: € 0.2 m). These interest expenses are recognised as an expense by Coöperatie and are not included in these financial statements.

### External auditor's fees

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

	2019/2020	2018/2019
Audit of the financial statements	318	237
Other audit engagements	25	43
<b>Total</b>	<b>343</b>	<b>280</b>

### Operating leases

The Group charged € 44.7 m (2018/2019: € 44.5 m) to the profit and loss account for operating lease costs during the year, relating to office premises and the leased car fleet.

## Foreword

## Highlights 2019/2020

### PwC in the Netherlands

#### Report of the Supervisory Board

#### Report of the Board of Management

### Financial statements Holding PricewaterhouseCoopers Nederland B.V.

1. Consolidated financial statements

1.1 Consolidated balance sheet as at 30 June 2020 (before appropriation of result)

1.2 Consolidated profit and loss account for the year ended 30 June 2020

1.3 Consolidated statement of cash flows for the year ended 30 June 2020

1.4 Notes to the consolidated financial statements

1.5 Notes to the consolidated balance sheet as at 30 June 2020

1.6 Notes to the consolidated profit and loss account for the year ended 30 June 2020

#### 1.7 Other notes

1.8 Segment information

2. Company financial statements

3. Other information

### Appendices

## Financial instruments and risk management

### Foreign exchange risk

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

Any significant foreign exchange risks relating to future cash flows from operating activities in foreign currencies are hedged by means of currency forward contracts under terms determined by reference to the timing of the underlying receivables and obligations. Gains and losses on instruments used to hedge off-balance sheet positions are deferred until the hedged positions are recognised. As at 30 June 2020, there were no contracts outstanding (30 June 2019: no contracts outstanding).

As at 30 June 2020, receivables in US dollars and other currencies amounted to € 15.2 m (30 June 2019: € 6.1 m) and € 0.6 m (30 June 2019: € 1.3 m), respectively. Liabilities in US dollars and other currencies amounted to € 10.0 m (30 June 2019: € 6.5 m) and € 0.5 m (30 June 2019: € 1.2 m), respectively.

### Interest rate risk and cash flow risk

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

- Subordinated loan of € 46,666 (2018/2019: € 46,066) payable to PwC Europe SE Wirtschaftsprüfungsgesellschaft, with interest accruing at a maximum of 12% per annum depending on profitability.
- Loan of € 1,733 (2018/2019: € 1,733) receivable from Lifeguard Finance B.V. with interest, receivable semi-annually, set at six-month Euribor plus 0.75% at the end of August each year (for the period from 28 February 2020 to 31 August 2020: 0.75%).
- Loan of € 4.8 m receivable from PwC Business Solutions B.V. with interest, receivable annually, set at twelve-month LIBOR plus 0.75% at the end of August each year.

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

### Credit risk

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

### Liquidity risk

Liquidity risk is mitigated by the fact that the cash flow from operating activities generates sufficient liquidity to meet ongoing obligations. Furthermore, the Group has access to revolving credit facilities with two large Dutch banks of € 50 m in total, of which 50% is seasonal (30 June 2019: € 25 m).

### Fair value

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

## Foreword

## Highlights 2019/2020

### PwC in the Netherlands

#### Report of the Supervisory Board

#### Report of the Board of Management

#### Financial statements Holding PricewaterhouseCoopers Nederland B.V.

##### 1. Consolidated financial statements

1.1 Consolidated balance sheet as at 30 June 2020 (before appropriation of result)

1.2 Consolidated profit and loss account for the year ended 30 June 2020

1.3 Consolidated statement of cash flows for the year ended 30 June 2020

1.4 Notes to the consolidated financial statements

1.5 Notes to the consolidated balance sheet as at 30 June 2020

1.6 Notes to the consolidated profit and loss account for the year ended 30 June 2020

1.7 Other notes

##### 1.8 Segment information

2. Company financial statements
3. Other information

## Appendices

## 1.8 Segment information (in €'000)

2019/2020	Assurance	Tax & Legal	Advisory	Other <sup>1)</sup>	Eliminations	Total
Net revenue from external clients	372,362	271,872	304,829	711	-	949,774
Net internal revenue	12,223	45,750	26,657	189,165	-273,795	-
<b>Total net revenue <sup>1)</sup></b>	<b>384,585</b>	<b>317,622</b>	<b>331,486</b>	<b>189,876</b>	<b>-273,795</b>	<b>949,774</b>
Costs of work contracted-out and other external costs	63,069	50,009	100,499	115	-74,419	139,273
Staff costs	146,113	96,206	94,396	60,233	-	396,948
Amortisation and depreciation of fixed assets	-	-	2,523	10,655	-	13,178
Other operating costs	137,583	96,821	80,686	120,144	-199,376	235,858
<b>Total operating costs</b>	<b>346,765</b>	<b>243,036</b>	<b>278,104</b>	<b>191,147</b>	<b>-273,795</b>	<b>785,257</b>
<b>Operating profit</b>	<b>37,820</b>	<b>74,586</b>	<b>53,382</b>	<b>-1,271</b>	<b>-</b>	<b>164,517</b>
Net financial income and expenses	-1,087	-1,016	-610	2,293	-	-420
Taxes	-428	-396	-267	-	-	-1,091
Management fee Coöperatie	-	-	-	-163,006	-	-163,006
<b>Profit after tax</b>	<b>36,305</b>	<b>73,174</b>	<b>52,505</b>	<b>-161,984</b>	<b>-</b>	<b>-</b>
<b>Carrying amount of total assets as at 30 June 2020</b>	<b>115,593</b>	<b>128,067</b>	<b>139,902</b>	<b>5,714</b>	<b>6,183</b>	<b>395,459</b>

<sup>1)</sup> Internal costs are charged to group companies and recognised as internal revenue under Other.

<sup>2)</sup> The net revenue and costs of work contracted-out and other external costs as included in the segment information are adjusted as a result of a change in the presentation of internal revenues. This change in presentation has no effect on the consolidated net revenue, profit after tax and consequently the equity.

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

<sup>2)</sup> FTE (excluding trainees) means full-time equivalents.

## Foreword

## Highlights 2019/2020

### PwC in the Netherlands

#### Report of the Supervisory Board

#### Report of the Board of Management

#### Financial statements Holding PricewaterhouseCoopers Nederland B.V.

##### 1. Consolidated financial statements

1.1 Consolidated balance sheet as at 30 June 2020 (before appropriation of result)

1.2 Consolidated profit and loss account for the year ended 30 June 2020

1.3 Consolidated statement of cash flows for the year ended 30 June 2020

1.4 Notes to the consolidated financial statements

1.5 Notes to the consolidated balance sheet as at 30 June 2020

1.6 Notes to the consolidated profit and loss account for the year ended 30 June 2020

1.7 Other notes

#### 1.8 Segment information

2. Company financial statements  
3. Other information

## Appendices

2018/2019	Assurance	Tax & Legal	Advisory	Other <sup>1)</sup>	Eliminations	Total
Net revenue from external clients	392,921	247,350	242,858	1,013	-	884,142
Net internal revenue	11,349	46,644	39,311	182,495	-279,799	-
<b>Total net revenue <sup>1)</sup></b>	<b>404,270</b>	<b>293,994</b>	<b>282,169</b>	<b>183,508</b>	<b>-279,799</b>	<b>884,142</b>
Costs of work contracted-out and other external costs	78,124	37,707	72,815	201	-88,536	100,311
Staff costs	138,311	93,035	80,040	57,730	-	369,116
Amortisation and depreciation of fixed assets	-	-	2,520	9,974	-	12,494
Other operating costs	141,582	92,116	75,878	120,593	-191,263	238,906
<b>Total operating costs</b>	<b>358,017</b>	<b>222,858</b>	<b>231,253</b>	<b>188,498</b>	<b>-279,799</b>	<b>720,827</b>
<b>Operating profit</b>	<b>46,253</b>	<b>71,136</b>	<b>50,916</b>	<b>-4,990</b>	<b>-</b>	<b>163,315</b>
Net financial income and expenses	-1,156	-982	-746	1,784	-	-1,100
Taxes	-570	-504	-354	-	-	-1,428
Management fee Coöperatie	-	-	-	-160,787	-	-160,787
<b>Profit after tax</b>	<b>44,527</b>	<b>69,650</b>	<b>49,816</b>	<b>-163,993</b>	<b>-</b>	<b>-</b>
<b>Carrying amount of total assets as at 30 June 2019</b>	<b>122,154</b>	<b>116,682</b>	<b>92,086</b>	<b>2,606</b>	<b>7,637</b>	<b>341,165</b>

<sup>1)</sup> Internal costs are charged to group companies and recognised as internal revenue under Other.

<sup>2)</sup> The net revenue and costs of work contracted-out and other external costs as included in the segment information are adjusted as a result of a change in the presentation of internal revenues. This change in presentation has no effect on the consolidated net revenue, profit after tax and consequently the equity.

People employed in FTE <sup>2)</sup>	Assurance	Tax & Legal	Advisory	Firm Services	Total
<b>Average number in 2018/2019</b>					
- Partners	111	98	69	-	278
- Other professionals	1,879	1,123	895	-	3,897
- Support staff	48	18	14	790	870
<b>Total</b>	<b>2,038</b>	<b>1,239</b>	<b>978</b>	<b>790</b>	<b>5,045</b>

<sup>2)</sup> FTE (excluding trainees) means full-time equivalents.

# 2. Company financial statements

## 2.1 Company balance sheet as at 30 June 2020 (before appropriation of result) (in €'000)

		30 June 2020	30 June 2019
<b>Fixed assets</b>			
<b>Financial fixed assets</b>			
Participating interests	[27]	170,087	171,174
Receivables from group companies	[28]	43,063	43,225
Deferred tax assets		2,355	2,542
		<b>215,505</b>	<b>216,941</b>
<b>Current assets</b>			
<b>Receivables</b>			
Receivables from group companies	[28]	3,250	1,950
Taxes and social security charges		371	628
Other receivables		1,182	-
		<b>4,803</b>	<b>2,578</b>
<b>Cash and cash equivalents</b>			
		<b>911</b>	<b>28</b>
<b>Total</b>		<b>221,219</b>	<b>219,547</b>

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

**Foreword****Highlights 2019/2020****PwC in the Netherlands****Report of the  
Supervisory Board****Report of the  
Board of Management****Financial statements Holding  
PricewaterhouseCoopers  
Nederland B.V.**

1. Consolidated financial statements
2. Company financial statements
2. Company financial statements
- 2.1 Company balance sheet as at 30 June 2020 (before appropriation of result)
- 2.2 Company profit and loss account for the year ended 30 June 2020

financial statements  
 2.4 Notes to the company balance sheet as at 30 June 2020  
 2.5 Other notes  
 3. Other information

**Appendices**

		30 June 2020	30 June 2019
<b>Equity and liabilities</b>			
<b>Shareholders' equity</b>			
Issued capital	[29]	6,750	6,750
Share premium		3,510	3,510
		<b>10,260</b>	<b>10,260</b>
<b>Long-term liabilities</b>			
Subordinated loans	[12]	46,666	46,066
		<b>46,666</b>	<b>46,066</b>
<b>Current liabilities</b>			
Liabilities to shareholders	[30]	75,430	84,831
Liabilities to group companies	[16]	87,801	77,367
Other liabilities		1,062	1,023
		<b>164,293</b>	<b>163,221</b>
<b>Total</b>		<b>221,219</b>	<b>219,547</b>

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

**2.2 Company profit and loss account for the year ended 30 June 2020 (in €'000)**

	2019/2020	2018/2019
Results of participating interests	160,360	162,700
Other income and expense after tax	-160,360	-162,700
<b>Profit after tax</b>	<b>-</b>	<b>-</b>

## 2.3 Notes to the company financial statements

### Basis of preparation

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

- TruEconomy Consulting Holding B.V., Zaltbommel (100%);
- PricewaterhouseCoopers Technology Consulting (Netherlands) B.V., Amsterdam (100%).

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

### Fiscal unity

Except for Executive Academy VOF, PricewaterhouseCoopers N.V., PricewaterhouseCoopers Deelnemingen B.V. and PricewaterhouseCoopers Technology Consulting (Netherlands) B.V., all of the abovementioned consolidated entities form a fiscal unity for value-added tax purposes with Holding PricewaterhouseCoopers Nederland B.V.

Except for PricewaterhouseCoopers Technology Consulting (Netherlands) B.V., all of the abovementioned consolidated entities form a fiscal unity for corporation tax purposes with Holding PricewaterhouseCoopers Nederland B.V.

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

#### General

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

## 2.4 Notes to the company balance sheet as at 30 June 2020 (in € '000 unless otherwise stated)

### [27] Participating interests

These consist of direct holdings in the following entities:

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

Movements during the year are as follows:

	2019/2020	2018/2019
<b>Balance as at 1 July</b>	<b>171,174</b>	<b>172,362</b>
Less: Dividend distribution	-161,447	-163,888
Add: Results of participating interests	160,360	162,700
<b>Balance as at 30 June</b>	<b>170,087</b>	<b>171,174</b>

### [28] Receivables from group companies

Receivables from group companies are as follows:

	2019/2020	2018/2019
PricewaterhouseCoopers Accountants N.V.	17,875	17,875
PricewaterhouseCoopers Belastingadviseurs N.V.	16,738	16,088
PricewaterhouseCoopers Advisory N.V.	11,700	11,212
	<b>46,313</b>	<b>45,175</b>
Due within one year	-3,250	-1,950
<b>Balance as at 30 June</b>	<b>43,063</b>	<b>43,225</b>

The Company has provided subordinated loans aggregating € 46,313 (2018/2019: € 45,175) to group companies. These loans fluctuate depending on the number of professional practitioners made available by Coöperatie. The nominal amount of the loan is € 162,500 (single Euros) for each practitioner made available. Interest is fixed annually on the basis of the 15-year external capital market interest rate plus a risk premium. The rate for 2019/2020 is 5.75% (2018/2019: 6.25%).

### [29] Issued capital

The Company's authorised share capital amounts to € 20,000 at 30 June 2020, divided into 800 ordinary shares of € 25,000 (single Euros) each and 1 priority share of € 1. The issued capital amounts to € 6,750, consisting of 270 ordinary shares of € 25,000 each (single Euros) and 1 priority share of € 1 (2018/2019: 270 ordinary shares and 1 priority share).

### [30] Current liabilities

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

### Off-balance sheet assets and commitments

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

## Foreword

## Highlights 2019/2020

### PwC in the Netherlands

#### Report of the Supervisory Board

#### Report of the Board of Management

### Financial statements Holding PricewaterhouseCoopers Nederland B.V.

1. Consolidated financial statements
2. Company financial statements
- 2.1 Company balance sheet as at 30 June 2020 (before appropriation of result)
- 2.2 Company profit and loss account for the year ended 30 June 2020
- 2.3 Notes to the company financial statements
- 2.4 Notes to the company balance sheet as at 30 June 2020
- 2.5 Other notes**
3. Other information

### Appendices

## 2.5 Other notes

### Risk management in the area of financial instruments

#### Foreign exchange risk

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

Any significant foreign exchange risks relating to future cash flows in foreign currencies are hedged by means of currency forward contracts under terms determined by reference to the timing of the underlying receivables and obligations. Gains and losses on instruments used to hedge off-balance sheet positions are deferred until the hedged positions are recognised. As at 30 June 2020, there were no contracts outstanding (30 June 2019: no contracts outstanding).

#### Interest rate risk

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

#### Credit risk

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

### Liquidity risk

Liquidity risk is mitigated by the fact that the cash flow from operating activities generates sufficient liquidity to meet ongoing obligations. Furthermore, the Group has access to revolving credit facilities with two large Dutch banks of € 50 m in total, of which 50% is seasonal (30 June 2019: € 25 m).

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

	2019/2020	2018/2019
Members of the Board of Management	6,099	6,099
Members of the Supervisory Board	478	490
	<b>6,577</b>	<b>6,589</b>

Reference is made to the Remuneration Report of the Supervisory Board included on page 113 of this Annual Report.

### Members and former members of the Board of Management

The remuneration of the Board of Management, comprising the statutory director and the six authorised executive directors, amounted to € 6.1 m for 2019/2020 (2018/2019: € 6.1 m for the statutory director and the five authorised executive directors).

### Members and former members of the Supervisory Board

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

Amsterdam, 21 September 2020

#### The Board of Management:

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

#### The Supervisory Board:

Dr. Ir. C. van Eykelenburg (Chair)  
Prof. dr. N. Ellemers  
A. Jorritsma  
Mr. F.W. Oldenburg  
Mr. drs. C.J.M. van Rijn  
Mr. Y.C.M.Th. van Rooy  
Dr. J. Sijbrand

\* Authorised executive director

# 3. Other information

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

Article 30 of the Company's Articles of Association prescribes the following:

- From the distributable profits as determined by the shareholders, a dividend is distributable firstly on the priority share, determined as a percentage of the nominal amount of the priority share equivalent to the legal interest rate applicable as of 1 January of the financial year. The remaining distributable profits are at the disposal of the General Meeting of Shareholders for the distribution of dividend solely on the ordinary shares, for appropriation to reserves or for any other purposes consistent with the Company's objectives that the Meeting shall decide upon.
- The Company may distribute profits only to the extent that shareholders' equity exceeds the reserves which are required by law to be retained.
- A decision to distribute is not valid until it is approved by the Board of Management, and this approval shall not be given if the Board of Management knows, or should reasonably be able to foresee, that the distribution would cause the Company to be unable to settle its obligations as they fall due.
- Shares held in treasury may not participate in any profit distribution.
- Only the amount of the legal payment obligation on the nominal amount of the share is to be used when determining the amount of any profit to be distributed per share. This may be disregarded at any time with the consent of all shareholders.
- Unless the Board of Management resolves otherwise, dividends become payable immediately the Board of Management approves the decision to make the distribution.
- Shareholder entitlements to claims under this article lapse after a period of five years.

## 3.2 Specific provisions of the Articles of Association governing shareholder control

The Company's Articles of Association, particularly articles 17.3, 17.4, 21.1 and 21.2, afford the holder of the priority share (hereafter: 'the Priority Shareholder') certain rights regarding control, as set out below.

17.3 Decisions of the Board of Management regarding the following matters may be taken only with the approval of the Priority Shareholder:

- Determination, on the initiative of the Chair of the Board of Management or Supervisory Board, of the duties and responsibilities of the Chair of the Board of Management, either through the implementation of internal procedures or in any other manner.
- Determination of a maximum number of professional practitioners with whom Coöperatie and the Company may enter into an association agreement.
- Preparation and approval of the Company's business plans, annual plans and budgets.
- Proposals for the determination or amendment of the remuneration system for the associated professional practitioners.
- Initiating or terminating the Company's and/or its representatives' memberships of PricewaterhouseCoopers Network bodies.
- Transfer of the Company's shares.
- Disposal or liquidation of significant Company shareholdings, participating interests or business units.
- Entering into or terminating any merger, disaggregation, joint venture or similar ongoing form of cooperation with third parties that involves a value of more than € 25 m.
- Initiation of any legal action, in addition to those set out above, that involves a value of more than € 25 m, with any inter-related actions being aggregated as one action.

17.4 The Board of Management also requires the approval of the Priority Shareholder for any management decision that the Priority Shareholder may determine and notify to the Board.

21.1 Board of Management decisions as described in articles 17.3 and 17.4 may only be taken with the approval of the Priority Shareholder.

21.2 Decisions by the General Meeting of Shareholders regarding the following matters may be taken only with the approval of the Priority Shareholder:

- Appointments to the Board of Management.
- Removal or waiver of the binding nature of nominations for appointments to the Board of Management.
- Appointment of one or more persons to temporarily discharge the duties of a member or members of the Board of Management.
- Appointments to the Supervisory Board.
- Appointment of one of the Supervisory Board members as Chair.
- Determination of the remuneration of the members of the Supervisory Board.
- Changes to the Articles of Association.

### 3.3 Combined independent auditor's and assurance report

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

#### Summary

We have summarized our opinion and main features of our audit of Holding PricewaterhouseCoopers Nederland B.V. below. The full text of the independent auditor's report, which includes the audit opinion on the financial statements and the reasonable assurance report on the other (integrated) information included in the Annual Report is included on the next pages.

The other (integrated) information in scope of our assurance engagement is included in the highlights 2019/2020, the Report of the Board of Management (excluding 'Outlook' per pillar in paragraph 'Executing our strategy and adding value' and 'Responsibility statement' on page 67), and the appendices (excluding 'Remuneration Report') to this Annual Report (hereafter: other (integrated) information in the annual report).

	Financial statements	Other (integrated) information in the annual report
Opinion	Unqualified opinion on financial statements	Unqualified reasonable assurance opinion on other (integrated) information in the annual report
Materiality	<ul style="list-style-type: none"> <li>Materiality of € 9,5 million</li> <li>1,0% of reported revenues</li> </ul>	<ul style="list-style-type: none"> <li>Based on our professional judgement we determined materiality levels for each relevant part of the sustainability information and for the sustainability information as a whole.</li> </ul>
Key audit matters	<ul style="list-style-type: none"> <li>Valuation work in progress</li> <li>Completeness and accuracy of provision for professional liability</li> </ul>	<ul style="list-style-type: none"> <li>Materiality analysis</li> <li>Fair view on material theme quality</li> </ul>

#### A. Report on the audit of the financial statements and other (integrated) information in the Annual Report 2019/2020

##### Our opinion

We have audited the financial statements and components of the Annual Report for the year ended 30 June 2020 of Holding PricewaterhouseCoopers Nederland B.V. (hereinafter 'PwC'), based in Amsterdam.

We have audited	Our opinion
<p><i>Financial statements</i></p> <p>The financial statements comprise:</p> <ol style="list-style-type: none"> <li>1. the consolidated and company balance sheet as at 30 June 2019;</li> <li>2. the consolidated and company profit and loss account for the year then ended; and</li> <li>3. the notes comprising a summary of the accounting policies and other explanatory information.</li> </ol> <p><i>Other (integrated) information in the Annual Report</i></p> <ol style="list-style-type: none"> <li>4. Highlights 2019/2020, Report of the Board of Management (excluding 'Outlook' per pillar in paragraph 'Executing our strategy and adding value' and 'Responsibility statement' on page 67), and the appendices (excluding 'Remuneration Report') to this Annual Report (hereafter: other (integrated) information in the annual report).</li> </ol> <p>The other (integrated) information in the Annual Report include prospective information such as ambitions, objectives, targets ad expectations. Inherent to this information is that the actual results may differ in the future and are therefore uncertain. We do not provide any assurance on the achievability of prospective information in the Annual Report.</p>	<p><i>Financial statements</i></p> <p>In our opinion, the accompanying financial statements give a true and fair view of the financial position of PwC as at 30 June 2020 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.</p> <p><i>Other (integrated) information in the Annual Report</i></p> <p>In our opinion the other (integrated) information in the Annual Reports presents, in all material respects, a reliable and adequate view of:</p> <ul style="list-style-type: none"> <li>the policy and business operations with regard to corporate responsibility; and</li> <li>the thereto related events and achievements for the year ended 30 June 2020</li> </ul> <p>in accordance with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) (Comprehensive option) and the supplementary internally applied reporting criteria as disclosed on page 115 and 119.</p>

##### Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing and the Dutch Standard 3810N 'Assurance-opdrachten inzake maatschappelijke verslagen' (Assurance engagements relating to sustainability reports), which is a specific Dutch standard that is based on the International Standard on Assurance Engagements (ISAE) 3000: 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements and the other (integrated) information in the Annual Report' section of our report.

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

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

Foreword

Highlights 2019/2020

PwC in the Netherlands

Report of the  
Supervisory Board

Report of the  
Board of Management

Financial statements Holding  
PricewaterhouseCoopers  
Nederland B.V.

1. Consolidated financial statements
2. Company financial statements
3. Other information
- 3.1 Provisions of the Articles of Association governing the appropriation of result
- 3.2 Specific provisions of the Articles of Association governing shareholder control
- 3.3 Combined independent auditors and assurance

Appendices

## Reporting criteria financial statements

The information in the scope of our engagements needs to be read and understood together with the reporting criteria, for which PwC is solely responsible for selecting and applying, taking into account applicable law and regulations related to reporting. The criteria used for the preparation of the consolidated and company financial statements are Part 9 of Book 2 of the Dutch Civil Code.

## Reporting criteria other (integrated) information in the Annual Report

The criteria used for the preparation of the other (integrated) information in the Annual Report are the GRI Standards (Comprehensive option) of the Global Reporting Initiative (GRI) guidelines and the supplemental reporting criteria developed by PwC as disclosed on page 115 and 119. We consider the reporting criteria used relevant and suitable for our assurance engagement.

## Materiality financial statements

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 9,500,000 (FY19: € 8,841,000). The materiality is based on a benchmark of revenues (representing 1,0% of reported revenues) which we consider to be one of the principal considerations for shareholders of the company in assessing the financial performance of the company. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of € 475,500 (FY19: € 442,050), which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

## Materiality other (integrated) information in the Annual Report

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

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

## Scope of the group audit

PwC is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of PwC. The other (integrated) information in the Annual Report incorporates the consolidated information of this group of entities.

Our group audit mainly focused on significant group entities. We consider an entity significant when:

- it is of individual financial significance to the group; or
- the component, due to its specific nature or circumstances, is likely to include significant risks of material misstatement, whether due to fraud or error of the group financial statements.

We have:

- performed audit procedures ourselves at group entities:
  - PricewaterhouseCoopers Accountants N.V.;
  - PricewaterhouseCoopers Belastingadviseurs N.V.;
  - PricewaterhouseCoopers Advisory N.V.;
  - PricewaterhouseCoopers B.V.;
  - PricewaterhouseCoopers IT Services (NL) B.V.;
- performed review procedures or specific audit procedures at other group entities.

The following diagrams outline the coverage of our procedures, as a result of our scope, on important line items in the financial statements:



By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

## Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Foreword

## Highlights 2019/2020

## PwC in the Netherlands

## Report of the Supervisory Board

## Report of the Board of Management

## Financial statements Holding PricewaterhouseCoopers Nederland B.V.

1. Consolidated financial statements
2. Company financial statements
3. Other information
- 3.1 Provisions of the Articles of Association governing the appropriation of result
- 3.2 Specific provisions of the Articles of Association governing shareholder control
- 3.3 Combined independent auditors and assurance

## Appendices

<b>Valuation work in progress</b> <i>Refer to note 4 of the financial statements</i>	<b>Our audit approach</b>  Our audit procedures included an assessment of the quality of the internal controls within PwC to the extend relevant for the audit of the financial statements , testing relevant controls and performing substantive procedures.  These substantive procedures consisted of an analysis whether the balance of the work in progress at year-end is invoiced in the next financial year, reconciliation of confirmations received from the responsible partners, analysis of net-rates during the year and analysis of the realization of each partner in relation to the recognized valuation allowance. We tested the provision by comparing the realization for each partner during the year with the realization for each project included in work in progress at year-end. We discussed the findings of these analysis' with the responsible LoS controllers.
<b>Completeness and accuracy of provision for professional liability</b> <i>Refer to note 11 of the financial statements</i>	<b>Our audit approach</b>  We tested the effective operation of the internal control framework which secures the completeness of the provision for professional liability, to the extend relevant for our audit of the financial statements . During our audit we received an overview of claims either recognized in the provision for professional liability and/or disclosed in the financial statements. We reconciled this overview with the financial statements and supporting internal and external documents. We assessed, when applicable, that claims fall within the scope of insurance agreements. We received lawyers letters from the lawyers engaged by PwC informing us about any significant claims against PwC. With these amongst others we determined the accuracy and completeness of claims recognized and/or disclosed in the financial statements. We assessed the completeness of registered claims by discussing the claims with the PwC Troublesome Practice Matter (TPM) team, validating that registered claims are consistent with the partner confirmations, internet search, a review of legal expenses, reading the minutes of meetings of the Company's executive board and supervisory board. Furthermore we assessed whether the observed claims are classified as a provision or an off balance sheet item.
<b>Materiality analysis</b> <i>(refer to page 18-20 what stakeholders expect from us)</i>	<b>Our audit approach</b>  To put together the new materiality matrix PwC conducted the following activities: <ul style="list-style-type: none"><li>- Perform a sector analysis;</li><li>- Perform a media analysis;</li><li>- Survey;</li><li>- Scoping themes internally;</li><li>- Discussion of material themes in one-on-one conversations with key stakeholders.</li></ul> During our audit we performed the following audit procedures on the materiality matrix: <ul style="list-style-type: none"><li>- We verified, by taking a non-statistical sample, whether the outcomes of the sector and media analysis are in accordance with supporting documentation like publications about the sector PwC operates in and PwC in special;</li><li>- We determined that the results of the 16 material themes defined by the media- and sector analysis were included in the survey. We analyzed the outcome of the survey and determined that calculations to prepare the matrix are made correct;</li><li>- We verified the supporting documentation regarding the scoping of the themes internally and determined the scoping was discussed by the board of management by reading notes of meetings in which the scoping of the themes by management was discussed. We also verified that the scoping of the themes by management is reflected correctly in the matrix.</li><li>- We performed a non-statistical sample on notes of one-on-one conversations to determine the outcomes of these conversations are taken into account by defining the 16 material themes.</li></ul>

## Foreword

## Highlights 2019/2020

## PwC in the Netherlands

## Report of the Supervisory Board

## Report of the Board of Management

## Financial statements Holding PricewaterhouseCoopers Nederland B.V.

1. Consolidated financial statements
2. Company financial statements
3. Other information
- 3.1 Provisions of the Articles of Association governing the appropriation of result
- 3.2 Specific provisions of the Articles of Association governing shareholder control
- 3.3 Combined independent auditors and assurance

## Appendices

Material theme quality (refer to page 27 Build high quality services)	Our audit approach
<p>According to the materiality matrix as included on page 18 one of the most material themes in the Annual Report is Quality. As a result this theme is one of the most important parts of our audit of the other (integrated) information in the Annual Report.</p>	<p>We determined which information in the other (integrated) information in the Annual Report refer to the material theme Quality. We made a distinction between the information into numbers and text claims. With respect to this information we determined the design and operating effectiveness of the internal control framework regarding this theme.</p> <p>Regarding the figures, we reconciled the figures with information from underlying databases. We determined the reliability of the information in these databases by reconciling the information with supporting external and internal information.</p> <p>For the text claims, we examined a selection, based on professional judgement, of the texts and made a reconciliation with supporting external and internal information.</p>
COVID-19 pandemic (refer to page 76 of the financial statements)	Our audit approach
<p>On March 11, 2020, the World Health Organization declared COVID-19, a global pandemic. Measures taken by various governments including the government of The Netherlands to prevent the virus spread, affected the economic activities. The impact continues to evolve, causing complexity and inherent uncertainty.</p> <p>The developments in response to the COVID-19 pandemic and the potential lack of available information for evaluating the reasonableness of significant assumptions used during the pandemic, increase the estimation uncertainty associated with the expected credit losses on amongst others the receivables from clients and work in progress (note 4 and 5).</p> <p>Given the fact that COVID-19 can be seen as an event started during PwC's bookyear and the possible impact and consequences COVID-19 could have on PwC's going concern assumption -including the degree of estimation uncertainty in certain areas of the financial statements-, we have considered this to be a key audit matter.</p>	<p>We audited and challenged management's assessment of the impact of COVID-19 on their business and the ability to continue as a going concern, including:</p> <ul style="list-style-type: none"><li>• Enquiries with key members of management both inside and outside of the finance function, to understand the Group's mitigating actions and potential impact on the business;</li><li>• Review of the minutes of meetings of the Company's executive board and supervisory board to understand actions taken to understand mitigating actions and potential impact on the business</li><li>• Reviewed performance (management) reports and ongoing scenario analysis;</li><li>• Reviewed management's Group's future cash flow projections.</li></ul> <p>Furthermore, we audited and challenged management's assessment of the impact of COVID-19 on the application of accounting policies and valuation of several accounts in the financial statements. Notably, consisting of the following:</p> <ul style="list-style-type: none"><li>• Audit assumptions and methodology in determining provisions for valuation of work in progress and receivables from clients according to Dutch GAAP;</li><li>• Valuation of goodwill and other non-current assets.</li><li>• Audited the impact of COVID-19 on provisions (like onerous contracts).</li></ul> <p>In performing our audit procedures we maintained our professional scepticism and remained alert for any possible impact of the COVID-19 pandemic on the financial statements and we analysed events subsequent to June 30, 2020 to determine whether any adjusting events require adjusting amounts recognized in the financial statements.</p> <p>Finally, we evaluated the overall view of the financial statements, including the disclosures, related to the impact of the COVID-19 pandemic.</p>

## Limitations to the scope of our audit

The other (integrated) information in the Annual Report includes prospective information such as ambitions, strategy, plans, expectations, estimates and risk assessments. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the other (integrated) information in the Annual Report.

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

## B. Report on other information included in the Annual Report

Next to the financial statements and our opinion thereon, the Annual Report consists of other information, including:

- Foreword;
- Highlights;
- Report of the Supervisory Board;
- Report of the Board of Management;
- Information about PwC;
- Appendices;
- the other information on page 98.

Based on the procedures as mentioned below, we are of the opinion that the other information:

- is consistent with the financial statements and contains no material misstatements;
- includes all information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information and based on our knowledge and understanding obtained from the audit of the financial statements or otherwise, we have considered if the other information contains material misstatements.

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

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

## C. Report on other legal and regulatory requirements

### Engagement

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

## D. Description of responsibilities regarding the financial statements and the other (integrated) information in the Annual Report

### Responsibilities of management and the Supervisory Board for the Annual Report

The Management Board is responsible for the preparation and fair presentation of the financial statements on pages 78 to 105 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code, the other information as required by Part 9 of Book 2 of the Dutch Civil Code and the reporting criteria of PwC, based on the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) (Comprehensive option). Furthermore, the Management Board is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements and the other (integrated) information in the Annual Report that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements as included on pages 70 to 98, the Management Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Management Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

### Our responsibilities for the audit of the financial statements and the other (integrated) information in the Annual Report

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

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

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

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with the Dutch Standards on Auditing and the Dutch assurance standard 3810N, ethical requirements and independence requirements.

Our audit of the financial statements included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;

- ▶ evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- ▶ evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- ▶ evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Our audit of the other (integrated) information in the Annual Report included among others:

- ▶ Performing an analysis of the external environment and obtaining an understanding of relevant social themes and issues, and the characteristics of the organization;
- ▶ Identifying and assessing the risks of material misstatement of the sustainability information, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- ▶ Evaluating the appropriateness of the reporting criteria used and its consistent application, including the evaluation of the results of the stakeholders' dialogue, and the reasonableness of estimates made by management and related disclosures;
- ▶ Evaluating the overall presentation, structure and content of the sustainability information, including the disclosures;
- ▶ Evaluating whether the sustainability information represents the underlying transactions and events free from material misstatement;
- ▶ Evaluating the procedures performed by the internal audit department of PwC.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

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

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Utrecht, 21 September 2020

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

R.W.A. Eradus RA

Foreword

Highlights 2019/2020

PwC in the Netherlands

Report of the  
Supervisory Board

Report of the  
Board of Management

Financial statements Holding  
PricewaterhouseCoopers  
Nederland B.V.

#### Appendices

- Corporate governance
- Remuneration report
- Code of Conduct
- About this report
- Our sustainability measures  
by impact area
- GRI table
- Breakdown of headcount
- Our legal structure
- Glossary
- Acknowledgements



# Appendices

# Corporate Governance

## Where applicable we follow the principles of the Corporate Governance Code

Although we are not a listed entity, we apply the Code voluntarily, as we believe that compliance contributes to confidence in good and responsible management and integration into society and, with long-term value creation as a principle it is in line with our own ambitions (see pages 27-28).

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

As of July 2018 our Board of Management consists of three women and four men (i.e. 43% female). The Supervisory Board consists of three women and four men since 1 July 2019 (i.e. 43% female).

## Allocation of responsibilities within the Board of Management

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

## Avoiding conflicts of interest

No member of the Board of Management takes part in discussion or decision-making processes that may give rise to a conflict of interest between the Board member and PwC. In such cases, PwC is normally represented by another person, who is appointed specifically for this purpose by the Supervisory Board. To our knowledge, no transactions involving any potential or real conflict of interest took place in 2019/2020.

## Governance bodies Holding PricewaterhouseCoopers B.V.

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

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

Bodies	Main powers and activities	Appointment by	Members 2019/2020
Board of Management (BoM)	<ul style="list-style-type: none"> <li>• Responsible for managing the company, guided by the interests of the company and of the enterprise connected with it.</li> <li>• Ensuring that the company will act in accordance with the objectives as defined in the Articles of Association of the Company.</li> <li>• Responsible for i) defining the long-term goals and strategy of the company, ii) the preparation and execution of general policies and iii) identifying and analysing risks associated with the strategy and business activities of the company. Developing policies and procedures around risks that are consistent with the company's strategy and risk appetite.</li> <li>• Ensuring that the company is in good standing and in full compliance with the relevant legislation, rules, standards and procedures.</li> <li>• Responsible for the preparation of the financial budget and annual plans for the company. The Management Board is responsible for the performance of the company.</li> </ul>	<p>The chair of the Board of Management is appointed by the General Meeting on the basis of a binding proposal from the Supervisory Board.</p> <p>Appointment is for a term of up to four years, with eligibility for reappointment for one additional term of up to four years.</p> <p>The chair of the Board of Management will appoint the members of his/her team (see more information below).</p>	<ul style="list-style-type: none"> <li>• Ad van Gils (Chair)</li> <li>• Agnes Koops-Aukes</li> <li>• Jolanda Lamse-Minderhoud</li> <li>• Maarten van de Pol</li> <li>• Marc Borggreven</li> <li>• Marc Diepstraten</li> <li>• Renate de Lange-Snijders</li> </ul> <p>All members qualify as policymakers of PricewaterhouseCoopers Accountants N.V. and Coöperatie PricewaterhouseCoopers Nederland U.A.</p>
Supervisory Board (SB)	<p>Supervises the Board of Management and the overall business affairs of Holding PricewaterhouseCoopers Nederland B.V. and its affiliated group enterprises and assists the Board of Management by providing advice. The Supervisory Board has established four committees from among its members: the Audit Committee, the Public Interest Committee, the Remuneration Committee and the Selection and Appointment Committee. Their task is to assist and advise the Supervisory Board in fulfilling its responsibilities. The tasks and procedures of the committees are outlined in their charters, which can be found on our website. The present composition of the committees can be found on pages 11-12 of this Annual Report.</p>	<p>The members of the Supervisory Board are appointed by the General Meeting of Holding Pricewaterhouse Coopers Nederland B.V. on the basis of a binding proposal submitted by the Supervisory Board on the advice of its Selection and Appointment Committee.</p> <p>Members of the Supervisory Board are appointed for a term of up to four years, with eligibility for reappointment for one additional term of up to four years.</p>	<ul style="list-style-type: none"> <li>• Carel van Eykelenburg (Chair)</li> <li>• Naomi Ellemers</li> <li>• Annemarie Jorritsma</li> <li>• Frits Oldenburg</li> <li>• Cees van Rijn</li> <li>• Yvonne van Rooy</li> <li>• Jan Sijbrand</li> </ul>

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



### Ad van Gils

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

#### Portfolio as of 1 July 2018:

- Chair of the Board of Management
- Member of Europe Board of PwC Europe SE
- Member of the EMEA Leadership Team
- Member of the PwC Network Strategy Council

Date of appointment: 1 July 2018

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



### Agnes Koops-Aukes

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

#### Portfolio as of 1 July 2018:

- Assurance
- Member of the EMEA Assurance Leadership Team

Date of appointment: 1 July 2018

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

#### External positions:

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



### Jolanda Lamse-Minderhoud

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

#### Portfolio as of 1 July 2018:

- Chief Financial Officer
- Chief Operations Officer
- Quality & Risk
- Member of Executive Team of PwC Europe SE (Brand, Regulatory & Compliance) (until 1 July 2020)

Date of appointment: 1 July 2013

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

#### External position:

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



### Maarten van de Pol

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

#### Portfolio as of 1 July 2018:

- Advisory
- Deals Leader PwC Europe

Date of appointment: 1 July 2018

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

## Foreword

## Highlights 2019/2020

### PwC in the Netherlands

#### Report of the Supervisory Board

#### Report of the Board of Management

#### Financial statements Holding PricewaterhouseCoopers Nederland B.V.

#### Appendices

##### - Corporate governance

- Remuneration report
- Code of Conduct
- About this report
- Our sustainability measures by impact area
- GRI table
- Breakdown of headcount
- Our legal structure
- Glossary
- Acknowledgements



#### Marc Borggreven

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

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

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

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



#### Marc Diepstraten

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

Portfolio:  
- Tax & Legal  
- EMEA Tax Leader

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



#### Renate de Lange-Snijders

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

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

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

## Foreword

## Highlights 2019/2020

### PwC in the Netherlands

#### Report of the Supervisory Board

#### Report of the Board of Management

#### Financial statements Holding PricewaterhouseCoopers Nederland B.V.

### Appendices

#### - Corporate governance

- Remuneration report
- Code of Conduct
- About this report
- Our sustainability measures by impact area
- GRI table
- Breakdown of headcount
- Our legal structure
- Glossary
- Acknowledgements

### Line of Service Boards

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

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

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

Assurance Board	Tax & Legal Board	Advisory Board
<ul style="list-style-type: none"><li>• Agnes Koops-Aukes (Chair)</li><li>• Michel Adriaansens</li><li>• Wytse van der Molen</li><li>• Joris van Meijel</li></ul>	<ul style="list-style-type: none"><li>• Marc Diepostraten (Chair)</li><li>• Jeroen Boonacker</li><li>• Marcel Jakobsen</li><li>• Janet Visbeen</li><li>• Brenda Mooijekind</li></ul>	<ul style="list-style-type: none"><li>• Maarten van de Pol (Chair)</li><li>• Gert-Jan van der Marel</li><li>• Wendy van Tol</li><li>• Remco van Daal</li></ul>

### Governance bodies Coöperatie PricewaterhouseCoopers Nederland U.A.

Bodies	Main powers and activities	Appointment by	Members 2019/2020
General Meeting	<ul style="list-style-type: none"><li>• Approves (or dismisses) resolutions of the Board of Management regarding the entering into new association agreements with partners.</li><li>• Appoints the Chair of the Board of Management.</li><li>• Approves the annual financial statements, budget and overall strategy of PwC Netherlands.</li><li>• Appoints the external auditor on nomination of the Supervisory Board.</li></ul>	Not applicable	All members of Coöperatie PricewaterhouseCoopers Nederland U.A. ('partners')
Membership Council	Represents the collective interests of the members of Coöperatie PricewaterhouseCoopers Nederland U.A. and provides advice on matters that are presented to Coöperatie. The Membership Council may also provide advice to the Board of Management of Coöperatie, either upon request or on its own initiative, and may act as advocate in the interests of the partner concerned in cases of internal dispute.	The members of the Membership Council are appointed by the members of Coöperatie for a term of up to four years, with eligibility for reappointment for one additional term of up to four years.	<ul style="list-style-type: none"><li>• Diederik van Dommelen (Chair)</li><li>• Hans Bod</li><li>• Hans Dullaert</li><li>• Sander Gerritsen</li><li>• Shana Laurie de Hernandez</li><li>• Jacobina Brinkman</li><li>• Jeroen Elink Schuurman</li><li>• Paul Nillesen</li></ul>

### Business Units

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

These BUs have the following responsibilities:

- Implementation of the applicable regulatory requirements for quality, risk management and conduct (Code of Conduct), the Business Unit Leader being assisted in this role by the Quality Assurance Partner who is responsible for quality aspects such as the acceptance, continuance and execution of engagements including the statutory audits.
- Operational management by objectives in the areas of revenue, productivity and profitability.
- Development and management of an effective infrastructure to manage staffing needs and resources and business unit planning.

- Human capital management (with a focus on client service) and people development (in terms of experience and conduct).

### Works Council

PwC's Works Council has 21 members, representing the various Lines of Service and Firm Services (eight from Assurance, five from Tax & Legal, four from Advisory and four from Firm Services). The Works Council represents the collective interests of PwC's staff. It provides advice to the Board of Management, either upon request or on its own initiative, and has specific rights such as the right to prior consultation in the event of major decisions and on employment conditions. The Works Council meets regularly with a representative of the Board of Management.

# Holding PricewaterhouseCoopers Nederland B.V. - Remuneration Report for the financial year ended 30 June 2020

This Remuneration Report was prepared by the Remuneration Committee of the Supervisory Board on 21 September 2020 and adopted by the Supervisory Board on 21 September 2020. It is part of the Report of the Supervisory Board, included in the Annual Report of Holding PricewaterhouseCoopers Nederland B.V.

The Annual Report is published on the website [www.pwc.nl](http://www.pwc.nl).

This report addresses the 2019/2020 remuneration of partners, staff, Board of Management and Supervisory Board.

The Annual Report's section 'Governance and remuneration' (pages 62-63) sets out the remuneration framework of PwC NL.

In short, the partner evaluation and remuneration process can be described as follows:

Table I

Start of the financial year		End of the financial year		
Mapping	Goalsetting	Evaluation	Rating	Remuneration
Based on proposals by the different Lines of Service Boards, 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 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 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.

## Foreword

## Highlights 2019/2020

### PwC in the Netherlands

#### Report of the Supervisory Board

#### Report of the Board of Management

#### Financial statements Holding PricewaterhouseCoopers Nederland B.V.

#### Appendices

- Corporate governance
- Remuneration report
- Code of Conduct
- About this report
- Our sustainability measures by impact area
- GRI table
- Breakdown of headcount
- Our legal structure
- Glossary
- Acknowledgements

Partner remuneration varies with the financial performance of PwC NL and is based on a points system in which the Euro value per point is determined as the profit available divided by the aggregate number of points in circulation.

The points allocated to partners are 50% fixed as equity and responsibility-based ('mapping') and 50% variable as performance-based ('rating'). At target performance means full partner entitlement to the variable 50% element. A positive or negative outcome to the annual evaluation process can lead to an adjustment to the variable 50% element. The variable element is determined based on individual partner performance in the areas of Clients (weighing: 50%), People (weighing: 25%) and Firm/Strategy (weighing: 25%). Quality is a significant element

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

'Regular' conduct (i.e. the behaviour that we at least expect from everyone) does not result in additional remuneration. PwC refers to this as 'baseline expectations'. Baseline expectations represent conduct in line with our Code of Conduct, complying with all applicable internal and external regulatory requirements and with proactive involvement within the firm. Non-compliance with baseline expectations can negatively affect total remuneration by 12.5-50%.

### Assurance

The audit firm's Transparency Report sets out the evaluation and remuneration policies of Assurance partners and directors in particular. The Remuneration Committee and Supervisory Board reviewed the FY20 outcomes of this process.

Partners who act as external auditors are subject to a clawback scheme. The clawback period has been set at six years. Under this scheme, one sixth of each individual partner's annual management fee is reserved in an independent foundation set up for this purpose. If it happens that an external auditor has issued an incorrect opinion for which the auditor is culpable and which has resulted in

societal damage, the auditor loses entitlement to this deferred remuneration and the amount is then invested by PwC NL into its quality improvement measures. In 2019/2020, no clawback was made under this scheme.

### Staff remuneration

The evaluation and remuneration process for staff is set out in the Annual Report on page 63. Following the annual revision of the primary and secondary conditions of employment, the Remuneration Committee and the Supervisory Board discussed the distinctive features of the PwC NL salary structure. The proposed changes in the remuneration policies and conditions of

employment for staff and directors were assessed as well, resulting in the approval of a balanced package of employment benefits with a focus on flexibility, well-being, sustainability & mobility and appropriate remuneration, reflecting PwC's ambition to be an attractive and inspiring employer.

### Pay ratios

Reference is made to page 63 of the Annual Report's section 'Governance and remuneration' for the relationship of the highest remuneration within PwC NL to the median and the average of the total remuneration within PwC NL (including partners). The outcomes of the analysis of pay and bonus income of all staff, including partners, on page 41 of the Annual Report's section 'Recruit, develop and retain diverse talent', provides insight in pay equality within PwC NL.

### Remuneration of the Board of Management

As described on page 63 of this Annual Report, the members of the Board of Management are remunerated on a fixed, non-profit related basis.

Table II

Remuneration for the Board of Management (€) <sup>(1)</sup>	2019/2020	2018/2019
Marc Borggreven	800,000	800,000
Marc Diepstraten	914,500	914,500
Ad van Gils (chair)	1,070,000	1,070,000
Agnes Koops-Aukes	800,000	800,000
Jolanda Lamse-Minderhoud	914,500	914,500
Renate de Lange-Snijders	800,000	800,000
Maarten van de Pol	800,000	800,000

<sup>(1)</sup> Total remuneration before the obligatory Foundation Verrekenfonds deductions and before the amounts withheld annually in connection with any clawback for members of the Board of Management who have been authorised by the Supervisory Board to act as external auditor.

### Fixed remuneration

The Supervisory Board determines the remuneration of the individual members of the Board of Management in compliance with the Dutch Audit Firms Supervision Act and in line with criteria set by the General Meeting. With the appointment of the Board of Management in 2018, the Supervisory Board has, following the proposal of the Remuneration Committee, agreed to review the determined remuneration halfway through the term based on any personal, portfolio or social developments. As set out in the Report of the Supervisory Board, all members of the Board of Management take part in annual (goal setting and evaluation) interviews with members of the Supervisory Board. This includes an assessment of the time spent by the board members in their various roles.

The Supervisory Board has determined the remuneration of the individual members of the Board of Management in 2019/2020 as set out in Table II.

## Foreword

## Highlights 2019/2020

### PwC in the Netherlands

#### Report of the Supervisory Board

#### Report of the Board of Management

#### Financial statements Holding PricewaterhouseCoopers Nederland B.V.

### Appendices

- Corporate governance
- Remuneration report
- Code of Conduct
- About this report
- Our sustainability measures by impact area
- GRI table
- Breakdown of headcount
- Our legal structure
- Glossary
- Acknowledgements



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

In addition to the fixed remuneration, the members of the Board of Management also receive expense allowances in line with those set for all partners and they receive an annual member fee on capital contributed, as do all PwC NL partners. Because of the fixed non-profit related basis for the remuneration, the scenario analyses provided for by the Dutch Corporate Governance Code do not apply. However, when reviewing the remuneration framework, the Supervisory Board compares the framework for the Board of Management to several remuneration benchmarks, such as the CEO Benchmark, other audit and advisory organisations, other PwC member firms, and relative remuneration levels within PwC NL and other organisations. In determining the fixed remuneration levels, the Supervisory Board also considers trends for current and past members of the Board of Management (both before and after their membership of the Board) and trends in (partner) remuneration, together with the responsibilities and portfolios of the individual board members.

### Variable remuneration

The Supervisory Board is authorised to determine a bonus of up to 20% of fixed remuneration based on the achievement of long-term goals set by the Supervisory Board within the context of PwC's societal role, with the bonus only being awarded where the goals set have been exceeded, i.e. for exceptional achievement. The Supervisory Board is also authorised to levy a remuneration penalty on a member of the Board of Management, up to a maximum of 20%, where the quality aspects of the performance as professional practitioner justify this. In the financial year 2019/2020, no such bonus or penalty was determined.

### Clawback applying to the Board of Management

The Supervisory Board is authorised to claw back bonuses from individual members of the Board of Management if the information (financial or non-financial) supporting the bonus proves to be inaccurate. The clawback for partners who act as external auditor also applies to members of the Board of Management who act as external auditor as agreed with the Supervisory Board. No clawback was made relating to the financial year 2019/2020.

### Assurance Board

As from 1 July 2018, the Supervisory Board also determines the remuneration of the members of the Assurance Board in accordance with the remuneration policy for the members of the Board of Management as set out above.

## Foreword

## Highlights 2019/2020

### PwC in the Netherlands

#### Report of the Supervisory Board

#### Report of the Board of Management

#### Financial statements Holding PricewaterhouseCoopers Nederland B.V.

### Appendices

- Corporate governance
- Remuneration report**
- Code of Conduct
- About this report
- Our sustainability measures by impact area
- GRI table
- Breakdown of headcount
- Our legal structure
- Glossary
- Acknowledgements

## Remuneration of the Supervisory Board

The remuneration of the members of the Supervisory Board consists of a fixed annual amount, determined by the General Meeting. The annual remuneration for the Chair of the Supervisory Board amounts to € 70,000, for a member of the Supervisory Board € 45,000, for a chair of a committee € 10,000, and for a member of a committee € 7,500. The remuneration of the members of the Supervisory Board for their periods of office in 2019/2020 is set out in Table III. The members of the Supervisory Board are also entitled to claim expenses incurred. No personal loans or guarantees have been provided to, or on behalf of, the members of the Supervisory Board.

The Supervisory Board Regulations require that remuneration is proportionate to the responsibilities involved and the time needed to discharge the responsibilities properly and that it is independent of the Company's results. The remuneration for each member is based on roles in the Supervisory Board and in committees, as set out in the individual member's appointment agreements. The member is responsible for discharging the role agreed and for managing time to achieve this. Each member gives due consideration to the roles, jurisdiction and responsibilities allocated to the Supervisory Board and its members as prescribed by law, the Articles of Association, the applicable principles of the Dutch Corporate Governance Code, the Supervisory Board Regulations, and the individual member's appointment.

Table III

Remuneration for the Supervisory Board for 2019/2020 (€)	Remuneration for chairmanship or membership of the Supervisory Board	Remuneration for chairmanship or membership of the Audit Committee	Remuneration for chairmanship or membership of the Remuneration Committee	Remuneration for chairmanship or membership of the Selection and Appointment Committee	Remuneration for chairmanship or membership of the Public Interest Committee	Total remuneration for 2019/2020	Total remuneration for 2018/2019
Naomi Ellemers	45,000			7,500	7,500	60,000	60,000
Carel van Eykelenburg	70,000		7,500	10,000	7,500	95,000	42,720 <sup>(1)</sup>
Annemarie Jorritsma	45,000	7,500	10,000		7,500	70,000	70,000
Frits Oldenburg	45,000	7,500		7,500	7,500	67,500	67,500
Cees van Rijn	45,000	10,000			7,500	62,500	62,500
Yvonne van Rooy	45,000		7,500		7,500	60,000	61,500 <sup>(2)</sup>
Jan Sijbrand	45,000		7,500		10,000	62,500	30,754 <sup>(3)</sup>

Notes remuneration 2018/2019

(1) Appointed as from 12 November 2018 and chair Supervisory Board as from 1 July 2019

(2) Interim chair Public Interest Committee from 1 July 2018 up to and including 4 February 2019

(3) Appointed as from 1 January 2019 and chair Public Interest Committee as from 5 February 2019

**Appendices**

- Corporate governance
- Remuneration report
- Code of Conduct**
- About this report
- Our sustainability measures by impact area
- GRI table
- Breakdown of headcount
- Our legal structure
- Glossary
- Acknowledgements

# Code of Conduct

In addition to having procedures covering the matters that affect our technical expertise, integrity and independence, we also have a global Code of Conduct that concisely and clearly sets out what we stand for and what is expected of us. We have adopted our Code of Conduct from the global PwC network code.

The Code of Conduct is based on our values and provides guidance to our staff and partners as to how they should behave and conduct themselves in a variety of differing circumstances and situations.

Compliance with the Code of Conduct is not voluntary. It is an integral part of all our contracts, whether it is our employment contracts, the engagement letter for clients, or the supplier conditions for our suppliers.

The Code of Conduct is a mandatory element of our training and development programmes. Every new staff member is given an e-learning which specifically addresses the handling of dilemmas. The Code of Conduct is also covered in other training modules.

## Complaints and notifications procedures

The Code of Conduct provides a complaints procedure (covering complaints in the personal area) and a notification and whistle-blower procedure (covering suspicions of professional misconduct).

Complaints in the personal area cover, for instance, intimidation, aggressive behaviour or discrimination and are dealt with by the Complaints Committee. Notifications of suspected professional misconduct (for instance improper acceptance of gifts or deliberate mis-invoicing) are dealt with by the Business Conduct Committee. Depending on the nature and severity of the case, sanctions vary from a written warning or reprimand to suspension and dismissal for employees or, for partners, to termination of the association agreement. The Complaints Committee and the Business Conduct Committee submit (possible) proposals for sanctions to the Code of Conduct partner.

Those who may have or have complaints in the personal area or who suspect professional misconduct can confide in one of 24 Confidential Counsellors within our organisation. The counsellors look into how issues arising in the workplace can be resolved and they can provide guidance to those contemplating to file or filing a complaint.

## Complaints from external parties

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



**Appendices**

- Corporate governance
- Remuneration report
- Code of Conduct
- About this report**
- Our sustainability measures by impact area
- GRI table
- Breakdown of headcount
- Our legal structure
- Glossary
- Acknowledgements

# About this report

## Level of reporting

We report at the level of Holding PricewaterhouseCoopers Nederland B.V. for the financial year ended on 30 June 2019. The Annual Report is made public (within three months after year-end) on 21 September 2020. There have been no significant changes in terms of size, structure, ownership or supply chain within PwC Netherlands (PwC NL).

## Scope

The scope of this report is PwC NL. In other words, all information about our policies, strategy, procedures and systems, and about the related performance indicators relate to PwC NL.

## Quantitative information

The majority of the quantitative information contained in this report has been extracted from our systems and are exact numbers. Any information that has been obtained by other means (for instance by estimation or extrapolation) is identified as such. To the extent possible, all quantitative information in this report is accompanied by comparative information for the prior year.

## External audit

Besides auditing the financial statements, we requested our external auditor to provide a reasonable level of assurance on the highlights, the report of the Board of Management (excluding 'Outlook' per pillar in paragraph 'Executing our strategy and adding value' and 'Responsibility statement' on page 67) and the appendices to this Annual Report (excluding 'Remuneration Report')

(other integrated information). The external auditor's assurance report, including details of the work carried out, is presented on pages 99-104. In this process, the external auditor relies on the audit work performed by our Internal Audit Department.

## Integrated reporting

This report follows the framework developed by the International Integrated Reporting Council (IIRC). Integrated reporting is a form of reporting that links the entity's strategy, governance and financial performance with the societal, sustainability and economic context in which it operates.

## Global Reporting Initiative

The GRI table in the appendix (on pages 120-124) sets out the matters that are relevant to our stakeholders and strategy based on this materiality analysis. The table follows the GRI Standards (Comprehensive) of the Global Reporting Initiative (GRI) guidelines, and it lists the pages where information concerning each indicator can be found.

## Transparency Benchmark Criteria

To the extent possible, we also apply the Transparency Benchmark criteria for non-financial reporting as determined by the Ministry of Economic Affairs. In the most recent benchmark we were awarded 63 points of the maximum of 100 points.

## How we put together a materiality matrix

A materiality matrix is a representation of the themes (and their relative importance) that are crucial ('material') to our long-term strategy. This year we have composed a new materiality matrix. In this appendix we explain how this works.

## How do we identify stakeholders?

We identify our most important stakeholders based on the question: who are the stakeholders that have the greatest influence on us?

## How do we ask stakeholders to indicate the importance of themes?

Every two years we survey a broad range of stakeholders, requesting them to indicate the importance of themes that we have identified as strategically relevant ('material') and to present any other themes that they believe are relevant. We do a similar assessment internally. This results in a graphic representation – a materiality matrix – that represents the relative importance that our stakeholders and we attribute to identified strategic (material) themes. In the second year (that will be fiscal year 2020/2021) we will validate the materiality matrix.

## How did we put together our new materiality matrix this year?

- Conducting a sector analysis to see which themes stakeholders consider important for PwC and the sectors we are active in.
- Conducting a media analysis of the topics that the media reported on regarding PwC to gain a better understanding of the expectations that society has of PwC and our services.
- Receiving surveys from almost 2900 respondents (in- an external stakeholders and a representative sample of Dutch citizens) and asking them to score 16 material themes on their relevance to PwC and - if applicable - point out additional themes.
- Scoring the themes internally (by the Board of Management) on the significant economic, environmental and social impact PwC can make on the themes.
- Discussing the material themes in one-on-one conversations with our key stakeholders.
- The one-on-one conversations with stakeholders were led and attended by a member of the Board of Management. In some cases a member of one of our Young Professional boards, Supervisory Board or a specialist partner participated as well.

## Materiality analysis

To create value for our stakeholders, it is essential for us to know what issues are important to them. To ascertain that, we have carried out a so-called materiality analysis (see page 115). In this report, we focus on those aspects that are of the greatest significance to our strategy and to our stakeholders. The materiality analysis is the starting point of our integrated report.

Form of stakeholder dialogue	
<b>People</b>	<ul style="list-style-type: none"> <li>Survey on the relative importance of strategic themes to PwC</li> <li>One-on-one discussion with Works Council representative</li> <li>Internal stakeholder dialogue meeting</li> </ul>
<b>Clients</b>	<ul style="list-style-type: none"> <li>Survey on the relative importance of strategic themes to PwC</li> <li>Conversations with clients</li> </ul>
<b>Society</b>	<ul style="list-style-type: none"> <li>Survey on the relative importance of strategic themes to PwC</li> <li>Conversations with representatives of institutional investors, shareholders, sustainable businesses, NGOs, government, professional organisations, political parties, universities, civil society organisations.</li> </ul>

## Management approach

In 'What stakeholders expect from us' (see page 18) we describe what stakeholders expect from us. In this paragraph we describe what our approach on these topics is and we give the boundaries of the report. The material aspects mentioned are linked to the GRI aspects where applicable. In 'How we manage the execution of our strategy' we describe how we approach in general our strategy and at the start of every paragraph of 'Executing our strategy and adding value' we give our specific approach on the topics, what we learned this year and where we want to focus on to create tomorrow\_.

### How we manage the execution of our strategy

The Board of Management uses both qualitative and quantitative indicators to measure progress on strategy execution. We constantly report on our strategic objectives and make adjustments where necessary with the use of a so-called 'integrated dashboard', which is based on our strategic objectives (see pages 27-28).

The Board of Management is responsible for the formulation of our values and goals, our strategy and its achievement. The seven members of the Board of Management each have their own individual portfolio with specific focus areas. The required areas of expertise and competences (the same applies to the Supervisory Board) are included in profile descriptions.

One of the members is specifically tasked with responsibility for quality and risk management, leading the Risk & Quality Platform and all boards and business units have a partner specifically tasked with the ongoing improvement of quality.

As part of our quality and risk management strategy, we have a Compliance Officer (see page 127) and an Independence Officer, the first reporting directly to (the chair of) the Supervisory Board and (the chair of) the Board of Management, the second to the Board of Management.

We have an Information Protection Committee chaired by the Chief Information Officer which includes representatives from our Legal team, Data Protection and the Chief Information Security Office, X-LoS Risk & Quality, and ITS, the department responsible for our technology infrastructure. We appointed a Data Protection Officer when the General Data Protection Regulation (GDPR) in May 2018 came into force. The responsibility of the Data Protection Officer covers PwC NL (all practices and staff). The Data Protection Officer directly reports to the chair of the Board of Management.

All Line of Service Boards and business units also have a partner or member of management tasked with Human Capital responsibilities.

In a number of specific strategic areas such as corporate sustainability, diversity, innovation, integrity (Code of Conduct), IT, and business transformation, the Board of Management is supported by teams that further develop and execute the strategy and plans. These teams report directly to the (portfolio holder in) the Board of Management and, as part of the annual business planning cycle, they present a plan to the Board of Management and periodically report back on progress. In addition, we have an environmental steering committee to evaluate and anticipate our progress in becoming circular.

## Foreword

## Highlights 2019/2020

### PwC in the Netherlands

#### Report of the Supervisory Board

#### Report of the Board of Management

#### Financial statements Holding PricewaterhouseCoopers Nederland B.V.

#### Appendices

- Corporate governance
- Remuneration report
- Code of Conduct
- About this report**
- Our sustainability measures by impact area
- GRI table
- Breakdown of headcount
- Our legal structure
- Glossary
- Acknowledgements

Build high-quality services	Integrity Quality Fraud Independence (Data) security & privacy	<ul style="list-style-type: none"><li>• We have a comprehensive quality, risk management and compliance framework in place.</li><li>• Internal and external testing of quality as part of our quality control and risk management progress.</li><li>• We keep investing in standardisation, automation and outsourcing non-judgemental work to improve quality of work.</li><li>• An extensive description of our approach to further improve audit quality is included in our audit firm's <a href="#">Transparency Report</a>.</li><li>• We are on top of all developments and stay tuned with regulators and continuously enhance independence procedures and processes within the firm. We look at our lessons learned regularly, to see if our independence controls and/or policy need to be refined or expanded.</li><li>• We can only get a real and thorough understanding of our clients' issues when they have trust in our skills and know-how and in the way we act and behave. We ask for feedback from our clients, they tell us whether we succeed in building trust-based relationships, where we can make improvements and how we can learn.</li></ul>	Create long term value	Sustainability Impact on society	<ul style="list-style-type: none"><li>• Our ambition is to become 100% circular by 2030, in line with SDG 12 (Responsible Consumption and Production). Complete circularity for us means no emissions, no waste and optimal (re-)use of products and materials.</li><li>• We share our knowledge, skills and competencies with society, on a pro bono basis by doing engagements, conducting research and providing masterclasses, particularly for social enterprises.</li><li>• We create awareness and impact through sustainable advice. We want to familiarise our people and clients with the SDGs and create engagement on these goals and integrate them in our service delivery and offerings.</li></ul>
Recruit, develop and retain diverse talent	Diversity & inclusion Wellbeing Recruiting, developing and retaining PwC'ers	<ul style="list-style-type: none"><li>• People make the difference: we focus on recruiting, retaining and developing talented people, and more increasingly with backgrounds in science, technology, engineering and mathematics (STEM).</li><li>• People development follows the 'PwC Professional' framework, which gives attributes and focus areas for behaviour and the skills that our people need to demonstrate in order to live up to our purpose and values.</li><li>• We are creating an inclusive working environment in which differences are valued. This is in line with SDG 10 ('reduce inequalities') and SDG 5 ('gender equality').</li><li>• We are investing in an attractive and inspiring working environment, with challenging work on competitive terms and a wide variety of development opportunities.</li><li>• Sustainable staff deployment is high on our agenda and we have taken various measures to support the well-being of our people: physically, emotionally, mentally as well as spiritually.</li><li>• The most important way to measure our success as an attractive employer is the annual People Survey, which allows our staff to (anonymously) tell us what they value in their work and where there is room for improvement.</li></ul>	Business partner for our stakeholder	Values-driven behaviour Impact on clients Knowledge development and sharing	<ul style="list-style-type: none"><li>• We are building a culture that encourages and rewards behaviour in line with our values: address the societal context, have open dialogues and bring the human difference.</li><li>• The issues our clients face have different aspects and angles and we believe we can only solve them by fully understanding these issues and by (co-)creating solutions that cover multiple specialisms, skills and competencies (our BXT approach, see page 51).</li><li>• We are working together in teams with diverse backgrounds and competencies within our firm and with our clients.</li><li>• We regularly express our views and opinions and publish research (on technical, societal and topical issues). We are associated with a variety of societal and professional organisations.</li></ul>
Drive digital transformation	Digital		Financial results for sustainable investments	Financial results	<ul style="list-style-type: none"><li>• We invest in the digitalisation of our service offerings and delivery and our own processes and infrastructure, collaboration with technology partners and recruitment of people with a so-called STEM profile.</li><li>• We have an extensive programme to upskill the digital competencies of our current workforce. This contributes to the goals we have set in the context of SDG 8 that aims at globally achieving a higher level of productivity through diversification, technological upgrade and innovation.</li></ul>
					<ul style="list-style-type: none"><li>• We aim for profitable growth to enable sustainable investments.</li></ul>

**Appendices**

- Corporate governance
- Remuneration report
- Code of Conduct
- About this report
- Our sustainability measures by impact area**
- GRI table
- Breakdown of headcount
- Our legal structure
- Glossary
- Acknowledgements

We aim to be circular by 2030 and to integrate circular thinking into our service offerings. We define circular as no waste, no emissions and optimal (re-)use of products and materials. We have identified five focus areas in which we believe we can make the biggest impact: air and train mobility, car mobility, energy, waste and procurement. After these first five years, we are about halfway there. This appendix sets out our main (new and continued) environmental measures and policies in 2019/2020.

In 2018/2019, we started to see a positive effect from the wide range of measures to reduce our CO<sub>2</sub> footprint caused by our air travel that we had introduced the year before, though not as much as we had wanted. This year, in the fourth quarter, with COVID-19, our mobility almost came to a halt. Although this resulted in a steep decline in CO<sub>2</sub> emission, the question remains: what will be the new normal?

**Air & train mobility**

In 2019/2020, air mobility was responsible for 46.2% of our CO<sub>2</sub> emissions. We aimed for an 12% reduction per FTE compared to baseline year 2014/2015, and 2019/2020 resulted in a 41.6% reduction compared to this baseline year. Although we reached our goals on mobility this year, for next year we still have much to do to reach our ambition of achieving full circularity in the long-term. To that end, we have introduced/continued a wide range of measures to reduce our CO<sub>2</sub> footprint caused by our air travel.

- This year we were launching member of SkyNRG's Board Now programme. By committing us to Board Now, we want to reduce our own business air travel emissions and at the same time contribute to the development of a new production facility for sustainable aviation fuel. Board Now is the world's first programme that enables companies to contribute directly to the development of this industry and actively paves the way for the energy transition in the aviation sector. PwC will have a guaranteed off-take for biofuels in the years 2021-2025. The off-take will gradually increase over

the years, from a minimum of 10% until 50% of our expected kerosene use in 2025. The biofuels will be added to Schiphol's kerosene supply.

- PwC chairs the 'Anders Vliegen' (Fly Differently) working group of the Dutch Sustainable Mobility Pledge, a network of large public and private organisations who have committed themselves to actively reducing their carbon emissions caused by travel. With the Anders Vliegen statement we stimulated other organisations to follow us in committing reducing emissions.
- In an X-LoS effort we started the development of a PwCO<sub>2</sub> Dashboard, which will inform our employees and leadership of their mobility related environmental impact and will help them to make informed decisions about sustainable travel.

**Car mobility**

In 2019/2020, 35.3% of our car fleet was fully electric. Together with our other green car policy measures this led to a carbon footprint reduction of 63.4% per FTE compared to our base year 2014/2015.

The number of fully electric vehicles in our car fleet continues to grow. We are pleased that the car policy we implemented nearly four years ago has been so effective. This year we have surpassed our milestone of 1000 fully electric vehicles with over 500 (2018/2019: 830, 2019/2020: 1532).

- We have created incentives (financial and other) for using electric vehicles and for promoting efficient driving.
- We have introduced an early break option for fossil car lease contracts; leading to 70 cars being swapped to full electric this year.
- We have shared electric bicycle service at our Amsterdam office.

**Energy**

The average energy use per FTE continued to decrease in 2019/2020; compared to baseline year 2014/2015 the reduction is 65.8%.

- We extensively monitor the use of energy in our buildings and look for new opportunities together with the building owners. We initiated research to refurbish our Rotterdam office with a zero carbon ambition, and started the design phase for Westgate II in Amsterdam.
- We implemented biodynamic LED lighting in our Eindhoven office, which saves electricity and brings more comfort and productivity to our employees.
- In 2018/2019 we received BREEAM certification for our new offices (Breda, Groningen, Maastricht and Eindhoven), so all our 13 buildings have once again excellent scores on their operational usage.
- In 2018/2019 we switched to Dutch wind energy for our Eindhoven office, resulting in 87% of our entire electricity usage coming from sustainably generated energy.

**Waste**

Our waste generation decreased, following the redesign of our offices. The percentage general waste has further decreased by 23.0% (43% compared to base year 2014/2015) and although this is a step in the right direction, we still need additional measures.

Amongst other, this year:

- we did research on the effect of attitude and behaviour on waste separation, based on which we did multiple interventions like adjusting colouring, order of the bins, adjusting the signing and an information camp;
- we started rebuilding our Plaza and conference rooms in Westgate II. Requirement for rebuilding is reuse of materials;
- we finalised our first tender for circular furniture;
- we continued the implementation of plastic, metal and drink cartons (PMD) collection for recycling purposes;
- we took the next steps for circular catering: creating further insight into food waste and CO<sub>2</sub> impact and further reducing food waste and plastic packaging and provide healthier food options;
- during the relocation of our offices (Breda, Groningen, Maastricht and Eindhoven), many of the existing materials from the old location were re-used in our new office.

**Procurement**

Environmental care is a standard requirement in our requests for proposals. We take the view that collaboration in the value chain not only provides opportunities for efficiency but also contributes to a sustainable society. Our procurement terms and conditions include a Supplier Code of Conduct which requires suppliers to provide information regarding their performance in the areas covered by the Code of Conduct. PwC addresses the steps suppliers not (yet) able to comply with the terms of the Code need to take in order to ensure compliance in the short term. Our aim is to have all our suppliers meet our circular and social criteria by 2030. Currently 28.2% of our spending on suppliers meets this criteria. Especially the smaller suppliers do not yet have a sustainability policy in place. And as we ask for sustainability from our suppliers, our clients are asking it of us more and more frequently as well.

- The CS office is included in the procurement process, in the specification and the selection phase.
- We have a new set of mandatory social and circular procurement criteria for our procurements larger than € 25,000.
- The circular indicator for procurement has been implemented in our reporting.
- Suppliers with a framework contract or long-term contracts have been proactively asked to respond to our circular/social criteria and have been rated accordingly.

## Foreword

## Highlights 2019/2020

### PwC in the Netherlands

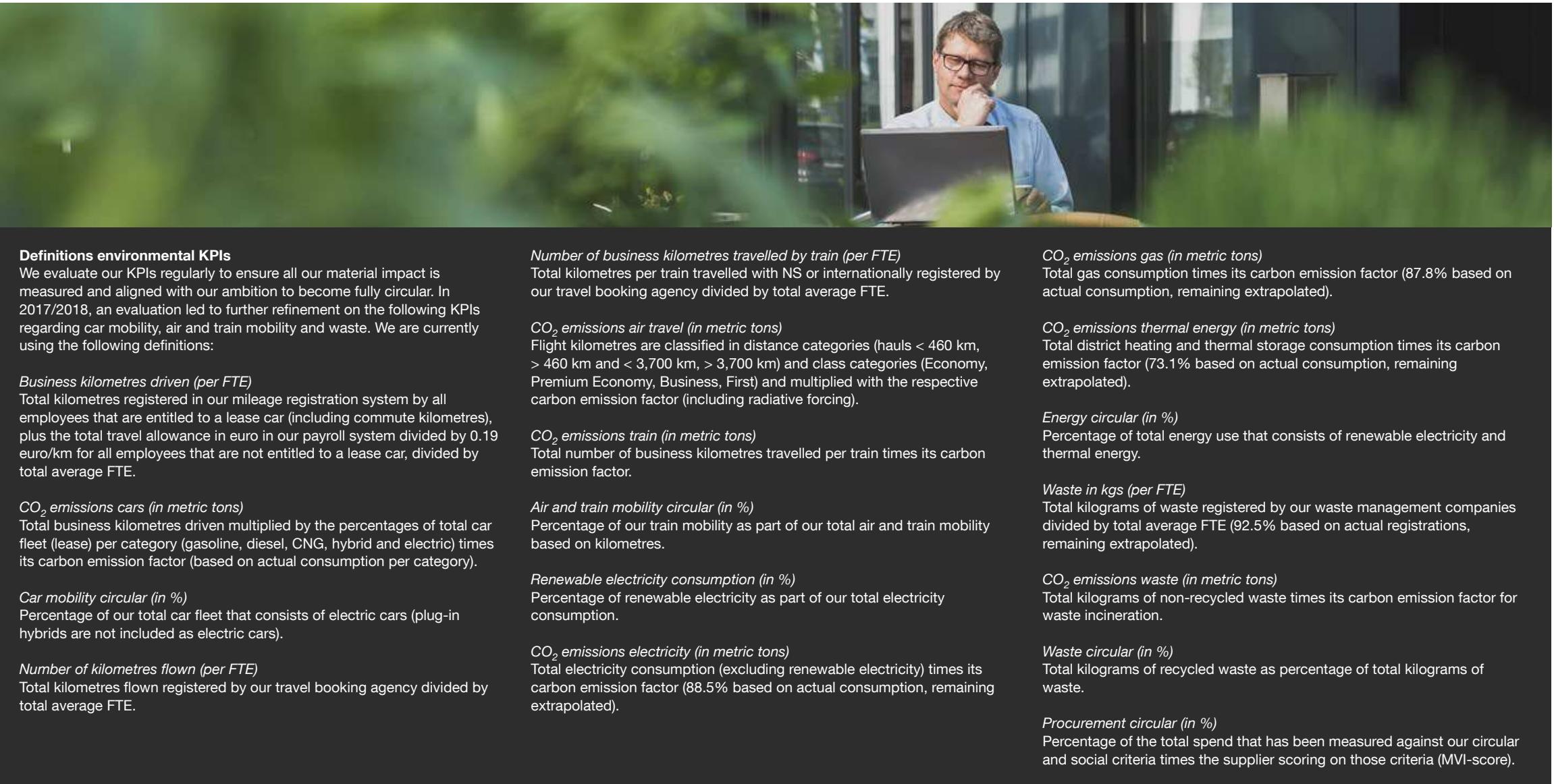
### Report of the Supervisory Board

### Report of the Board of Management

### Financial statements Holding PricewaterhouseCoopers Nederland B.V.

### Appendices

- Corporate governance
- Remuneration report
- Code of Conduct
- About this report
- Our sustainability measures by impact area
- GRI table
- Breakdown of headcount
- Our legal structure
- Glossary
- Acknowledgements



#### Definitions environmental KPIs

We evaluate our KPIs regularly to ensure all our material impact is measured and aligned with our ambition to become fully circular. In 2017/2018, an evaluation led to further refinement on the following KPIs regarding car mobility, air and train mobility and waste. We are currently using the following definitions:

#### Business kilometres driven (per FTE)

Total kilometres registered in our mileage registration system by all employees that are entitled to a lease car (including commute kilometres), plus the total travel allowance in euro in our payroll system divided by 0.19 euro/km for all employees that are not entitled to a lease car, divided by total average FTE.

#### CO<sub>2</sub> emissions cars (in metric tons)

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

#### Car mobility circular (in %)

Percentage of our total car fleet that consists of electric cars (plug-in hybrids are not included as electric cars).

#### Number of kilometres flown (per FTE)

Total kilometres flown registered by our travel booking agency divided by total average FTE.

#### Number of business kilometres travelled by train (per FTE)

Total kilometres per train travelled with NS or internationally registered by our travel booking agency divided by total average FTE.

#### CO<sub>2</sub> emissions air travel (in metric tons)

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

#### CO<sub>2</sub> emissions train (in metric tons)

Total number of business kilometres travelled per train times its carbon emission factor.

#### Air and train mobility circular (in %)

Percentage of our train mobility as part of our total air and train mobility based on kilometres.

#### Renewable electricity consumption (in %)

Percentage of renewable electricity as part of our total electricity consumption.

#### CO<sub>2</sub> emissions electricity (in metric tons)

Total electricity consumption (excluding renewable electricity) times its carbon emission factor (88.5% based on actual consumption, remaining extrapolated).

#### CO<sub>2</sub> emissions gas (in metric tons)

Total gas consumption times its carbon emission factor (87.8% based on actual consumption, remaining extrapolated).

#### CO<sub>2</sub> emissions thermal energy (in metric tons)

Total district heating and thermal storage consumption times its carbon emission factor (73.1% based on actual consumption, remaining extrapolated).

#### Energy circular (in %)

Percentage of total energy use that consists of renewable electricity and thermal energy.

#### Waste in kgs (per FTE)

Total kilograms of waste registered by our waste management companies divided by total average FTE (92.5% based on actual registrations, remaining extrapolated).

#### CO<sub>2</sub> emissions waste (in metric tons)

Total kilograms of non-recycled waste times its carbon emission factor for waste incineration.

#### Waste circular (in %)

Total kilograms of recycled waste as percentage of total kilograms of waste.

#### Procurement circular (in %)

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

**Appendices**

- Corporate governance
- Remuneration report
- Code of Conduct
- About this report
- Our sustainability measures by impact area
- GRI table**
- Breakdown of headcount
- Our legal structure
- Glossary
- Acknowledgements

# Global Reporting Index (GRI)

In 'What stakeholders expect from us' (see page 18) we describe what stakeholders consider most relevant for us. In 'About this report and sustainability measures' we describe bullet wise what our approach on these topics are and we give the boundaries of the report. The material aspects mentioned are linked to the GRI aspects where applicable. In 'How

we manage the execution of our strategy' (see page 116) we describe how we approach in general our strategy and at the start of every paragraph of 'Executing our strategy and adding value' we give our specific approach on the topics, what we learned this year and where we want to focus on to create tomorrow\_.

General standard disclosures				
Nr	Disclosure title	Reference	Omission/not included/scope	Page
<b>Organisational profile</b>				
102-1	Name of the organisation	Our legal structure		<u>126</u>
102-2	Activities, brands, products, and services	PwC in the Netherlands, Financial results for sustainable investments		<u>5-6, 59-61</u>
102-3	Location of headquarters	Acknowledgements		<u>128</u>
102-4	Location of operations	PwC in the Netherlands		<u>5-6</u>
102-5	Ownership and legal form	Our legal structure		<u>126</u>
102-6	Markets served	PwC in the Netherlands, Financial results for sustainable investments		<u>5-6, 59-61</u>
102-7	Scale of the organisation	Financial statements, Breakdown of our headcount		<u>70, 125</u>
102-8	Information on employees and other workers	Breakdown of our headcount	The number of self-employed workers and by contract by region is not material, hence not reported. There is no seasonality in our employment numbers.	<u>125</u>
102-9	Supply chain	Our sustainability measures by impact area	Our suppliers deliver goods and services that are critical to our organisation. This is further secured by our procurement department. To safeguard independence towards our clients Risk & Quality is always involved in major procurement processes. We aim to have a positive impact through our procurement and prevent negative (in-)direct side effects.	<u>118-119</u>
102-10	Significant changes to the organisation and its supply chain	About the report of the Board of Management		<u>115-117</u>
102-11	Precautionary Principle or approach		We address our potential environmental impact by monitoring and managing our greenhouse gas emissions with focus on reduction in CO <sub>2</sub> emissions caused by mobility.	
102-12	External initiatives	Executing our strategy and adding value (Create long-term value), About the report of the Board of Management		<u>43-47, 115-117</u>
102-13	Membership of associations	PwC in the Netherlands, Executing our strategy and adding value (Create long-term value)		<u>5-6, 43-47</u>
<b>Strategy</b>				
102-14	Statement from senior decision-maker	Foreword		<u>2</u>
102-15	Key impacts, risks, and opportunities	Our transformation, Executing our strategy and adding value (all pillars), Risk management		<u>21-23, 27-28, 64-69</u>

## Foreword

## Highlights 2019/2020

## PwC in the Netherlands

### Report of the Supervisory Board

### Report of the Board of Management

### Financial statements Holding PricewaterhouseCoopers Nederland B.V.

## Appendices

- Corporate governance
- Remuneration report
- Code of Conduct
- About this report
- Our sustainability measures by impact area
- GRI table**
- Breakdown of headcount
- Our legal structure
- Glossary
- Acknowledgements

General standard disclosures				
Nr	Disclosure title	Reference	Omission/not included/scope	Page
<b>Ethics and integrity</b>				
102-16	Values, principles, standards, and norms of behaviour	Foreword, Our transformation, Executing our strategy and adding value, Governance and remuneration, Code of Conduct		2, 21-23, 27-28, 62-63, 114
102-17	Mechanisms for advice and concerns about ethics	Executing our strategy and adding value (Build high-quality services), Code of Conduct		29-35, 114
<b>Governance</b>				
102-18	Governance structure	Corporate Governance, How we manage the execution of our strategy		106, 116
102-19	Delegating authority	Corporate Governance, How we manage the execution of our strategy		106, 116
102-20	Executive-level responsibility for economic, environmental, and social topics	Corporate Governance, How we manage the execution of our strategy	Sustainability falls under the responsibilities of our Chief Operations Officer who is a member of the Board of Management.	106, 116
102-21	Consulting stakeholders on economic, environmental, and social topics	What stakeholders expect from us, How we put together a materiality matrix		18-20, 115
102-22	Composition of the highest governance body and its committees	Governance and remuneration, Corporate Governance, How we put together a materiality matrix		62-63, 106, 115
102-23	Chair of the highest governance body	Governance and remuneration, Corporate Governance		62-63, 106
102-24	Nominating and selecting the highest governance body	Corporate Governance	<a href="https://www.pwc.nl/nl/onze-organisatie/assets/pdf/supervisory-board-regulations.pdf">https://www.pwc.nl/nl/onze-organisatie/assets/pdf/supervisory-board-regulations.pdf</a>	106
102-25	Conflicts of interest	Corporate Governance		106
102-26	Role of highest governance body in setting purpose, values, and strategy	Corporate Governance, How we manage the execution of our strategy		106, 116
102-27	Collective knowledge of highest governance body	How we manage the execution of our strategy		116
102-28	Evaluating the highest governance body's performance	Governance and remuneration, Corporate Governance		62-63, 106
102-29	Identifying and managing economic, environmental, and social impacts	What stakeholders expect from us, Our transformation, Risk management, How we put together a materiality matrix, How we manage the execution of our strategy		18-20, 21-23, 64-69, 115, 116
102-30	Effectiveness of risk management processes	Risk management, How we manage the execution of our strategy		64-69, 116
102-31	Review of economic, environmental, and social topics	Risk management, How we manage the execution of our strategy		64-69, 116
102-32	Highest governance body's role in sustainability reporting	Corporate Governance, About the report of the Board of Management		106, 115-117
102-33	Communicating critical concerns	Executing our strategy and adding value (Building high-quality services), Code of Conduct		29-35, 114
102-34	Nature and total number of critical concerns	Executing our strategy and adding value (Building high-quality services)		29-35
102-35	Remuneration policies	Governance and remuneration		62-63
102-36	Process for determining remuneration	Governance and remuneration		62-63

## Foreword

## Highlights 2019/2020

## PwC in the Netherlands

### Report of the Supervisory Board

### Report of the Board of Management

### Financial statements Holding PricewaterhouseCoopers Nederland B.V.

## Appendices

- Corporate governance
- Remuneration report
- Code of Conduct
- About this report
- Our sustainability measures by impact area
- GRI table**
- Breakdown of headcount
- Our legal structure
- Glossary
- Acknowledgements

General standard disclosures				
Nr	Disclosure title	Reference	Omission/not included/scope	Page
102-37	Stakeholders' involvement in remuneration	Governance and remuneration	Not applicable	62-63
102-38	Annual total compensation ratio	Governance and remuneration		62-63
102-39	Percentage increase in annual total compensation ratio	Governance and remuneration		62-63
Stakeholder engagement				
102-40	List of stakeholder groups	How we put together a materiality matrix		115
102-41	Collective bargaining agreements		Not applicable	
102-42	Identifying and selecting stakeholders	What stakeholders expect from us, How we put together a materiality matrix		18-20, 115
102-43	Approach to stakeholder engagement	What stakeholders expect from us, Executing our strategy and adding value (Business partner for our stakeholders), How we put together a materiality matrix		18-20, 54-58, 115
102-44	Key topics and concerns raised	What stakeholders expect from us, How we put together a materiality matrix		18-20, 115
Reporting				
102-45	Entities included in the consolidated financial statements	Notes to the consolidated financial statements		76-80
102-46	Defining report content and topic boundaries	About the report of the Board of Management, How we put together a materiality matrix		115-117
102-47	List of material topics	What stakeholders consider most relevant for us		18-20
102-48	Restatements of information	Executing our strategy and adding value (Recruit, develop and retain divers talent)		36-42
102-49	Changes in reporting		No changes	
102-50	Reporting period	About the report of the Board of Management		115-117
102-51	Date of most recent report	About the report of the Board of Management	20 September 2019	115-117
102-52	Reporting cycle	About the report of the Board of Management		115-117
102-53	Contact point for questions regarding the report	Acknowledgements		128
102-54	Claims of reporting in accordance with the GRI Standards	About the report of the Board of Management, Global Reporting Index		115-117, 120-124
102-55	GRI content index	See table below		125-126
102-56	External assurance	About the report of the Board of Management		115-117

**Appendices**

- Corporate governance
- Remuneration report
- Code of Conduct
- About this report
- Our sustainability measures by impact area

**GRI table**

- Breakdown of headcount
- Our legal structure
- Glossary
- Acknowledgements

# Overview link material topics to GRI aspects

Material topic	(GRI) aspect	Reference	(GRI) indicators	Page
<b>Integrity</b>		About the report of the Board of Management	103-1/103-2/103-3: Management approach	<a href="#">116-117</a>
	Anti-corruption	Executing our strategy and adding value (Building high-quality services), Risk management, Code of Conduct	205-1: Operations assessed for risks related to corruption 205-2: Communication and training about anti-corruption policies and procedures 205-3: Confirmed incidents of corruption and actions taken	<a href="#">29-35, 64-69, 114</a>
	Ethics & Integrity	Executing our strategy and adding value (Building high-quality services), Code of Conduct	102-17: Mechanisms for advice and concerns about ethics	<a href="#">29-35, 114</a>
	Independence	Executing our strategy and adding value (Building high-quality services), Governance and remuneration, Risk management, Code of Conduct	Number of independence sanctions	<a href="#">29-35, 62-63, 64-69, 114</a>
<b>Quality</b>		About the report of the Board of Management	103-1/103-2/103-3: Management approach	<a href="#">116-117</a>
	Socio-economic Compliance	Executing our strategy and adding value (Building high-quality services), Governance and remuneration, Risk management, Code of Conduct	419-1: Non-compliance with laws and regulations in the social and economic area	<a href="#">29-35, 62-63, 64-69, 114</a>
	Building quality	Highlights 2019/2020, Executing our strategy and adding value (Building high-quality services), Risk management	Outcomes of external and internal quality reviews (Assurance) Outcomes of internal quality reviews (Tax & Legal and Advisory) Training hours per FTE	<a href="#">3-4, 29-35, 64-69</a>
	Perceiving quality/impact on clients	Highlights 2019/2020, Executing our strategy and adding value (Building high-quality services, Business partner for our stakeholders)	Client recommendation Net promoter score Client satisfaction	<a href="#">3, 29-35, 54-58</a>
	Agility	Executing our strategy and adding value (Building high-quality services)	Percentage outsourced work to delivery and competence centres (audit)	<a href="#">29-35</a>
<b>Fraud</b>		About the report of the Board of Management	103-1/103-2/103-3: Management approach	<a href="#">116-117</a>
	Fraud	Executing our strategy and adding value (Building high-quality services)	Number of fraud consultations	<a href="#">29-35</a>
<b>(Data) security</b>		About the report of the Board of Management	103-1/103-2/103-3: Management approach	<a href="#">116-117</a>
	Customer Privacy	Executing our strategy and adding value (Building high-quality services), Risk management	418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	<a href="#">29-35, 64-69</a>
	(Data) security		Number of data breaches	
<b>Values-driven behaviour</b>		About the report of the Board of Management	103-1/103-2/103-3: Management approach	<a href="#">116-117</a>
	Ethics & Integrity	Our transformation, Executing our strategy and adding value, Code of Conduct	102-16: Values, principles, standards, and norms of behaviour	<a href="#">21, 27-58, 114</a>
	Diversity & Inclusion	Highlights 2019/2020, Executing our strategy and adding value (Recruit, develop and retain diverse talent), Breakdown of our headcount	% Intake, turnover and promotions gender/cultural % Intake STEM Percentage of women in new partner/director appointments Ratio female/male and Dutch/western/non-western migration origin in partner and director positions (SDG10)	<a href="#">3-4, 36-42, 125</a>

## Foreword

## Highlights 2019/2020

### PwC in the Netherlands

#### Report of the Supervisory Board

#### Report of the Board of Management

#### Financial statements Holding PricewaterhouseCoopers Nederland B.V.

### Appendices

- Corporate governance
- Remuneration report
- Code of Conduct
- About this report
- Our sustainability measures by impact area
- GRI table**
- Breakdown of headcount
- Our legal structure
- Glossary
- Acknowledgements

Material topic	(GRI) aspect	DMA	(GRI) indicators	Page
<b>Impact on society</b>		About the report of the Board of Management	103-1/103-2/103-3: Management approach	<a href="#">116-117</a>
When formulating its strategy, PwC also takes into account non-financial aspects (such as the environment, social and personnel events, the supply chain in which the company operates, respect for human rights and the prevention of corruption and bribery) and the interests of a wide range of stakeholders.	Sustainability	Highlights 2019/2020, Executing our strategy and adding value (Create long-term value), Our sustainability measures by impact area	% Circular (SDG12) % CO <sub>2</sub> reduction	<a href="#">3-4, 43-47, 118-119</a>
	Social involvement	Executing our strategy and adding value (Create long-term value)	% of people involved in CS projects	<a href="#">43-47</a>
	Transparency	Highlights 2019/2020, Executing our strategy and adding value (Build high-quality services, Business partner for our stakeholders)	Refer to <a href="#">tax strategy reporting</a>	<a href="#">3-4, 29-35, 54-58</a>
	Well-being	Executing our strategy and adding value (Recruit, develop and retain diverse talent), Risk management	Overall results GPS: not measured this year due to COVID-19 People Engagement Index: not measured this year due to COVID-19	<a href="#">36-42, 64-69</a>
	Economic Performance (financial results)	Highlights 2019/2020, Financial results for sustainable investments, Financial statements	201-1: Direct economic value generated and distributed 201-2: Financial implications and other risks and opportunities due to climate change: <i>No risks related to climate change have been identified, hence there are no foreseeable financial implications. Explicit information about the financial impact is not available. We are going to explore how we can meet this indicator in the future</i> 201-3: Defined benefit plan obligations and other retirement plans 201-4: Financial assistance received from government: <i>Not applicable</i>	<a href="#">3, 59-61, 70-75</a>
			Average number of FTE Net revenue and operating profit	
<b>Knowledge development and sharing</b>		About the report of the Board of Management	103-1/103-2/103-3: Management approach	<a href="#">116-117</a>
	Development talent	Executing our strategy and adding value (Recruit, develop and retain diverse talent)	Turnover rate top talent (%)	<a href="#">38-42</a>
	Knowledge sharing	Executing our strategy and adding value (Recruit, develop and retain diverse talent, Business partner for our stakeholders)	Hours invested in Chief Economist Office	<a href="#">38-42, 54-58</a>
<b>Digital</b>		About the report of the Board of Management	103-1/103-2/103-3: Management approach	<a href="#">116-117</a>
	Digital	Executing our strategy and adding value (Drive Digital transformation)	Average PwC NL user score on Digital Fitness app (SDG8) Number of users Digital Fitness app Number of digital accelerators trained	<a href="#">48-53</a>

**Appendices**

- Corporate governance
- Remuneration report
- Code of Conduct
- About this report
- Our sustainability measures by impact area
- GRI table
- Breakdown of headcount**
- Our legal structure
- Glossary
- Acknowledgements

		Contract				
LoS	Gender	Level	Permanent contract	Temporary contract	Contracted in	Total
Assurance	Male	Partner	92	0	1	93
		Professional staff	1,094	95	2	1,191
		Support staff	15	0	0	15
	Male total		1,201	95	3	1,299
	Female	Partner	18	0	0	18
		Professional staff	657	84	0	741
		Support staff	45	11	0	56
	Female total		720	95	0	815
	Unknown	Partner	0	0	0	0
		Professional staff	2	0	2	4
		Support staff	0	0	0	0
Assurance total			2	0	2	4
Tax & Legal	Male	Partner	86	0	0	86
		Professional staff	628	50	5	683
		Support staff	3	1	0	4
	Male total		717	51	5	773
	Female	Partner	12	0	0	12
		Professional staff	488	33	2	523
		Support staff	14	2	0	16
	Female total		514	35	2	551
	Unknown	Partner	1	0	0	1
		Professional staff	1	0	34	35
		Support staff	0	0	3	3
Tax & Legal total			2	0	37	39
Advisory	Male	Partner	59	0	1	60
		Professional staff	621	28	7	656
		Support staff	3	0	0	3
	Male total		683	28	8	719
	Female	Partner	12	0	0	12
		Professional staff	380	19	0	399
		Support staff	9	3	0	12
	Female total		401	22	0	423
	Unknown	Partner	1	0	0	1
		Professional staff	2	0	9	11
		Support staff	0	0	0	0
Advisory total			3	0	9	12
Firm Services	Male	Partner	1	0	0	1
		Professional staff	0	0	0	0
		Support staff	300	32	44	376
	Male total		301	32	44	377
	Female	Partner	0	0	0	0
		Professional staff	0	0	0	0
		Support staff	562	101	15	678
	Female total		562	101	15	678
	Unknown	Partner	0	0	0	0
		Professional staff	0	0	0	0
		Support staff	0	0	95	95
Firm Services total			0	0	95	95
Grand total			5,106	459	220	5,785

		Full-time/Part-time				
LoS	Gender	Level	Full-time	Part-time	Contracted in	Total
Assurance	Male	Partner	88	4	1	93
		Professional staff	1,102	87	2	1,191
		Support staff	11	4	0	15
	Male total		1,201	95	3	1,299
	Female	Partner	14	4	0	18
		Professional staff	613	128	0	741
		Support staff	23	33	0	56
	Female total		650	165	0	815
	Unknown	Partner	0	0	0	0
		Professional staff	2	0	2	4
		Support staff	0	0	0	0
Assurance total			2	0	2	4
Tax & Legal	Male	Partner	1,853	260	5	2,118
		Professional staff	82	4	0	86
		Support staff	560	118	5	683
	Male total		644	124	5	773
	Female	Partner	11	1	0	12
		Professional staff	328	193	2	523
		Support staff	3	13	0	16
	Female total		342	207	2	551
	Unknown	Partner	1	0	0	1
		Professional staff	1	0	34	35
		Support staff	0	0	3	3
Tax & Legal total			2	0	37	39
Advisory	Male	Partner	988	331	44	1,363
		Professional staff	59	0	1	60
		Support staff	593	56	7	656
	Male total		653	58	8	719
	Female	Partner	9	3	0	12
		Professional staff	327	72	0	399
		Support staff	8	4	0	12
	Female total		344	79	0	423
	Unknown	Partner	1	0	0	1
		Professional staff	2	0	9	11
		Support staff	0	0	0	0
Advisory total			3	0	9	12
Firm Services	Male	Partner	1,000	137	17	1,154
		Professional staff	1	0	0	1
		Support staff	254	78	44	376
	Male total		255	78	44	377
	Female	Partner	0	0	0	0
		Professional staff	0	0	0	0
		Support staff	287	376	15	678
	Female total		287	376	15	678
	Unknown	Partner	0	0	0	0
		Professional staff	0	0	0	0
		Support staff	0	0	95	95
Firm Services total			0	0	95	95
Grand total			542	454	154	1,150

- Corporate governance
- Remuneration report
- Code of Conduct
- About this report
- Our sustainability measures by impact area
- GRI table
- Breakdown of headcount
- Our legal structure**
- Glossary
- Acknowledgements

# Our legal structure

The entire ordinary share capital of Holding PricewaterhouseCoopers Nederland B.V. ('Holding') is held by PwC Europe SE Wirtschaftsprüfungsgesellschaft ('PwC Europe').

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

Holding PricewaterhouseCoopers Nederland B.V. has the following wholly owned operational subsidiaries:

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

## PwC Europe

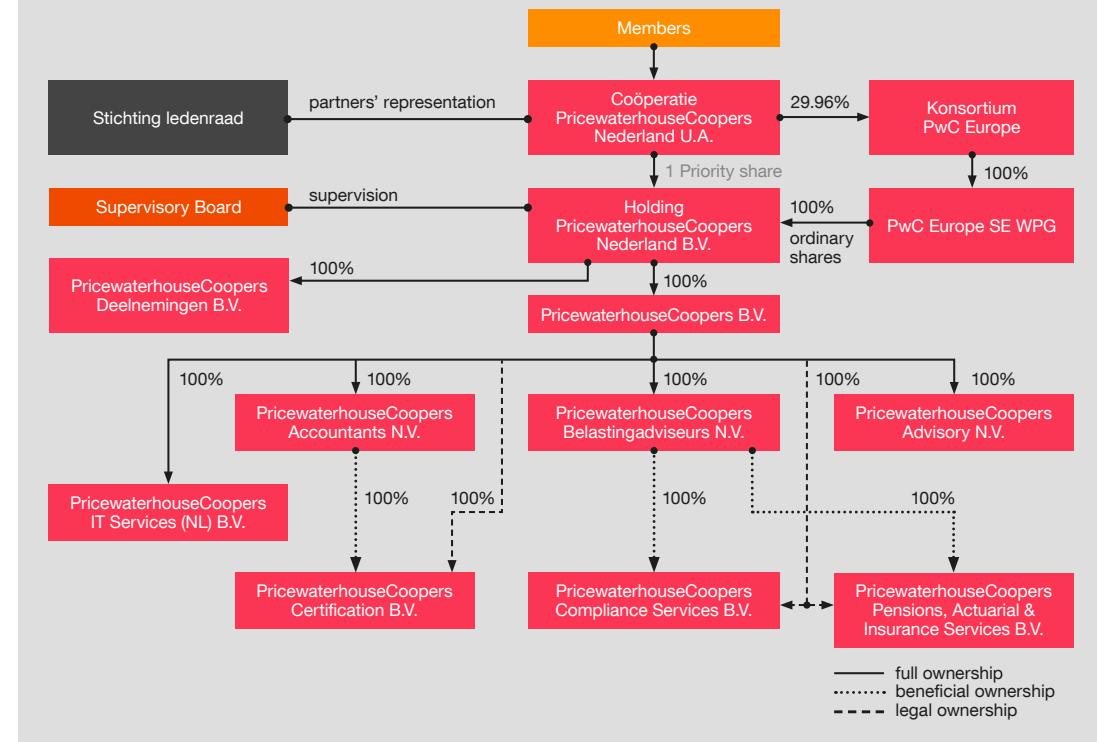
Along with the member firms in Germany, Austria, Belgium, Turkey and Switzerland, PwC NL is a participant in PwC Europe. With the exception of its one single priority share, which is held by Coöperatie PricewaterhouseCoopers Nederland U.A., all (ordinary) shares in the capital of Holding are held by PwC Europe. It was recently decided to revise the current structure for PwC Europe.

## Our global network

PwC NL is part of a global network of separate and independent member firms operating locally in countries around the world (PwC network). The member firms that comprise the global PwC network are members of PricewaterhouseCoopers International Limited (PwCIL), a United Kingdom based private company limited by guarantee. The PwC network, therefore, is not an international partnership and the member firms do not constitute any form of legal partnership or group of companies, except in a very limited number of cases that have been agreed upon for specific purposes.

PwCIL has a coordinating role, including for example issuing standards in the areas of risk and quality management. PwCIL does not provide services to clients, but focuses solely on reinforcing and supporting the network in the areas of strategy, knowledge development and expertise of the professionals, and protection of the PwC brand. PwCIL does not own any of the member firms and the member firms do not own any of the other member firms, except in a number of very specific cases.

Simplified legal structure as at 30 June 2020



All services are delivered by the individual member firms for their own account and risk. PwCIL is not responsible or liable for any actions or omissions of any of its member firms, it cannot exercise control over their professional opinions and it cannot bind them in any way. Member firms may not act as agent for or representative of PwCIL or any other member firm, and they are responsible solely for their own actions or omissions.

- Corporate governance
- Remuneration report
- Code of Conduct
- About this report
- Our sustainability measures by impact area
- GRI table
- Breakdown of headcount
- Our legal structure
- Glossary**
- Acknowledgements

# Glossary

AFM	The Dutch Authority for the Financial Markets, the external independent body responsible for the supervision of financial institutions and of audit firms with a PIE licence	IIRC	International Integrated Reporting Council, the international organisation, comprising standard setters, investors, companies, auditors and NGOs, that is responsible for the promotion and development of the framework for integrated reporting
BCC	Business Conduct Committee, to which staff refer if they note instances or suspicions of professional misconduct	Integrated reporting	The reporting format that addresses the financial and non-financial value, to a wide range of stakeholders, of a business or an organisation
BMG&D	'Beoordeling, Mapping, Goalsetting & Development' (Evaluation, Mapping, Goal setting & Development), the PwC process surrounding the evaluation and remuneration of partners and directors	KPI	Key Performance Indicator, a measurable variable that provides insight into progress on meeting objectives
BoM	Board of Management	L&D	Learning and Development, the department within PwC that develops and manages the training and management development programmes
BU	Business Unit, the sub-units of the Assurance, Tax & Legal and Advisory LoSs, determined on the basis of geography and/or professionalism/specialism	Materiality matrix	Graphic indication of the relative importance that our stakeholders and we place on the various identified strategic themes. The most important or relevant themes are called 'material'
CAD	Country Admission Committee, the body that advises the SB on the appointment of new partners and directors	Membership Council	The organisation that represents the collective interests of the members of Coöperatie PricewaterhouseCoopers Nederland U.A. (the partner BVs) and provides advice, either on request or on its own initiative, to the Board of Management on issues to be submitted to the General Meeting
CEO	Chief Executive Officer, the Chair of the Board of Management	LoS	Line of Service, one of three divisions in which PwC offers and delivers its services: Assurance, Tax & Legal and Advisory
CFO	Chief Financial Officer, the member of the Board of Management tasked with all financial matters	NBA	The Netherlands Institute of Chartered Accountants
COO	Chief Operating Officer, the member of the BoM tasked with the operational aspects of the business	PIE	Public Interest Entity, an organisation that, because of its scope or role in society, impacts a wide range of stakeholder groups (for instance, listed companies, insurers and financial institutions) and for the audit of which audit firms are required to have a licence from the AFM
Compliance Officer	The officer responsible for overseeing compliance with all legal, regulatory and other requirements and standards	PwC Europe	The collaborative association of six PwC European member firms in Austria, Belgium, Germany, Switzerland, the Netherlands and Turkey.
CR	Corporate Responsibility, doing business on a sustainable basis that reflects the interests of society, employees and the environment	PS	The industry group Public Sector
ECR	Engagement Compliance Review, internal reviews carried out by the global network into the quality of client engagements	Q&R	Quality & Risk, a person or department responsible for quality and risk management
EU&M	The industry group Energy, Utility & Mining	R&C	The industry group Retail & Consumer
E&PB	Entrepreneurial & Private Business, the PwC sector group that focuses on unlisted companies, including family businesses	SB	Supervisory Board
FS	The industry group Financial Services	SDGs	UN's Sustainable Development Goals. The SDGs address the most pressing global issues such as hunger, inequality and climate change
General Meeting (GM)	The meeting of the PwC partners who, via their partner BVs, are formally the members of Coöperatie PricewaterhouseCoopers Nederland U.A.	T&L	The industry group Transport & Logistics
GRI	Global Reporting Initiative, the organisation that is responsible for the ongoing development of reporting standards for non-financial information	TMT	The industry group Technology, Media & Telecom
HC	Human Capital, the term used for the department or persons responsible for PwC's staffing policies and the implementation thereof	Wft	'Wet op het financieel toezicht' (the Act on Financial Supervision), which sets the legal parameters for the solidity and behaviour of financial enterprises and regulates supervision of the financial sector in the Netherlands
Industry/Industry group	One of the eight groups to which all professional staff are assigned, each focusing on a specific market sector or segment	Wta	'Wet toezicht accountantsorganisaties' (the Law on the Supervision of Audit Firms), which regulates the external (AFM) supervision of audit firms
IP	The industry group Industrial Products		
IAD	Internal Audit Department		

Foreword

Highlights 2019/2020

PwC in the Netherlands

Report of the  
Supervisory Board

Report of the  
Board of Management

Financial statements Holding  
PricewaterhouseCoopers  
Nederland B.V.

#### Appendices

- Corporate governance
- Remuneration report
- Code of Conduct
- About this report
- Our sustainability measures by impact area
- GRI table
- Breakdown of headcount
- Our legal structure
- Glossary
- Acknowledgements

# Acknowledgements

## PwC Annual Report 2019/2020

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