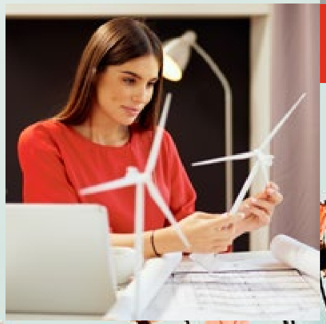
Appendices

Transparency Report

2023/2024



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Our system of quality management

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Focus on quality

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

Compliance with standards and policies

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

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

The audit firm

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

The Dutch regulatory framework for the statutory audit

Who	What	Standards framework in short	Legislation and regulation
The Audit Firm	Operations	• System of quality management • Performance in a managed environment and with integrity	Wta, Bta, EU regulations
External Auditors	Practice	• Rules of professional conduct • Independence requirements • National and international auditing standards (e.g. ISAs)	Wta, Bta, Wab (VGBA, ViO), EU regulations

The external auditor

All external auditors are required to comply with the Code of Ethics regarding professional competence (including continuing professional development training), objectivity, integrity, professionalism and confidentiality. The Audit Profession Act (Wet op het accountantsberoep (Wab)) gives the NBA (the Dutch professional organisation of auditors, 'Nederlandse Beroepsorganisatie van Accountants') the authority to prescribe professional requirements for auditors in the practice of their profession, and the NBA has issued instructions regulating the auditing profession in the form of so-called Regulations and Supplementary Requirements (Verordeningen of Nadere Voorschriften) and, in particular the Regulation Code of Ethics for Professional Accountants (Verordening gedrags- en beroepsregels accountants (VGBA)), the Regulation concerning the Independence of Auditors in Assurance Engagements (Verordening inzake de onafhankelijkheid van accountants bij assurance- opdrachten (ViO)), the Regulation concerning Audit Firms (Verordening accountantsorganisaties), and the Supplementary Requirements regarding Auditing and Other Standards (Nadere Voorschriften controle- en overige standaarden (NV COS)). The scope of these regulations extends beyond the statutory audit and also applies to other services provided by auditors.

Our system of quality management

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

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

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

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

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

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

Our quality management process

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

- identifying risks to achieving the quality objectives
- designing and implementing responses to the assessed quality risks
- monitoring the design and operating effectiveness of the policies and procedures through the use of process-integrated monitoring activities such as real-time assurance (RTA) as well as appropriate Assurance key performance indicators
- continuously improving the SoQM when areas for improvement are identified by performing root cause analyses (RCA) and implementing remedial actions and
- establishing a quality-related recognition and accountability framework (RAF) to be used in appraisals, remuneration, and career progression decisions

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

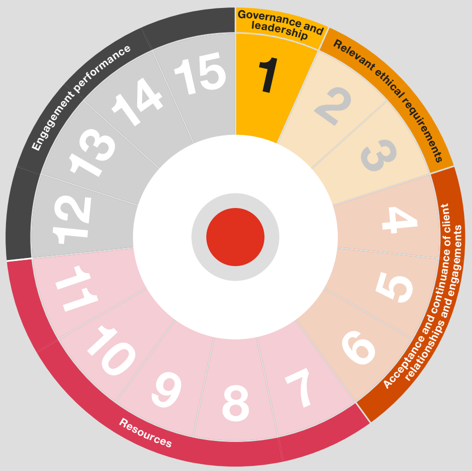
The past several years have seen unprecedented challenges. Our SoQM under the QMSE framework has helped us navigate and react to the impact that identified factors had on our ability to achieve the overall assurance quality objective – to deliver quality audit engagements.

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

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

Governance and leadership

1. Leadership and quality management process



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

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

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

Our culture

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

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

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

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

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

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

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

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

Tone at the top

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

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

Partners and directors setting the right example

In addition to the Assurance Board, partners, directors, senior managers and managers play an important role in living our norms and values, particularly in demonstrating professional scepticism. Our partners and directors are responsible for the quality of each individual engagement they perform with their teams. There is emphatically room for professional judgement, but there are also clear frameworks and limits in which our colleagues must operate. Partners and directors set the tone for their team members.

In our evaluation and remuneration methodologies for partners and directors, we look very specifically at how their behaviour has influenced the achievement of our strategic goals, with quality as the key driver.

Stakeholder dialogue and sector involvement
We are in constant contact with our more important stakeholders to hear from them what their key expectations are and to sound out our own ideas. We do this through a programme of stakeholder dialogues (see PwC NL Annual Report 2023-2024). The People Survey, our annual survey into staff satisfaction, provides input as to how people view aspects such as culture, behaviour and leadership within the organisation. In addition, the Public Interest Committee keeps us focused on how well we are attuned to the perceptions of society (see the 'Report of the Public Interest Committee' in the main section of this Transparency Report).

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

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

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

To support this transformation and to remain competitive in the market and deliver on the growth ambitions, an ambition is established to achieve a globally integrated people model through our Alternative Delivery models. The ADMs we currently work with in the Netherlands consist of: Talent Hubs, Center of Excellenceand Remote Team Members. Besides the ADM's we also work together with two offshore Delivery Centers. The ADM's are integrated in the system of quality management to achieve the quality objectives.

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

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

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

Learn: root cause analyses
We continuously perform root cause analyses (RCA) to identify potential factors contributing to audit quality both negatively and positively (see also page 8) so that we can take actions to continuously improve quality.

Reinforce: recognition and accountability framework
Our Recognition and Accountability Framework (RAF) reinforces quality in everything our people do in delivering on our strategy, with a focus on the provision of services to our clients and driving a high quality culture. The RAF evaluates quality outcomes and behavioural aspects, it encourages the quality-focussed culture, and it develops the frameworks for setting the evaluation and remuneration procedures (see also *page 25*). Our RAF considers and addresses the following key elements:
- Quality outcomes: We provide transparent quality outcomes to measure the achievement of the quality objectives. Our quality outcomes take into account meeting professional standards and the PwC network and our firm's standards and policies.
- Quality behaviours: We have set expectations of the right behaviours that support the right attitude to quality, the right tone at the top and a strong engagement with the quality objective.
- Recognition: We have put in place interventions and recognition that promotes and reinforces positive behaviours and drives a culture of quality
- Consequences/reward: We have implemented financial and non-financial consequences and rewards that are commensurate to outcome and behaviour and sufficient to incentivise the right behaviours to achieve the quality objectives

Monitoring and follow-up

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

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

Internal monitoring

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

Quality management process

The policymakers of the audit firm (being the members of the Board of Management and Assurance Board) are responsible for the design, implementation and operation of the SoQM and the quality management process.

Our SoQM has been elaborated along fifteen so- called quality objectives. For each quality objective, a colleague is responsible for achieving the underlying quality objective. This so-called functional area leader draws up a bottom-up risk analysis. A top-down risk assessment is also performed, being the Enterprise Risk Management (“ERM”). Subsequently, mitigating procedures and controls are defined by the functional area leader and ongoing monitoring activities are carried out to determine whether the relevant quality objective can be met.

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

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

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

Monitoring through key performance indicators

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

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

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

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

Review by the independent testing team

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

PwC Global’s review of our system of quality management

The PwC network undertakes periodic reviews to evaluate certain elements of member firms’ SoQMs. It looks at the member firm leadership’s own assessment of the effectiveness of their SoQM and their determination of whether the overall quality objective, which includes meeting the objectives and requirements of ISQM 1, has been achieved with reasonable assurance.

The review program is managed by a (global) central team of international team leaders (ITL) consisting of senior partners. The ITLs monitor the Member Firm’s inspection activities.

Engagement Compliance Reviews (ECRs)

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

The selection criteria of the network of member firms require that engagements regarding Higher Profile Client (HPC) are selected at least twice every six years. The reviews cover all business units every year, with each partner and director being selected at least once every three years.

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

In addition to the annual ECRs, we also carry out other additional internal file reviews. These reviews can be carried out when specific circumstances so dictate, for instance in case of a non-compliant review by an external supervisory body. The results of such reviews are also included in the evaluation and remuneration process of the partners and directors.

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

Monitoring by the Compliance Office

The Compliance Officer monitors the compliance with the SoQM on behalf of the policymakers. He is supported by the Compliance Office which deals with matters arising under the Audit Firms Supervision Act (Wta) and related laws and regulations.
The Compliance Office reports its findings three times a year to the policymakers, the Public Interest Committee and the Supervisory Board, including any findings it has regarding the internal SoQM, and it provides recommendations and monitors these. The Compliance Office is responsible for the mandatory notifications to the Netherlands Authority for the Financial Markets (the AFM) and for the registration and deregistration of external auditors and/or members (o.a. members of the board) of the Coöperatie PricewaterhouseCoopers Nederland U.A. in the register of the AFM. This Transparency Report also fulfils the function of the legally required report of infringements to PwC staff.

External monitoring

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

AFM

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

Other external reviews

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

Root cause analyses

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

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

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

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

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

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

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

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

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

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

Quality improvement plan

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

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

The improvement plan contains the factual findings, a root cause analysis and improvement actions.

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

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

Alternative delivery models

A key element of our approach is to reallocate certain audit procedures to Alternative Delivery Models, thereby generating enhanced quality, greater efficiency and increased speed through scale.

We make use of the following alternative Delivery Models:

- Multi-Territory Service Delivery Centers in Katowice (Poland) and Bloemfontein (South-Africa)
- Remote Team Member Models:
  - Acceleration Center in Kolkata
  - PwC member firm Talent Hubs in Central and Eastern Europe, Cyprus, India, Pakistan, Philippines and South-Africa

All of which fall under strict quality requirements set by the global PwC network of member firms.

The Alternative Delivery Models are covered in our systems of quality management and are reviewed periodically by an international team. In addition to this, we have project managers from our Project Management Office (PMO) supporting audit teams and coordinating the audit process, looking at standardisation, risk management and planning and taking much work away from the auditors, leaving them more time for their core tasks. Operational responsibility of these sourcing models including PMO relies at our Digital Trust business unit.

Interaction with our stakeholders

Reporting on our activities

Reporting to the public

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

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

Reporting to the audit client

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

Our auditors report the actual audit hours spent on the audit for the year and the expected hours for the following year to the Supervisory Board (or equivalent) of their audit clients, which is followed by an active discussion with the board how these hours and other audit techniques can be best deployed to achieve a high quality audit.

Providing insight into the Management Letter

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

Legal and disciplinary proceedings

From time to time, we are faced with (potential and actual) liability claims and litigation, including disciplinary procedures arising from professional work we have performed at current or former clients. To the extent that these fall under civil law, they can involve either PwC or one or more if its partners, former partners, staff members and former staff members. Professional disciplinary proceedings always relate solely to individual professional practitioners. We are required to report disciplinary procedures to our regulator. The ongoing legal and disciplinary proceedings are reported in the PwC NL Annual Report 2023-2024.

Notifications to supervisory bodies

Disciplinary proceedings against external auditors and early termination of statutory audit engagements must be reported to the AFM. A notification obligation also applies to PIE audit engagements.

This obligation applies to so-called 'material breaches' in the PIE's business activities, threats or doubts about the going concern of the PIE and the issuance of an adverse or qualified auditor's report or disclaimer of opinion.

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

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

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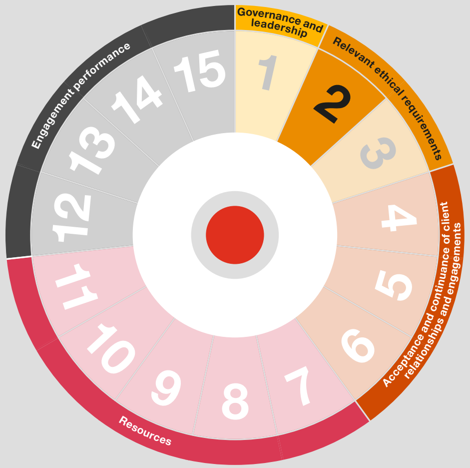
Relevant ethical requirements

2. Ethical requirements and values



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

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

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

Thinking and acting ethically

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

Standards

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

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

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

We take compliance with these ethical and compliance requirements seriously and strive to embrace the spirit and not just the letter of those requirements. All partners and staff undertake regular mandatory training and assessments, as well as submitting annual compliance confirmations, as part of the system to support appropriate understanding of the ethical and compliance requirements under which we operate. In addition, partners and staff comply with the standards developed by the PwC Network and leadership monitors compliance with these obligations.

The professional oath for auditors

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

Our values

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

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

Code of Conduct

Our purpose and the values as set out in the Code of Conduct and the PwC Professional collectively provide guidance to our partners and staff in their behaviour and attitudes. The Code is an integral part of the contracts of employment and association signed by all staff and partners. The key basic elements of the Code are professional conduct, respect for others, contribution to society and upholding our reputation.

Clients also agree to ethical conduct in accepting our terms and conditions as part of the engagement letter. The Code of Conduct, which applies throughout the entire PwC network of member firms, can be consulted on our external website.

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Our values and behaviours

Act with integrity

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

Make a difference

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

Care

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

Work together

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

Reimagine the possible

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

The Code of Conduct is a mandatory element of our training and development programmes. A mandatory digital training specifically addresses dealing with dilemmas. All our colleagues have followed this training and all new joiners must also complete this training before starting their work.
To make the application of the Code of Conduct tangible, we have embedded the values in our feedback processes. Employees are asked to provide 360-degree feedback to our partners and directors. In turn, our employees receive feedback on whether their behaviour is value-driven. We also ask our clients for feedback. We explicitly ask whether they experience that we put our purpose and values first in our work and whether, and if so to what extent, we serve the public interest with our services. In this way we create an environment in which our colleagues are aware of our values and in which desirable behaviour is encouraged and rewarded.

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

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

Ethics helpline
PwC has implemented a network-wide confidential ethics helpline for the reporting of questions or concerns related to behaviours that are inconsistent with the Code of Conduct and related policies.

Every PwC firm has a separate and secure tier of the ethics helpline for their confidential matters and investigations. The ethics helpline is also available for third parties, including clients. The ethics helpline allows our partners, staff and third parties to feel safe raising a question or concern without fear of retaliation.

The PwC Code of Conduct and the ethics helpline are available on-line for all internal and external stakeholders at pwc.com/ethics.

Security and confidentiality of information

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

In the client and engagement acceptance process, teams must answer questions about GDPR, among other things, to ensure that the correct procedures for handling personal data are used. Specialists have been appointed to support the teams in this. 'Privacy by design/default' is embedded in the procedure to develop and/or install new systems and tools.

The Information Protection Committee (IPC) has been expanded with the Data Protection Committee (DPC). Under the chairmanship of the data protection officer, the DPC addresses matters related to personal data. The NDPP acts as a working group with representatives from the international network of PwC member firms to ensure compliance with the GDPR.

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

Complaints procedure and Notification and Whistle-blower procedure

The Complaints procedure and Notification and Whistle-blower Procedures are governed by our Code of Conduct. These procedures are both for complaints in the personal arena and for suspicions of professional misconduct or other incidents.

Notifications in the personal arena may include intimidation, aggressive behaviour or discrimination. Those who file a complaint are referred to the Complaints Committee. The Business Conduct Committee (BCC) deals with any notifications of suspected professional misconduct (for example, improper acceptance of gifts or deliberate mis- invoicing) and with any other suspected incidents. There is also a confidential reporting option on our *website*.

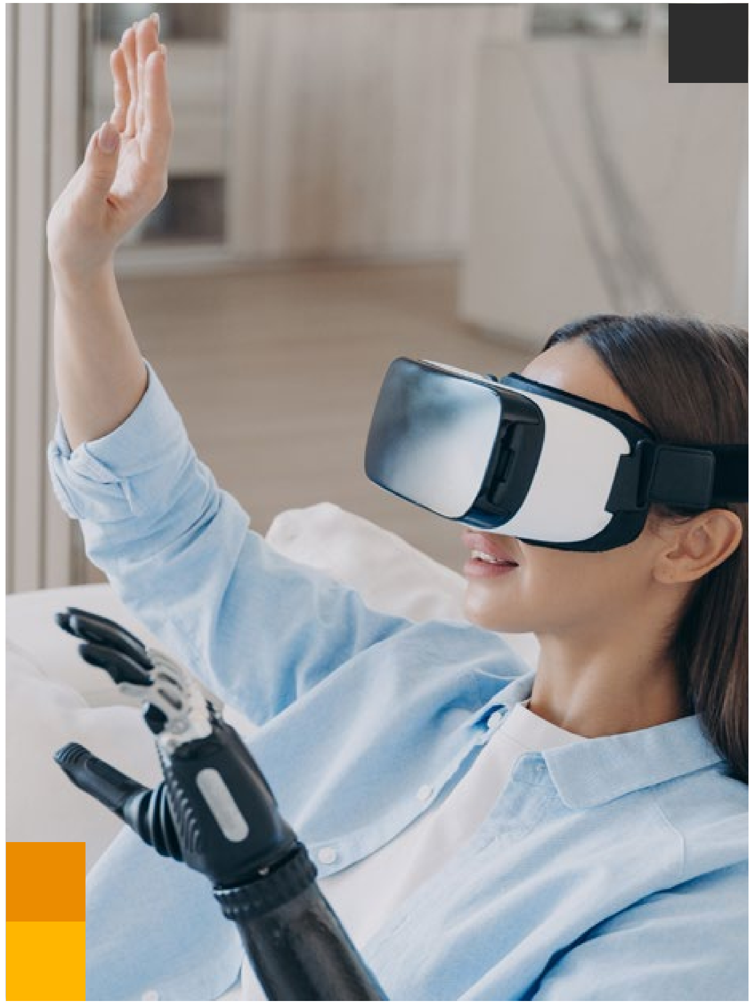
Staff who experience undesirable behaviour in a personal environment or who suspect professional misconduct, have access to the confidential counsellors. An outside party with a suspicion of professional misconduct or an incident may report this to the BoM or to the Assurance Board, both of which will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

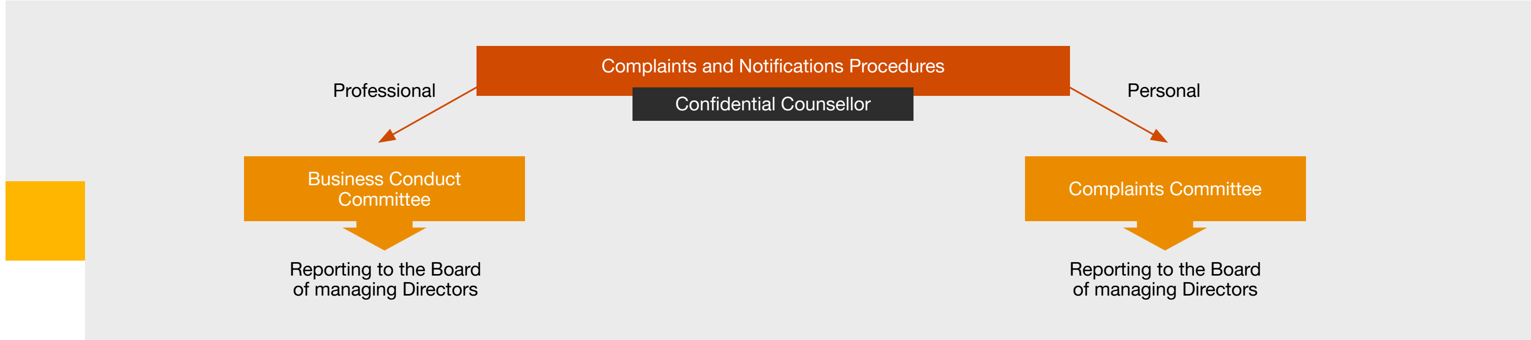
OECD Guidelines

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

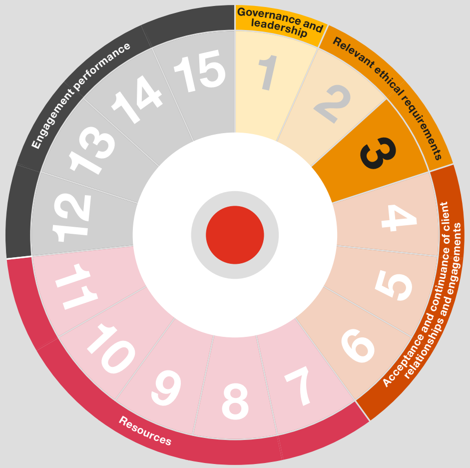
Investigation into improper answer sharing

Following our internal investigation into improper answer sharing we have implemented enhanced monitoring controls and a Learning Code of Conduct. See also *page 8* of our Transparency Report.





Relevant ethical requirements
3. Objectivity and independence



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

Identifying risks and required risk reducing measures
To meet our objectivity and independence objective, we have designed policies and procedures, implemented controls and executed other risk responses for identified (gross) risks to independence. The most important risks that have been identified in relation to the quality objective are:

- Not timely and adequately performing the required independence assessments when accepting new assurance clients or engagements and/or when assembling the team.
- Partners, staff members or advisors to our firm having a financial interest that impairs the independence of an audit client.
- Non compliance with (new) independence regulations, including those that apply to public interest entities.
- Provision of a service, technology offering or product or fee arrangement that impairs independence.
- Developing and introducing new services, ways of doing business or developing technology offerings without due regard to independence considerations.
- Entering into, or continuing with (joint) business relationship with an audit client or related entity that impairs independence.
- Poor quality data in information systems that leads to incorrect decisions resulting in impaired independence.
- Acquiring another business or taking a minority interest without adequate consideration of independence issues leading to a breach or ability to monitor/manage the independence considerations.
- Inadequate training content resulting in poor or insufficient independence knowledge with partners and staff.

Objectivity and independence

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

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

The independence requirements of the United States Securities and Exchange Commission (SEC) are, in certain instances, more restrictive than the Global Independence Policy. Given the reach of these requirements and their impact on PwC firms in the network, the Policy identifies key areas where an SEC requirement is more restrictive. Provisions that are specifically identified as applicable to SEC restricted entities must be followed in addition to, or instead of, the Policy in the associated paragraph. In addition to the specific independence requirements of the US Securities and Exchange Commission (SEC) and the PCAOB, the Dutch and EU independence regulations are also included in the GIP.

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

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

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

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

- The Central Entity Service (CES), which contains information about corporate entities including all PwC audit clients and their related entities (including all public interest audit clients and SEC restricted entities) as well as their related securities. CES assists in determining the independence restriction status of clients of the PwC firm and those of other PwC firms before entering into a new non-audit service or business relationship. This system also feeds Independence Checkpoint and the Authorisation for Services (AFS) system;
- Independence Checkpoint, which facilitates the pre-clearance of publicly traded securities by all partners and practice managers before acquisition and is used to record their subsequent purchases and disposals. Where a PwC firm wins a new audit client or there is a change in the restriction status of a security, this system automatically informs those holding relevant securities of the requirement to sell the security where required;
- Authorisation for Services (AFS) which is a global module that facilitates communication between a non-audit services engagement leader and the audit engagement leader, regarding a proposed non-audit service, documenting the analysis of any potential independence threats created by the service and proposed safeguards, where deemed necessary, and acts as a record of the audit partner's conclusion on the permissibility of the service;
- Joint Business Relationships (JBR) which is a global module used to clear joint (close) business relationships from an independence perspective. JBR is used to facilitate PwC firms' compliance with JBR requirements for new and existing joint business relationships. It assists independence specialists in gathering information to assess, from an independence perspective, the permissibility of proposed joint business relationships and in monitoring the continued permissibility of previously approved existing joint business relationships;
- Global Breaches Reporting System which is designed to be used to report any breaches of external auditor independence regulations (e.g., those set by regulation or professional requirements) where the breach has cross-border implications (e.g., where a breach occurs in one territory which affects an audit relationship in another territory). All breaches reported are evaluated and addressed in line with the Code.

We also have a number of local systems which include:

- A rotation tracking system which monitors compliance with the rotation policies for engagement leaders and other senior team members involved in an audit
- TRF/IDP database containing detailed descriptions and necessary approval workflows, including independence, for newly developed digital tools; and
- A database in which all external appointments of partners and staff are recorded. All possible external appointments have to be approved in advance. The Independence Office provides (binding) advice on any independence restrictions before the business unit leader (for staff) or the BoM (for partners and directors) approves.

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

the last auditor's report on the financial statements of PIEs that are going to change audit firms.

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

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

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

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

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

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

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

Our procedures are designed to promote that our employees comply with the independence requirements. Our employees are expected to notify the Independence Office of any breaches of the requirements, and the external auditor for the client in question is required to discuss the independence breach with the client's audit committee, including the nature of the breach, an evaluation of the impact of the breach on the independence of our audit firm and/or of our partners and staff, and the need for mitigating safeguards to maintain objectivity vis-à-vis the audit client. Although most breaches have little or no impact, all breaches are taken seriously and investigated appropriately. The investigations of any identified breaches of independence policies also serve to identify the need for improvements in systems and processes and for additional guidance and training.

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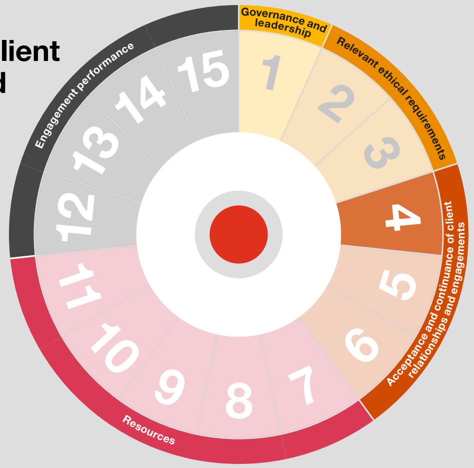
4. Client selectivity



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

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

- The risk that systems and information processes are not adequate to support the identification and assessment of business and quality risks of new and existing clients.
- The risk that client acceptance processes are not followed or only formally applied. The risk that the selectivity programme to assess whether PwC still wants to be associated with existing clients is inadequate.
- The risk that clients do not meet PwCs values and integrity standards.
- The risk that Assurance leadership has insufficient information to assess whether the client selectivity process is performed adequately and to take appropriate measures to properly manage the portfolio risk
- The risk that the quality of the client’s internal control environment is not up to standards leads to inappropriate acceptance and continuance decisions and overall increased assurance risk in the client portfolio.

Client research

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

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

Client and engagement acceptance

We also have acceptance and risk panels for referral of potential clients and engagements where our risk assessment or the size criteria indicate a need for wider assessment. Depending on the nature of the engagement, in addition to the partner / director responsible, the panel may include the risk management partner, the business unit leader, industry or regional leader and / or a member of the Assurance Board. Depending on the circumstances, other specialists may be added. The panel may decide to impose additional requirements to address the risks identified, for instance an additional level of involvement, such as a second partner on the engagement or a specialist as part of the engagement team. For more details on the client and engagement acceptance process, refer to objective 6 (engagement acceptance and continuance) below.

Selectivity

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

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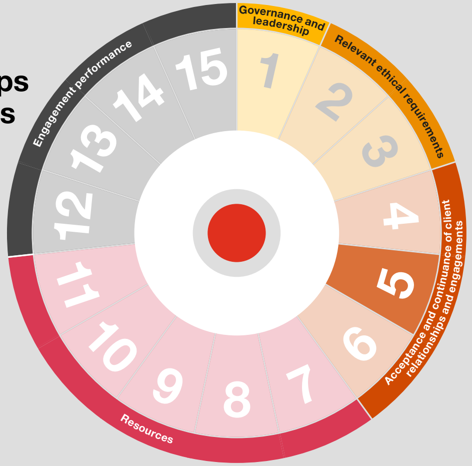
5. Managing services and products



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

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

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

Approval of new services

Before offering a service to a client which has not previously been offered an assessment is made of the commercial, technical, regulatory, and legal risks associated with the service. The primary goals of this policy are:

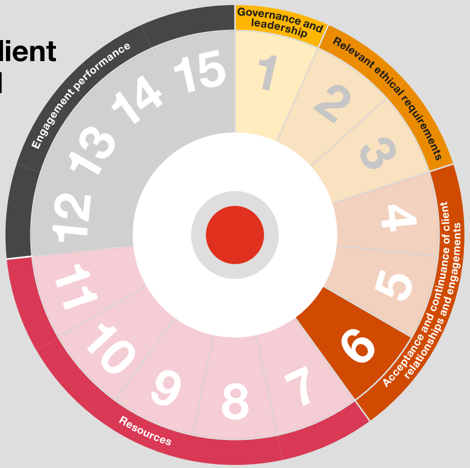
- to confirm that any proposed PwC services that are new to the Network are consistent with PwC's brand, strategy, purpose and values, and
- to help manage the potential risks associated with the delivery of new services by bringing relevant knowledge and experience from around the Network to teams for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

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

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

Acceptance and continuance of client relationships and engagements

6. Engagement acceptance and continuance



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

The most important risks that have been identified in relation to the quality objective are:
- The risk that the criteria for accepting engagements are unclear or insufficient.
- The risk that engagements are accepted without appropriate (senior) approval or that engagements with a higher risk are accepted without implementing additional quality controls to mitigate the identified risks to an acceptable level.
- The risk that engagements are accepted without having the right staffing and resources available to perform the engagement to an appropriate quality standard.

Procedure for acceptance of clients and engagements

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

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

We only accept audit engagements of new clients when we are assured of the integrity of the potential new client and when we have sufficient colleagues and professional expertise to assure a high level of quality. As part of our acceptance procedures, we assess the risk profile of the client and the engagement, including an assessment of integrity, going concern and earlier experiences with the client. For audit engagements and new engagements for existing clients, we also identify the independence requirements applicable to the client and determine whether the service is a ‘permitted service’ under the applicable national and international legislative and regulatory requirements. For example, supplementary to EU Regulation 537/2014, Dutch law prescribes that advisory services to PIEs conflict with the statutory audit responsibility.

Bid and risk panels

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

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

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

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

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

Engagement teams:

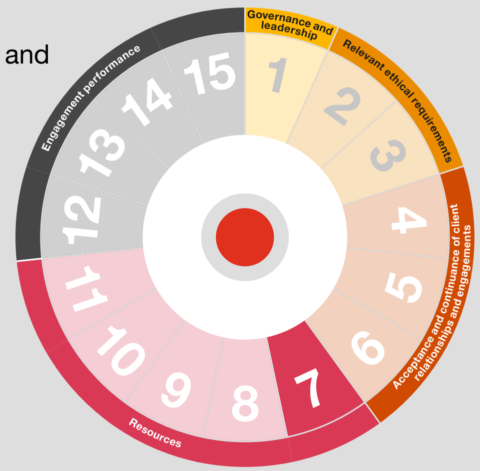
- To document their considerations of matters required by professional standards related to acceptance and continuance;
- To identify and document issues or risk factors and their resolution, for example through consultation by adjusting the resource plan or audit approach or putting in place other safeguards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

PwC firms (leadership and risk management):

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

Resources

7. Recruit, develop and retain



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

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

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

Our colleagues

We are focused on developing talent and enabling our colleagues to act with agility and confidence in a rapidly changing world. Specific focus areas include developing resilience, being mindful of the well-being of our colleagues and creating an inclusive culture.

The talent of our colleagues and the passion they put into their work are critical cornerstones of our quality.

We aim to be a learning organisation that offers its people coaching and training and development

programmes that support them to deliver the quality that is needed and that ultimately enable us to create added value for society, our clients and our colleagues.

PwC Professional

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

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

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

Recruitment

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

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

Workforce and talent management

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

Cycles of experience

Mobility is a key element in our flexibility and agility as an organisation. Through what we call Cycles of Experience, we emphasize to our professionals the importance of mobility and experience outside their regular comfort zones. We discuss individual aims and ambitions and we consider which new experiences have added value to both the employee and PwC. A cycle of experience can be of any magnitude: a move to another client portfolio or into another industry sector, a contribution to a corporate social responsibility initiative or to National Office, a move to another business unit or Line of Service, or a short or long term secondment within the PwC Europe collaboration or within the global PwC network of member firms.

Retention

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

Diversity and inclusion

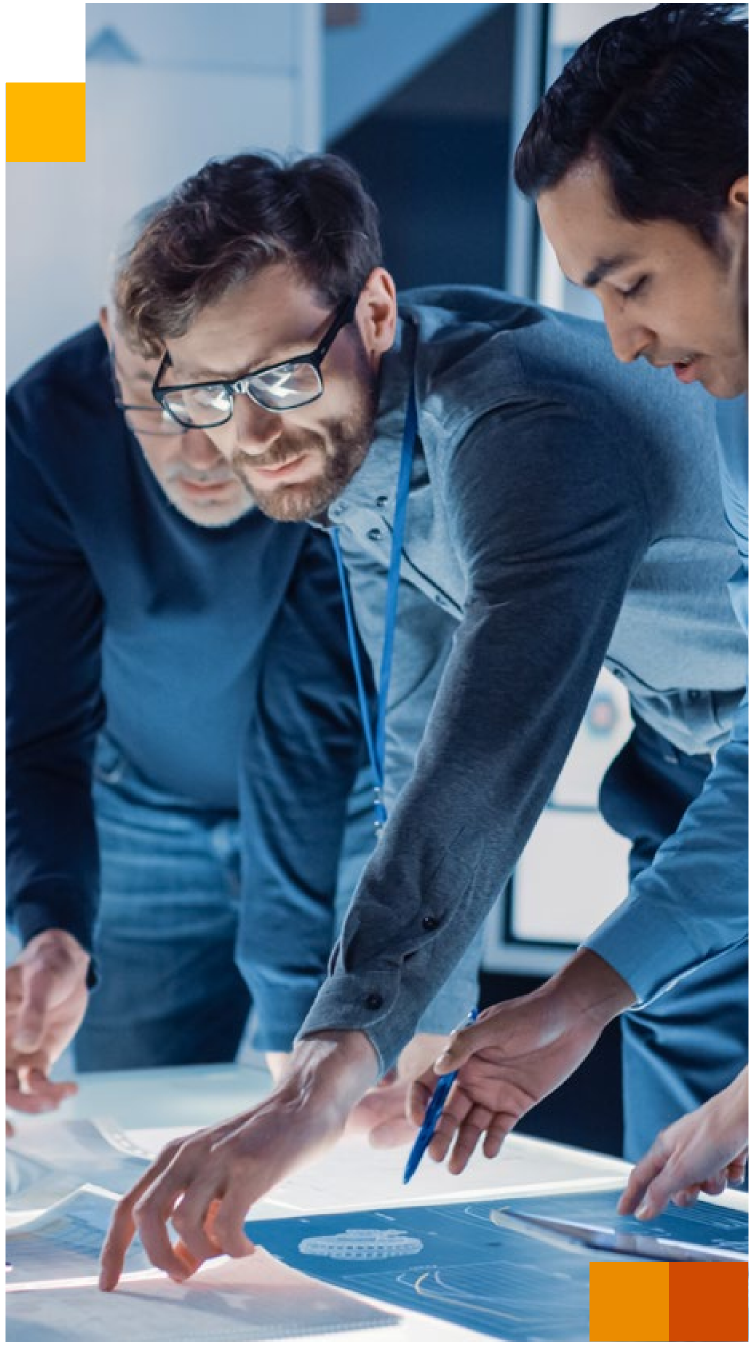
At PwC, we're committed to being a leading organisation for inclusion and belonging with our colleagues, clients, and external stakeholders and a leading employee destination for diverse talent. We are focused on ensuring our ways of working embrace diversity and foster an inclusive environment in which our colleagues are comfortable bringing their whole selves to work and feel that they belong and can reach their full potential. As demonstrated through our core values of Care and Work Together, we strive to more deeply understand and empathise with different backgrounds, perspectives and experiences. We know that when people from different backgrounds and with different points of view work together, we create the most value for our clients, our people, and society.

Global People Survey

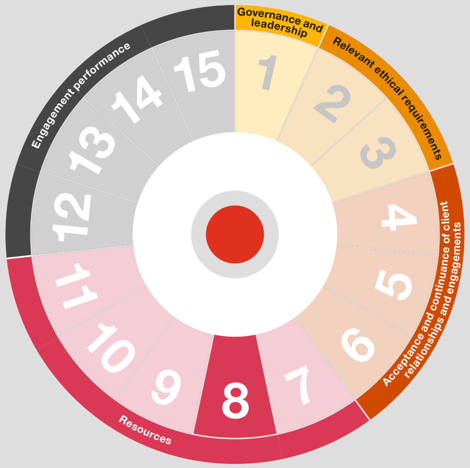
The Global People Survey, our annual employee satisfaction survey conducted across the network, provides us with information, among other things, how employees experience aspects such as culture, behavior and leadership within the organisation. Our partners, directors and employees can indicate what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

Wellbeing

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



Resources
8. Learning and education



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

The most important risks that have been identified in relation to the quality objective are:
- The risk that the L&D plan does not cover identified training needs and learning objectives.
- The risk that our colleagues fail to comply in a timely manner with their obligations with regards to permanent education or special accreditation obligations.
- Staff members do not act with integrity when completing training

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

Training programme
We are committed to delivering quality assurance services. To maximise consistency across the PwC network, the formal curriculum developed at network level, provides access to training materials covering the PwC audit approach and tools. This includes updates on auditing standards and their implications, as well as areas of audit risk and areas of focus for quality improvement. This learning is delivered using a blend of delivery approaches, which include self-paced learning, classroom learning, virtual classroom, and on-the-job support. The curriculum supports our primary training objective of audit quality, while providing practitioners with the opportunity to strengthen their technical and professional skills, including professional judgement while applying a sceptical mindset. The design of the curriculum allows us to select, based on local needs, when we will deliver the training.

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

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

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

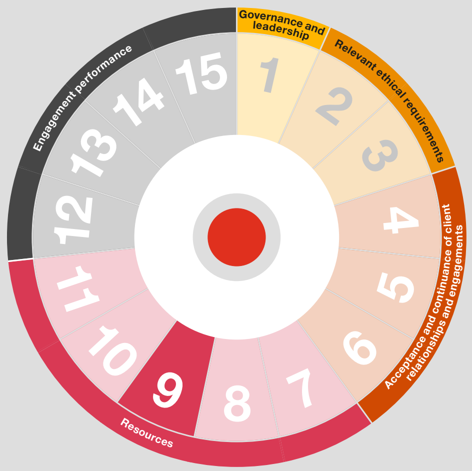
We also share knowledge through a variety of other channels, such as periodic webcasts and business unit workshops. In addition to the professional skills training programmes, we also have training for all staff levels focused on leadership, coaching, communication, reporting and management skills.

Permanent education (PE)
It is the personal responsibility of auditors to comply with the applicable permanent education obligations (PE) of the NBA. Every auditor has to keep a PE- portfolio, create an education plan with concrete learning goals - tailored to the regular activities - and ensure its realisation. Within the firm we provide guidance and resources to assist them in this process.

Monitoring accreditation obligations
For certain clients, the relevant team members must be accredited to perform the work. This includes for example PCAOB audits and NV COS 3402 engagements. Explicit monitoring of this takes place as part of QMSE.

Learning code of conduct
In order to foster a learning culture within the firm we have established a learning code of conduct which assists colleagues in prioritising learning as well as setting clear expectations for both learners and trainers.

Resources
9. Assignment of people to engagements



Objective: Assign appropriate people to each engagement.

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

Team selection, experience and supervision

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

Appointment of engagement leaders

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

Planning procedures

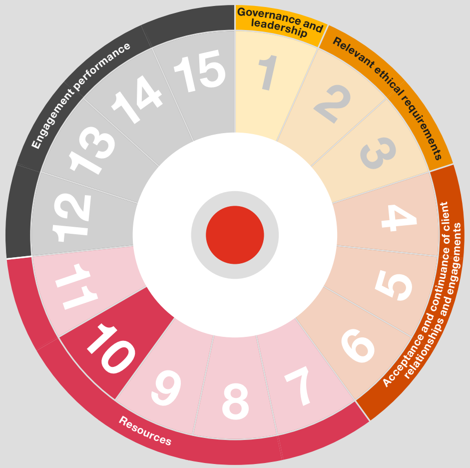
Ultimately, the responsibility for making the resources required to perform accepted audit and other assurance engagements (colleagues and resources) available in a timely manner rests with the Assurance Board. Each business unit has a planning manager, who is supported by one or more planners. They work under the responsibility of the operations partner of the business unit, who is a member of the management team. Under the leadership of the national partner responsible for planning, the operations partners take care of solving possible expected or identified resource bottlenecks. In this context, there is frequent consultation between the national partner responsible for planning and the responsible Assurance Board member.

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

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

Resources

10. Evaluation of compensation



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

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

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

Development and promotion

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

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

Promotion policy

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

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

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

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

- A test, by National Office, in the areas of auditing, risk management and financial reporting, to be successfully completed before the candidate can be nominated.
- The director leadership dialogues, in which the candidate director sets out his or her vision on, among other things, his/her contribution to realising the PwC purpose, PwC's relationship with society, quality, human capital and employee development.
- A self-assessment that the candidate must prepare with regard to various quality-related aspects (such as consultation behavior, training compliance and knowledge of auditing and accounting standards).
- A positive opinion on at least one ECR in the two years prior to the appointment as director. For the appointment as a partner, a positive assessment must have been obtained in at least two ECRs in the previous five years.
- At least 700 hours experience in diverse quality roles or 500 hours in one large quality role or position for upcoming directors. At least 1,400 hours experience in diverse quality roles or 1.000 hours in one or two large roles for upcoming senior directors and partners.

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

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

The Board of Management (BoM) is responsible for the decision to proceed with association agreements with the limited companies (BVs) of new partners, based on a proposal from the Assurance Board and an advice from the CAD and subject to the approval of the General Meeting of Shareholders (GM). The BoM requires the approval of the Supervisory Board (SB) for this if the relevant professional is appointed as an external auditor within the audit practice.

The BoM's proposal to the GM to agree upon its decision is to be supported by a preliminary advice from the Partner Council. Decisions to terminate the association agreements of partners who act as external auditor in the audit firm also require the approval of the SB.

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

Feedback in support of promotion decisions

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

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

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

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

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

Staff remuneration and evaluation based on performance and behavior

The remuneration process for directors follows part of the process for partners: the performance evaluation is also based on the 'clients', 'people' and 'firm/strategy' components, with quality being a significant element in all three components. The outcome of the performance evaluation is expressed in a performance rating on a scale of 1 to 5, which forms the basis for the salary increase and bonus.

The remuneration process for other staff is based on two elements: impact and progression. 'Impact' (which is the basis for the bonus) reflects the business and behavioral impact someone has had during the performance year and is linked to the goal setting agreed at the start of the year. It consists of both 'what' (relating to Firm/Society, People, Client, Other) as well as 'how' (behavior in line with our values). 'Progression' (which is the basis for salary increase) relates to growth and development as a person and professional in relation to the PwC Professional competency framework. The 'Impact' element only applies to senior associates and above, and within Assurance to managers and above. The bonus was built into the salary – in full for the more junior levels and partially for other levels. The goal is to place a greater focus on development, especially for the junior levels.

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

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

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

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

The points allocated to partners are 50% fixed as equity and responsibility-based ('mapping') and 50% variable as performance-based ('rating'). The variable element is determined based on individual partner performance in the areas of Clients (weighting:

50%), People (25%) and Firm/Strategy (25%). Quality is a significant element in all three components. An on-target performance means full partner entitlement to the variable 50% element. A positive or negative outcome to the annual evaluation process can lead to an adjustment to the variable 50% element. An unsatisfactory quality performance rating of an individual partner can therefore significantly affect the amount of an individual partner's remuneration. Quality is also rewarded positively, with an above-average rating potentially being rewarded with additional remuneration.

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

Quality matters

PwC uses a Recognition and Accountability Framework to facilitate a common approach to holding partners and staff accountable for quality outcomes and quality behaviours. Applicable to the Lines of Service and Internal Firm Services, the framework describes the expectations and details the interventions and recognition 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).

Meeting the minimum requirements for conduct (i.e. the behaviour that we at least expect from everyone) will not result in additional remuneration. These 'baseline expectations' involve meeting the Code of Conduct, complying with all applicable internal and external regulatory requirements and being proactively engaged within the firm. Non-compliance with baseline expectations can have a negative effect on total remuneration of between 12.5% and 50%. Assurance partners and directors are not rewarded for cross-selling at audit clients.

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

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

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

Mapping
Based on proposals by the different Lines of Service Boards in close cooperation with the Markets Leader, where applicable, the Board of Management defines the roles and responsibilities of individual partners at the start of the financial year. This process places partners into categories and in a specific position within the category. The Remuneration Committee reviews the outcome of this process.

Goal Setting
In consultation with the primary and secondary reviewers, individual partners set personal goals related to quality, roles and responsibilities, personal development and PwC NL's strategic priorities.

Evaluation
At the end of the financial year, a development and evaluation conversation assesses personal goals within the components Clients, People and Firm/Strategy. In preparation for this, partners evaluate areas such as the extent to which they have contributed to the strategic priorities of PwC NL.

Rating
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 in close cooperation with the Markets Leader, where applicable, submit the proposed ratings to the Board of Management. The Board of Management decides on the individual performance ratings, after receiving the assessment of the Remuneration Committee regarding the effectiveness and correct execution of the remuneration process.

Remuneration
As a result of this process, individual partners receive a profit share that reflects their role/responsibilities (50% fixed) and performance (50% variable).

They 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.

Clawback

Partners who act as external auditors are subject to a clawback scheme. Under this scheme, one sixth of each individual partner's annual remuneration (after corporate taxes) is accrued or withheld for a period of six years. 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 ringfenced remuneration is withheld from the partner and invested in measures to improve quality in PwC NL. The proposal to withhold (part of the) remuneration is subject to approval by the Supervisory Board. No clawback was required under this scheme in 2023/2024.

Remuneration of the Board of Management

The performance of the members of the Board of Management is evaluated by the Supervisory Board, which sets long-term goals for the Board of Management as a whole as well as for the individual members. These are based on the key elements of the PwC strategy, linked to the PwC values, and geared to delivering on our purpose while embedding the ESG objectives. For the year under review, these goals have been linked to PwC's 'The New Equation' strategy with a focus on clients, people, technology, quality and sustainable growth.

Depending on the role of each Board of Management member, some individual goals are linked to one or more qualitative sustainability-related objectives, such as GHG emission reductions, inclusion and diversity, people and client satisfaction, human capital development and sustainable growth. The current remuneration policy does not quantifiably determine how remuneration is dependent on measuring performance against these sustainability-related performance metrics.

The performance and progress made during the financial year was monitored on a regular basis by the Supervisory Board by means of a mid-year evaluation interview and a year-end performance interview between each member of the Board of Management and

counterparties from the Supervisory Board. These evaluations included an assessment of their performance against set goals and the time spent by members of the Board of Management on their various roles.

The Supervisory Board determines the remuneration of individual members of the Board of Management in compliance with the Dutch Audit Firms Supervision Act and in line with criteria set by the General Meeting. This means members receive a fixed non-profit-related remuneration rather than the points-based remuneration of other partners. The Supervisory Board determined the remuneration for the individual members of the Board of Management for 2023/2024 as set out in Table III. The annual evaluation of the fixed remuneration in relation to factors such as the responsibilities and tasks of board members and relevant societal/external or internal developments, did not lead to an adjustment of this amount as of 1 July 2023.

In addition to the fixed non-profit-related remuneration, the Supervisory Board is authorised to levy a downward correction on members of the Board of Management of up to 20% when justified by the quality of their performance as a professional practitioner. The Supervisory Board is also authorised to determine an additional remuneration of up to 20% of the fixed remuneration based on the achievement of mid-/long-term goals set by the Supervisory Board.

As stated, while some of these goals are linked to sustainability-related matters, the current remuneration policy does not explicitly determine the proportion of remuneration dependent on sustainability-related targets and/or impacts.

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

In addition to the fixed non-profit-related remuneration, Board of Management members receive expense allowances in line with those set for all partners. In a similar vein, they also receive an annual member's fee on capital contributed. Due to the fixed non-profit-related basis for the remuneration, the scenario analyses provided by the Dutch Corporate Governance Code are not considered.

The Supervisory Board also determines the remuneration of the members of the Assurance Board in accordance with the remuneration policy for Board of Management members as set out above.

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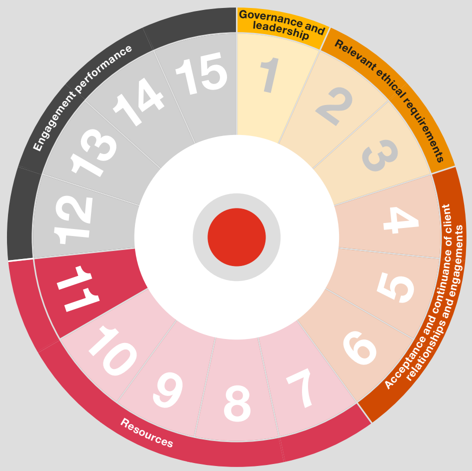
Resources

11. Technological resources



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

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

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

Governance

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

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

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

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

Development and maintenance

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

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

Change management

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

Access Control

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

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

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

Information security

Information security has a high priority within the PwC network. Our firm is accountable to our people, clients, suppliers, and other stakeholders to protect information that is entrusted to us. Failure to protect information could potentially harm the individuals whose information our firm holds, lead our firm to suffer regulatory sanctions or other financial losses, and impact the PwC reputation and brand. As such, our firm complies with the Information Security Policy which outlines the minimum security requirements for all PwC Firms.

Digital transformation

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

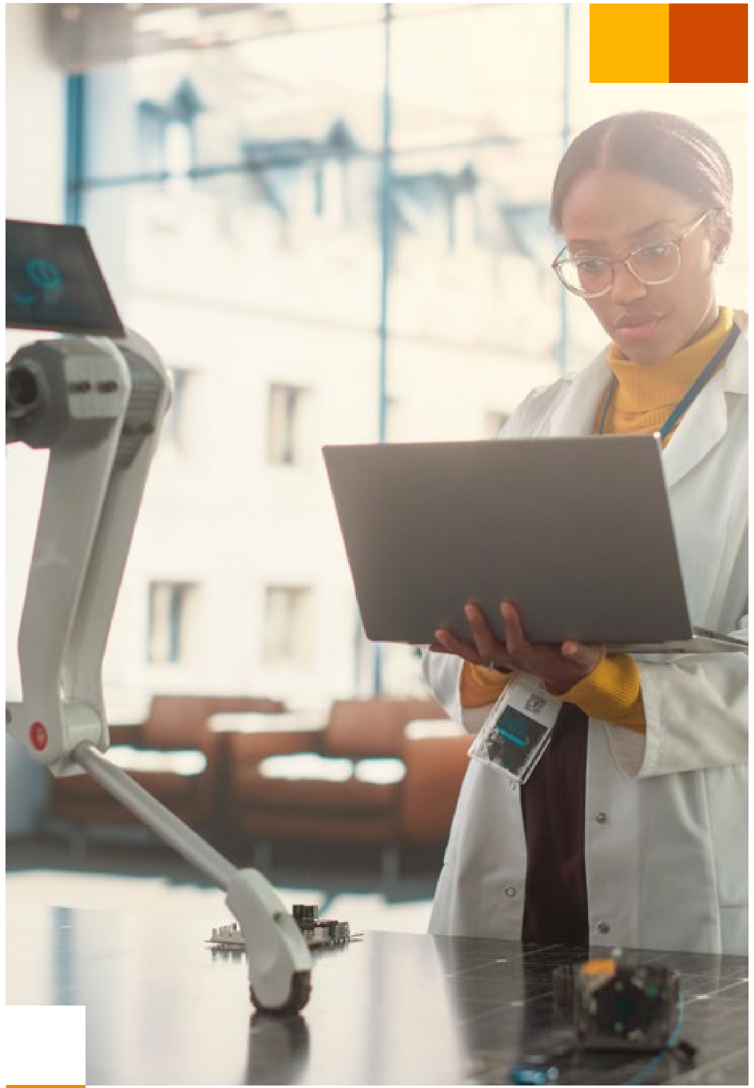
Our colleagues are encouraged to develop innovative solutions, amongst others by offering and making various digital upskilling programs mandatory, digital days are organised in the business units, where new ideas for digital solutions are shared and discussed. In addition, so-called digital accelerators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

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

Before a decision is made to invest in a particular innovative or digital solution or tool, it is determined that the proposed new solutions fit within the Assurance strategy and are in line with the purpose of PwC. It is crucial that the quality of new solutions or tools is guaranteed.

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

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



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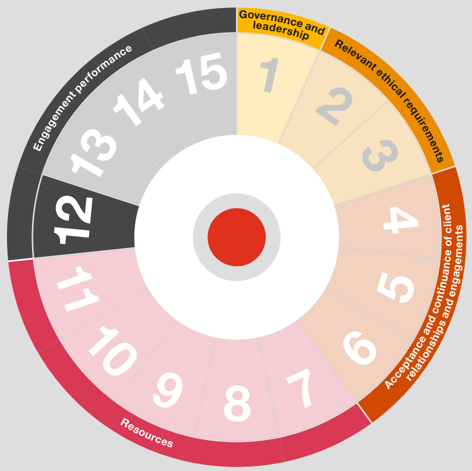
12. Support for engagement performance



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

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

Our audit approach

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

The PwC Audit

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

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

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

2. Deep understanding of the client's business

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

3. Relevant risks

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

4. Determining the scope of the audit procedures

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

5. Robust testing

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

6. Meaningful conclusions

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

Our colleagues
Technology
Audit approach
+
The PwC Audit

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

Support from the central organisation

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

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

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

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

Technologies that strengthen our audits

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

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

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

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

Connect Suite
Connect Suite is an online portal that facilitates speedy and secure exchange of information between colleagues (both in-country and abroad) and clients at all stages of the audit. Connect Suite consists of Connect and Connect Audit Manager.
Connect monitors the status of requests and information between our clients and the audit team in real time. Both the audit team and the client know the status at all times.
Connect Audit Manager provides support in standardising and automating the coordination of the audit in situations where there is a group auditor and component auditors in multiple locations. Audit information is exchanged on the platform. Connect Audit Manager supports the coordination process for complex audits involving multiple locations.

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

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

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

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

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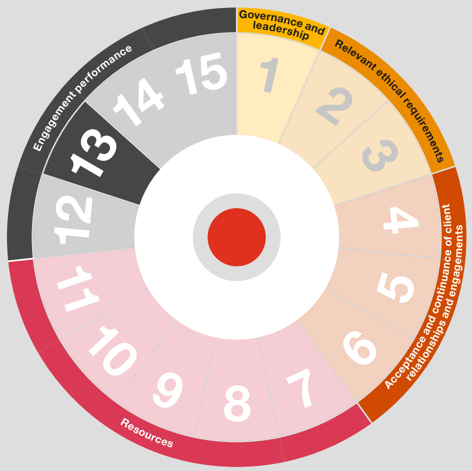
13. Direction, coaching and supervision



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

The most important risks that have been identified in relation to the quality objective are:
- The risk that insufficient project management skills are available on engagements.
- The risk that engagement leaders or engagement managers insufficiently direct and coach their team, or that they are insufficiently or not timely involved in the execution of the audit.
- The risk that insufficient on-the-job training takes place or that work performed by the team members is insufficiently reviewed for quality, effectiveness and documentation.

Team roles and responsibilities

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

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

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

Real Time Assurance

We have developed a Real Time Quality Assurance RTA program in which preventive monitoring takes place and audit teams are coached and supported to do the right thing. The RTA program consists of coaching for quality (C4Q) and coaching through our so-called BI solutions (business intelligence). Both C4Q and BI help audit teams to ensure the quality of audit engagements as they perform their audit work.

If it is established that an audit or audit file could or should be improved, the audit team concerned will receive coaching and the team will have the opportunity to follow this up before completing the audit.

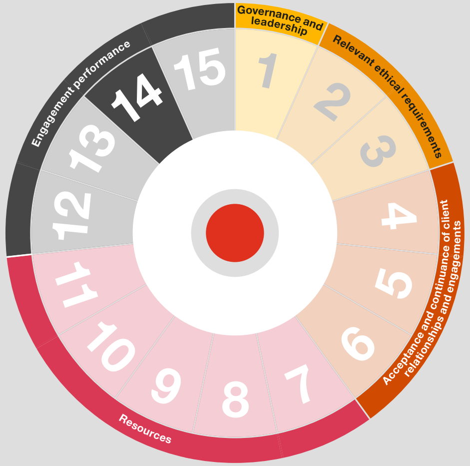
Coaching for Quality (C4Q)

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

Business intelligence

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

Engagement performance
14. Expert knowledge



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

The most important risks that have been identified in relation to the quality objective are:
- The risk that necessary or desired support by experts is not or not sufficiently available.
- The risk that experts are not used even though this support is required to carry out a proper audit.
- The risk that not enough colleagues are available for consultation to support teams in the resolution of complex technical or risk management issues.

Use of experts

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

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

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

Consultations

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

National Office

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

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

Fraud panel

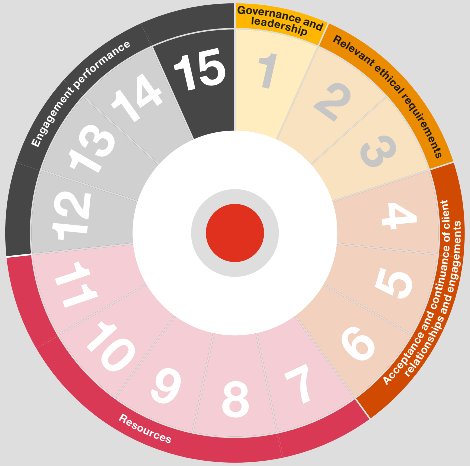
In the event of (alleged) fraud at our clients, our internal fraud panel must be involved.The fraud panel consists of forensic, risk management and methodological experts.

Notification of potential unusual transactions

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

Engagement performance

15. Quality controls in performing engagements



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

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

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

Engagement-specific quality reviews

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

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

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

The QRPs and the CRPs receive mandatory training in preparation for their role and are part of a joint network managed by the C4Q Lead and Chief Auditor. Through this network they receive continuous substantive support and guidance in the performance of their roles, while at the same time the network serves as a platform for sharing experiences and best practices.

Our governance

Our legal structure

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

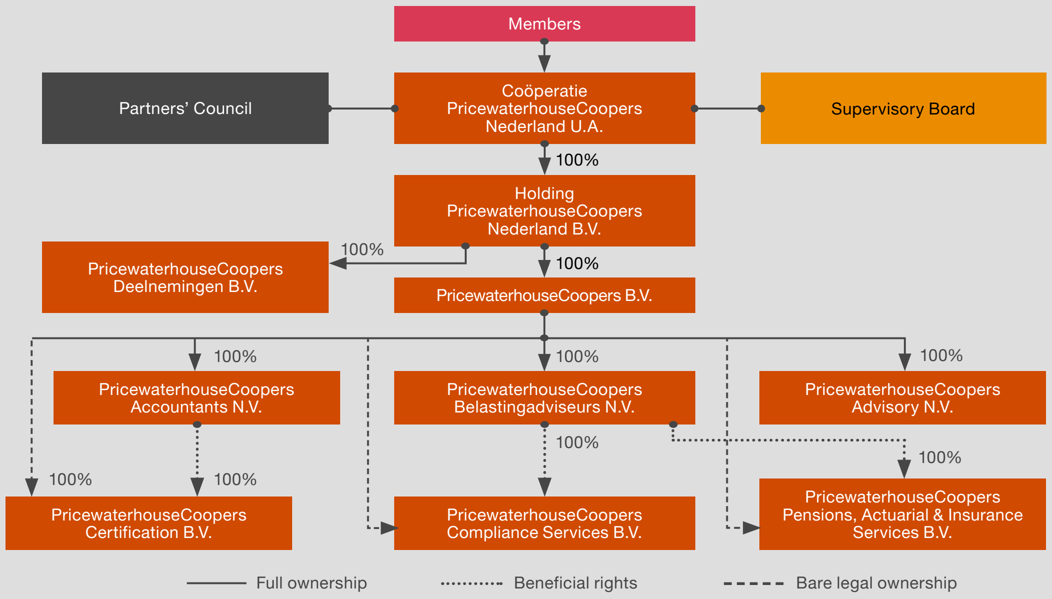
PricewaterhouseCoopers Accountants N.V. is the audit firm of PwC NL and holder of a license under Article 5 of the Audit Firms Supervision Act (Wta) (license number 130002921). PricewaterhouseCoopers Accountants N.V. is a wholly owned subsidiary of PricewaterhouseCoopers B.V., which is a wholly owned subsidiary of Holding PricewaterhouseCoopers Nederland B.V (Holding), which in turn is a wholly owned subsidiary of the Coöperatie.

The Coöperatie is a party to association agreements with each of the private limited liability companies owned by the professional practitioners (Work- BVs). Under these agreements, the professional practitioners are made available by their Work- BVs to provide professional services within a Lines of Service (LoS) in exchange for a management fee.

On 30 June 2024, the Coöperatie had 296 associated members, of which 108 have made a practitioner available to PricewaterhouseCoopers Accountants N.V. The majority of the professional practitioners (being partners) made available to the audit firm have been registered with the AFM as external auditor. This registration takes place after a(n internal) quality assessment has been made. After approval from the Supervisory Board, the external auditors are appointed by the Assurance Board.

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

Simplified legal structure as of 30 June 2024



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

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

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

PricewaterhouseCoopers Certification B.V. handles assignments that fall under mandatory accreditation, such as assurance on CO_2 and NOx emissions and ISO certification of information security management systems (ISMS). At the time of the transparency report, the activities of PricewaterhouseCoopers Certification B.V. are being continued by another PwC member firm. No activities will be performed in PricewaterhouseCoopers Certification B.V.

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

PwC Europe collaboration

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

PricewaterhouseCoopers International Limited

PwC is the brand under which the member firms of PricewaterhouseCoopers International Limited (PwCIL) operate and provide professional services. Together, these firms form the PwC network. 'PwC' is often used to refer either to individual firms within the PwC network or to several or all of them collectively.
In many parts of the world, accounting firms are required by law to be locally owned and independent. Although regulatory attitudes on this issue are changing, PwC member firms do not and cannot currently operate as a corporate multinational. The PwC network is not a global partnership, a single firm, or a multinational corporation.

For these reasons, the PwC network consists of firms which are separate legal entities. The firms that make up the network are committed to working together to provide quality service offerings for clients throughout the world. Firms in the PwC network are members in, or have other connections to PricewaterhouseCoopers International Limited (PwCIL), an English private company limited by guarantee. PwCIL does not practise accountancy or provide services to clients. Rather its purpose is to facilitate coordination between member firms in the PwC network. Focusing on key areas such as strategy, brand, and risk and quality, the Network Leadership Team and Board of PwCIL coordinates the development and implementation of policies and initiatives to achieve a common and coordinated approach amongst individual PwC firms where appropriate. Member firms of PwCIL can use the PwC name and the resources and methodologies of the PwC network. In addition, member firms may request the resources of other member firms and/or secure the provision of professional services by other member firms and/or other entities. In return, member firms are bound to abide by certain common policies and to maintain the standards of the PwC network as put forward by PwCIL..

The PwC network is not one international partnership and PwC member firms are not otherwise legal partners with each other. Many of the member firms have legally registered names which contain "PricewaterhouseCoopers", however there is no ownership by PwCIL. A member firm cannot act as agent of PwCIL or any other member firm, cannot obligate PwCIL or any other member firm, and is liable only for its own acts or omissions and not those of PwCIL or any other PwC firm. Similarly, PwCIL cannot act as an agent of any member firm, cannot obligate any member firm, and is liable only for its own acts or omissions.

The governance bodies of PwCIL are:
Global Board, which is responsible for the governance of PwCIL, the oversight of the Network Leadership Team and the approval of network standards. The Board does not have an external role. The Board is comprised of elected partners from PwC firms around the world and one or more external independent directors. Please refer to the following *page* on the PwC Global website for a list of the current members of the Global Board.
Network Leadership Team, which is responsible for setting the overall strategy for the PwC network and the standards to which the PwC firms agree to adhere.
Strategy Council, which is made up of the leaders of the largest PwC firms and regions of the network, agrees on the strategic direction of the network and facilitates alignment for the execution of strategy.
Global Leadership Team, which is appointed by and reports to the Network Leadership Team and the Chairman of the PwC network. Its members are responsible for leading teams drawn from PwC firms to coordinate activities across all areas of our business.

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

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

System of quality management

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

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

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

For assurance work, the global PwC network has a review programme directed specifically at quality, based on the professional standards that apply (such as ISQM1 and, where applicable, the quality control standards of the US Public Company Accounting Oversight Board). The objective of this particular programme is to assess whether:

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

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

Our organisational structure

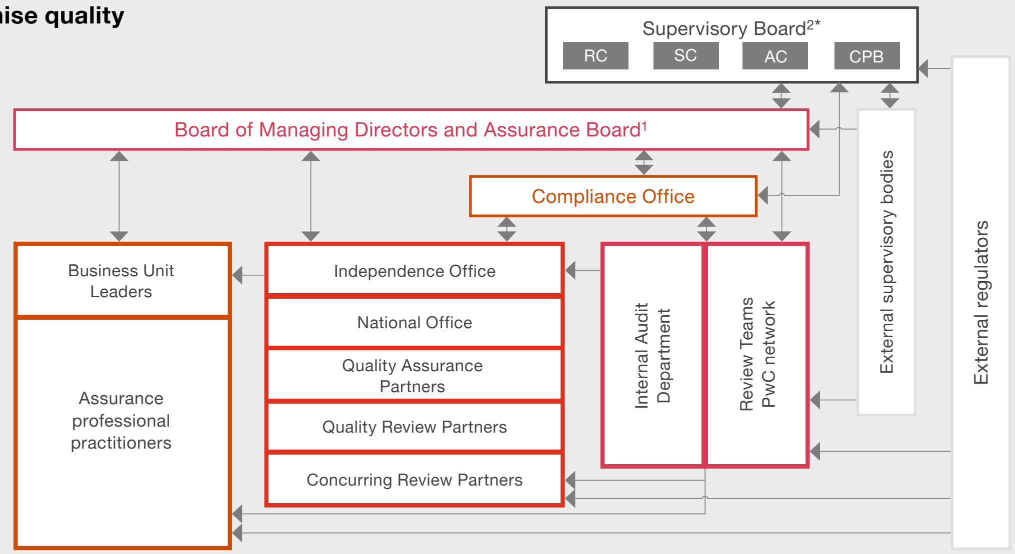
Policymakers and co-policymakers of the audit organisation

The members of the Board of PricewaterhouseCoopers Accountants N.V. (also referred to as the Assurance Board), together with the members of the Board of Management and Supervisory Board of the Coöperatie form the (co-)policymakers of PricewaterhouseCoopers Accountants N.V. within the context of the Audit Firms Supervision Act ('Wta'). The Assurance Board is responsible for the day-to-day management of the Assurance practice. In their role as day-to-day policymakers, the responsibilities of the members of the Assurance Board include the design, maintenance, and operating effectiveness of the quality and risk management system. The Chair of the Assurance Board is the single statutory director of PricewaterhouseCoopers Accountants N.V. The Assurance Board consists of Wytse van der Molen (Chair), Raneesh Jagbandhan and Joris van Meijel. The Chair of the Assurance Board is appointed by the General Meeting of PricewaterhouseCoopers Accountants N.V. The Chair appoints the other members of the Assurance Board as authorised executive directors after approval from the Supervisory Board. The Chair and the other members are appointed to their respective roles for a maximum two- or four-year aggregate period.

Partners' Council

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

They way we organise quality



1 Policymakers
2 Co-policymakers

* The supervisory board supervises the Board of Managing Directors and consists of the following committees:
RC = Remuneration Committee, SC = Selection and Appointments Committee, AC = Audit Committee, CPB = Public Interest Committee

Business units
Given the structure and size of the audit firm, some of the Assurance Board's responsibilities have been vested in business units (BUs), each led by a Business Unit Leader with the following responsibilities:
- Implementation of the regulatory requirements that apply for quality, risk management and conduct and behaviour (Code of Conduct), the Business Unit Leader being supported in this by the Quality Assurance Partner who is also responsible for quality aspects such as the acceptance, continuance, and performance of engagements including the statutory audits.
- Design and management of an effective infrastructure (adequate levels of people and resources, industry expertise, business unit planning and its deployment of resources (productivity, revenue and profitability), the Business Unit Leader being supported in this by the Operations Partner.
- Human capital management, management of the team in terms of service quality and the monitoring and development of our people, their experience and their behaviour, the Business Unit Leader being supported in this by the Human Capital Partner.
- Focusing on maintaining market share in the Business units and satisfaction of our existing clients, the Clients & Business partners are appointed as part of the management team.

As of 30 June 2024, the Assurance practice has eight business units, spread over twelve offices, consisting of four regionally operating Assurance business units and four nationally operating business units: Financial Services (FS), National Office, Broader Assurance Services (BAS) and Digital Trust (DT). The Business Unit Leaders coordinate with the Assurance Board through the Assurance Management Team, set up to facilitate consistency of operational management across the Assurance practice.

The FS business unit focuses on services to (audit) clients in the financial sector such as banks, insurance companies, investment institutions and pension funds. The BAS business unit provides accounting advice primarily to non-audit clients, works on behalf of capital market transactions, provides support to our audit teams in specific accounting subjects and also includes our specialist with regards to ESG and CSRD. The Digital Trust business unit delivers and develops non-financial assurance services in addition to its IT role in the audit teams and includes our audit support departments (including national planning). The business units are supported by the nationally operating department National Office.

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

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

Business units and departments as of 30 June 2024	
Amsterdam	Alkmaar and Amsterdam
South Holland	The Hague and Rotterdam
North-Central	Arnhem, Groningen, Leeuwarden, Utrecht, Enschede and Zwolle
South	Breda, Eindhoven and Maastricht
Financial Services	Nationally operating Business Unit
Broader Assurance Services	Nationally operating Business Unit
Digital Trust	Nationally operating Business Unit
National Office	Nationally operating department

Co-policymakers - Supervisory Board
The internal supervisory role at PwC the Netherlands is discharged by the independent Supervisory Board (SB). On 30 June 2024, the SB consisted of six members. The members of the SB are appointed by the General Meeting of the Coöperatie on the basis of a binding proposal submitted by the SB. The members of the SB qualify as co-policymakers of PricewaterhouseCoopers Accountants N.V. within the context of the Audit Firms Supervision Act ('Wta'). Members of the SB are appointed for a term of four years and may be reappointed for a maximum of one further term of four years. During the financial year 2023/2024 all members of the SB were external members and were independent of PwC and complied with specifically agreed independence requirements.

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

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

During the financial year 2023/2024 the SB consisted of Chris Buijink (Chair), Baukje Dreimüller, Floor Rink, René van Schooten, Jan Sijbrand and Saskia Vlaar. The Report of the SB is included in the *Annual Report 2023/2024*.

The SB has the following committees:

Public Interest Committee (Commissie Publiek Belang, CPB)

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

Audit Committee

The role of this committee is to assist the SB in its decision-making in the area of financial matters. These include the annual financial statements and co-signing thereof and the annual report the financial reporting process, including the preparation and determination of the Coöperatie's annual plans and budgets (including the budget for PricewaterhouseCoopers Accountants N.V.), major capital investments and the design and operating effectiveness of the internal risk management and control systems. The Committee also advises the SB on the preparation of the proposal to the General Meeting regarding the external auditor's appointment. During financial year 2023/2024 the Committee consisted of René van Schooten (Chair), Baukje Dreimüller, Jan Sijbrand and Saskia Vlaar.

Remuneration Committee

The role of this committee is to support the SB in its responsibilities in the area of remuneration. These include preparing the proposals for remuneration policies regarding the Board of Management and the Assurance Board, for approval by the General Meeting, and approval of the policies for the remuneration of partners and staff, including supervision of their proper implementation. During financial year 2023/2024 the Committee consisted of Jan Sijbrand (Chair), Chris Buijink, Floor Rink and Saskia Vlaar.

Selection and Appointment Committee

The role of this committee is to support the SB in its responsibilities in the area of appointments. These include the nomination of the members of the SB, the Board of Management and the Assurance Board, the approval of the appointment of the Compliance Officer and the approval of the appointment of external auditors. During financial year 2023/2024 the Committee consisted of Chris Buijink (Chair), Baukje Driemüller, Floor Rink and René van Schooten.

Audit Quality Indicators

First year of reporting on the Audit Quality Indicators

In this chapter, we have presented the Audit Quality Indicators (AQIs) for PwC Accountants N.V. for the year 2023/2024. The AQIs were introduced by the Quartermasters, as part of their investigation into the audit sector.

When the Quartermasters proposed their AQIs, PwC embraced the initiative and played a role in the Netherlands Institute of Chartered Accountants (NBA) Working Group 'AQI & Data'. PwC agrees that the AQIs can be an important tool for transparency about audit quality. Because of this, we have chosen to voluntarily report on the AQIs, even though this is not yet required by law and the definitions are not yet finalised.

It is important to note that the AQIs should be considered in the context of our System of Quality Management (SoQM). More information on the SoQM can be found in this appendix.

For the Transparency Report 2023/2024, we have included all AQI's, except for AQI 6 - Culture and AQI 11 - Client satisfaction, as these are to be measured with surveys that have yet to be developed centrally by the NBA. PwC already reports on employee satisfaction through the outcomes of our Global People Survey. Outcomes of this survey are included in the Transparency report. For AQI 9 - Budget overruns we decided not to report this indicator because of insufficient data quality.

The AQIs only relate to Wta-required financial statements audit engagements. No comparative figures for the year 2022-2023 have been included.

Audit quality indicators

AQI 1 – Involvement external auditor

	Average involvement external auditor
Quartile 1: Relatively limited	2.1%
Quartile 2: Below average	3.7%
Quartile 3: Above average	5.5%
Quartile 4: Relatively high	10.8%

This Audit Quality represents the involvement of the external auditor. The external auditor is responsible for signing the auditor's report and leads the audit engagement team. The audit engagement team composition is based on the complexity and size of the audit engagement. Within PwC, we monitor for partner and director involvement, since for some of our clients multiple senior colleagues are involved to ensure high quality services. Reflecting on the figures above, we consider that the involvement of external auditors is sufficient to ensure these quality services.

AQI 2 – Deficiencies in financial statements and audit engagements

Number of deficiencies	PIE audit engagements	Non-PIE audit engagements	Total	% of the total number of audits
Number of completed audit engagements in which a deficiency in the audit or financial statements was identified.	2	25	27	1.5%

AQI 2 – Deficiencies in financial statements and audit engagements *(continued)*

Type of deficiency	PIE audit engagements	Non-PIE audit engagements	Total
Non-compliant outcome on internal review	0	2	2
Non-compliant outcome on external review	0	0	0
Material error in the financial statements	2	21	23
Of which of fundamental errors	0	3	3
Withdrawn auditor's reports	0	2	2

During the year, we have performed internal reviews. The number of files reviewed can be found in the Transparency report. Less than 5% of the reviews were marked as non-compliant this year. For these files, we determined that sufficient evidence has been obtained to support the issued auditor's report.
We perform thorough root cause analyses for situations with material errors, withdrawn auditor's reports and non-compliant review outcomes. We learn from the mistakes made to prevent our audit practice from repeating them in the future.

AQI 3 – Fraud and going concern

	PIE audit engagements	Non-PIE audit engagements	Total
Percentage of audits engagement with a suspicion of material fraud	6.2%	1.4%	1.8%
Percentage of audits engagement with an modified audit opinion due to going concern	1.4%	3.1%	3.0%

Within PwC Assurance, teams have to perform mandatory consultations (voluntary consultation is also possible) with our National Office, in cases where there is a suspected material fraud, or a potential issue regarding going concern on our clients. As these percentages are driven by situations happening at our clients, we do not have internal targets.

However, we do monitor the number of consultations performed on these topics. The figures above show the instances where, for legally required audits, such consultations were applicable. Only when consultations regarding going concern resulted in an adjusted auditor's report, we have included them in the indicator above.

AQI 4 – Quality improvement measures

	PIE audit engagements	Non-PIE audit engagements
Percentage of audit engagements in which at least one quality improvement measure was applied	100%	68%
The percentage of audit engagements with the following measures to improve quality:		
Quality Review Partner or Concurring Review Partner involvement	100%	27%
Financial statements review (FSR)	24%	2%
Fraud consultation	7%	2%
Consultation on going concern	3%	3%
Consultation on auditing topics	4%	3%
Consultation on accounting topics	5%	4%
Use of IT specialists	54%	42%
Use of tax specialists	51%	29%
Use of forensic specialists	21%	12%
Use of valuation specialists	54%	35%

For all quality improving measures as disclosed in the table above, we have internal policies which also take into account requirements from legislation and the applicable standards.
- Since a QRP (OKB) is mandatory for OOB clients, we reach a 100% score for the legal audits of OOB's. For non-OOB audits, a QRP is not required. However, a QRP can be appointed when certain risk criteria are applicable for clients.
- For the independent review of the financial statements, we select files based on our internal policies. For example: all listed first year audits of OOB clients are required to have a financial statement review.
- Consultations on fraud, going concern and other topics are required in certain situations. Audit teams identify these situations and, based on internal policies, decide whether consultation with National Office is required. A voluntary consultation is also possible.
- Specialists, for example in the field of IT, tax, forensics and valuations, can be involved to provide additional expertise to the audit team. Depending on the situation, involvement is mandatory of voluntary. Typically, specialist involvement increases when more complex audit situations occur.

AQI 5 – System of quality management

	Internal	External
The total of detected deficiencies in the System of Quality Management	3	0
Of which significant deficiencies	0	0

As part of our quality management system, deficiencies can be identified from multiple sources. For example, we can flag them ourselves or they can be the results on reviews which are performed by PwC Global or oversight bodies. At PwC, we strive to continuously improve our processes, and therefore do not consider any (potential) identified deficiences as negative. This aligns with our learning culture. We are focused on resolving deficiencies in a thorough and timely manner, in order to further improve our system of quality management.

AQI 7 – Team member turnover on audit teams

	Team size	Continued involvement of team members	Involvement of new team members
Average team member turnover on audit teams	23.2%	52.3%	46.1%
PIE audit engagements	27.8%	55.9%	48.7%
Non-PIE audit engagements	22.7%	51.9%	45.8%

	PIE audit engagements	Non-PIE audit engagements	
Average audit engagement team size	14	9	

As in any other company, we are faced with turnover of our colleagues. The numbers disclosed above are higher than the annual turnover at firm level. However, we don't change the composition of our audit teams only when people leave our firm. We carefully balance knowledge and experience levels in our teams, to ensure both high quality services as well as a great learning environment for our colleagues. To limit the impact of team changes, we have extensive procedures in place to transfer audit team knowledge. We focus specifically on continuity for the engagement manager and leader roles on engagements.

AQI 8 – Investments in innovative technology

	% total revenue from statutory audits
Total amount of investments in innovative technology which is directly related to improvement of audits	2%

Every year, we invest in technology. The amount shown in this table is the amount of investments made in innovative technology. The majority of our investments in technology, for amongst others the Next Generation Audit program, are made via our Global PwC network.

AQI 10 – Number of hours spent on ESG training

	% of the number of available hours
Number of hours spent on training (general)	9.8%
Number of hours spent on ESG training	0.5%

Within PwC, we believe that timing of internal training is very important. We therefore offer training on specific topics, such as CSRD, at the right time. For the past year, this meant that we made the majority of CSRD training curriculum available, only for the colleagues who will have to perform audits reporting on CSRD over the financial year 2024. For all the other colleagues, we have started with the basics of CSRD. These colleagues received a large part of these trainings during the summer of 2024, which is just after our financial year 2023-2024 ended.

Definitions of AQI's used

PwC uses the definitions of AQIs as published in the final proposal of the Quartermasters from December 2021 wherever possible. Below is a list per AQI to give more insights regarding the data that is used for the calculation per AQI. Please note that AQIs relate to Wta-required financial statements audit engagements.

AQI 1:
- The booked hours of the external auditor as a percentage of the total core audit team hours recorded on the financial code associated with the audit engagement.
- Ranking all audit engagements from the highest to lowest relative involvement percentage by the external auditor, which is then distributed in four quartiles. Subsequently, the average involvement percentage per quartile is calculated.

AQI 2:
- The total number of the audit engagements (PIE and non-PIE) with non-compliant internal or external review/inspection outcomes, material errors in client financial statements or withdrawn audit reports.

AQI 3:
- The percentage of audit engagements (PIE and non-PIE) for which the engagement team raised a consultation with the Fraud Panel at the client level and the percentage of audit engagements with a modified audit opinion due to going concern.

AQI 4:
The total of the audit engagements (PIE and non-PIE) completed in the fiscal year with at least one of the following measures to improve quality that was performed during the fiscal year:
- Quality Review Partner or Concurring Review Partner involvement
- Financial statements review (FSR)
- Fraud consultations at the client level
- Going concern consultations
- Auditing consultations (including modified auditor's report consultations)
- Accounting consultations
- Use of IT specialists
- Use of fiscal specialists
- Use of forensic specialists
- Use of valuation specialists

AQI 5:
- The total of detected (significant) deficiencies in the system of quality control (QMSE) of the audit firm.

AQI 6:
- AQI is to be measured with a questionnaire that needs to be developed by NBA. This AQI is therefore not included in the 2023-2024 reporting.

AQI 7:
Calculation of the averages on audit teams:
- Team size: increase/decrease of the audit team headcount on audit engagements for the audit client for two consecutive years.
- Continued involvement of team members: the continued involvement of the audit team members (headcount) on audit engagements for the audit client for two consecutive years.
- Involvement of new team members: involvement of new team members of the audit team (headcount) on audit engagements for the audit client for two consecutive years.
- A threshold is used of a minimum of ten hours - to prevent outliers due to the use of alternative delivery models and staff involved on an ad hoc basis.
- Average audit engagement team size (based on headcount) (PIE and non-PIE).

AQI 8:
- Total amount of investments in innovative technology that is directly related to improvement of the audit, divided by total territory audit revenue.
- The definition of innovative technology is principle-based and defined by PwC.

AQI 9:
- Because of insufficient data quality, we have not reported this AQI.

AQI 10:
- Total amount of hours spent on ESG training is calculated as follows: number of completed training courses by Assurance staff (all levels) on ESG-topics, multiplied by the nominal training time per training. This amount is then divided by the total amount of hours spent on learning & development by staff in the Assurance LoS.
- The definition of "ESG related" is subject to the definition of PwC.

AQI 11:
- AQI is to be measured with a questionnaire that needs to be developed by the NBA. This AQI is therefore not included in the 2023-2024 reporting.

Legislative and regulatory framework

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

		Chapter
lid 2		
a	a description of the legal structure and ownership of the audit firm;	*Our governance*
b	where the statutory auditor or the audit firm is a member of a network: (i) a description of the network and the legal and structural arrangements in the network; (ii) the name of each statutory auditor operating as a sole practitioner or audit firm that is a member of the network; (iii) the countries in which each statutory auditor operating as a sole practitioner or audit firm that is a member of the network is qualified as a statutory auditor or has his, her or its registered office, central administration or principal place of business; (iv) the total turnover achieved by the statutory auditors operating as sole practitioners and audit firms that are members of the network, resulting from the statutory audit of annual and consolidated financial statements;	*i) Our governance* *ii) en iii) List of EU/EEA audit firms that belong to the PwC network of member firms* *iv) Composition of turnover PwC the Netherlands 2023/2024** (p.32)
c	a description of the governance structure of the audit firm;	*Our governance*
d	a description of the internal quality control system of the statutory auditor or of the audit firm and a statement by the administrative or management body on the effectiveness of its functioning;	*Our system of quality management*
e	an indication of when the last quality assurance review referred to in Article 26 was carried out;	*Accountability for the system of quality management*
f	a list of public-interest entities for which the statutory auditor or the audit firm carried out statutory audits during the preceding financial year;	*List of public interest entities*
g	a statement concerning the statutory auditor's or the audit firm's independence practices which also confirms that an internal review of independence compliance has been conducted;	*Statements** (p.36)
h	a statement on the policy followed by the statutory auditor or the audit firm concerning the continuing education of statutory auditors referred to in Article 13 of Directive 2006/43/EC;	*Statements** (p.36)
I	information concerning the basis for the partners' remuneration in audit firms;	*Evaluation and remuneration of our external auditors and managing directors*
j	a description of the statutory auditor's or the audit firm's policy concerning the rotation of key audit partners and staff in accordance with Article 17(7);	*Objectivity and independence*
k	where not disclosed in its financial statements within the meaning of Article 4(2) of Directive 2013/34/EU, information about the total turnover of the statutory auditor or the audit firm, divided into the following categories: (i) revenues from the statutory audit of annual and consolidated financial statements of public-interest entities and entities belonging to a group of undertakings whose parent undertaking is a public-interest entity; (ii) revenues from the statutory audit of annual and consolidated financial statements of other entities; (iii) revenues from permitted non-audit services to entities that are audited by the statutory auditor or the audit firm; and (iv) revenues from non-audit services to other entities.	*Composition of turnover PwC the Netherlands 2023/2024** (p.32)

** Transparency Report 2023/2024*

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

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

Member state	Name of the firm
Austria	PwC Wirtschaftsprüfung GmbH, Wien
	PwC Wirtschaftsprüfungs- und Steuerberatungsgesellschaft GmbH, Linz
	PwC Tax & Audit Services Wirtschaftsprüfung und Steuerberatung GmbH, Graz
	PwC Österreich GmbH, Wien
Belgium	PwC Bedrijfsrevisoren bv/Reviseurs d'enterprises srl
Bulgaria	PricewaterhouseCoopers Audit OOD
Croatia	PricewaterhouseCoopers d.o.o
	PricewaterhouseCoopers Savjetovanje d.o.o
Cyprus	PricewaterhouseCoopers Limited
Czech Republic	PricewaterhouseCoopers Audit, s.r.o.
Denmark	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab
Estonia	AS PricewaterhouseCoopers
Finland	PricewaterhouseCoopers Oy
France	PricewaterhouseCoopers Audit
	PricewaterhouseCoopers France
	M. Antoine Priollaud
Germany	PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft
	Wibera WPG AG
Greece	PricewaterhouseCoopers Auditing Company SA
Hungary	PricewaterhouseCoopers Könyvvizsgáló Kft.

Member state	Name of the firm
Iceland	PricewaterhouseCoopers ehf
Ireland	PricewaterhouseCoopers
Italy	PricewaterhouseCoopers Spa
Latvia	PricewaterhouseCoopers SIA
Liechtenstein	PricewaterhouseCoopers GmbH, Ruggell
Lithuania	PricewaterhouseCoopers UAB
Luxembourg	PricewaterhouseCoopers, Société coopérative
Malta	PricewaterhouseCoopers
Netherlands	PricewaterhouseCoopers Accountants N.V.
Norway	PricewaterhouseCoopers AS
Poland	PricewaterhouseCoopers Polska sp. z. o.o.
	PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością Audyt sp. k.
	PricewaterhouseCoopers Polska spółka z ograniczoną odpowiedzialnością sp. k.
Portugal	PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda
Romania	PricewaterhouseCoopers Audit S.R.L.
Slovakia (Slovak Republic)	PricewaterhouseCoopers Slovensko, s.r.o.
Slovenia	PricewaterhouseCoopers d.o.o.
Spain	PricewaterhouseCoopers Auditores, S.L.
Sweden	PricewaterhouseCoopers AB
	Öhrlings PricewaterhouseCoopers AB

List of public interest entities

With this list we fulfill the requirements of Article 13, paragraph 2, under f of EU Regulation 537/2014.
This includes the PIEs* where a statutory audit was carried out in the financial year 2023-2024 (in alphabetical order):

A
ACOMO N.V.
Add Value Fund N.V.
Adyen N.V.
AEGON Levensverzekering N.V.
AEGON Spaarkas N.V.
AFC Ajax N.V.
AKZO Nobel Assurantie N.V.
Akzo Nobel N.V.
Alfen N.V.
Alliander N.V.
Allianz Finance II B.V.
ARCADIS N.V.
Asset-Backed European Securitisation Transaction Twenty-One B.V.
Atradius Finance B.V.
Avantium N.V.
Azerion Group N.V.

B
Bastion 2020-1 NHG B.V.
Bastion 2021-1 NHG B.V.
Beheerstrategie N.V.
BEST 2010 B.V.
BEST SME 2021 B.V.
BMW Finance N.V.
BMW International Investment B.V.
BNG Bank N.V.

C
Cementir Holding N.V.
Coloplast Finance B.V.
Commonwealth Bank of Australia (Europe) N.V.
Coöperatieve Rabobank U.A.
Ctac N.V.

D
De Lage Landen International B.V.
de Vereende N.V.
DSW Ziektekostenverzekeringen N.V.
Dutch Property Finance 2019-1 B.V.
Dutch Property Finance 2020-1 B.V.
Dutch Property Finance 2020-2 B.V.
Dutch Property Finance 2021-1 B.V.
Dutch Property Finance 2021-2 B.V.
Dutch Property Finance 2022-1 B.V.
Dutch Property Finance 2022-2 B.V.
Dutch Property Finance 2023-1 B.V.

E
E.O.C. Onderlinge Schepenverzekering U.A.
Ease2pay N.V.
EDP Finance B.V.

F
FORDless STORM 2018 B.V.

G
Globaldrive Auto Receivables 2019-A B.V. *
Globaldrive Auto Receivables 2020-A B.V.
Globaldrive Auto Receivables 2021-A B.V.
Goldman Sachs Equity Investment Fund (NL) N.V.
Goldman Sachs Euro Rente Fonds (NL) N.V.
Goldman Sachs Europa Duurzaam Aandelen Fonds (NL) N.V.
Goldman Sachs Paraplufonds 1 N.V.
Goldman Sachs Paraplufonds 2 N.V.
Goldman Sachs Paraplufonds 3 N.V.
Goldman Sachs Paraplufonds 4 N.V.
Goldman Sachs Wereldwijd Mix Fonds (NL) N.V.
Green STORM 2019 B.V.
Green STORM 2021 B.V.
Green STORM 2022 B.V.
Green STORM 2023 B.V.
Guardian Group Nederland N.V.

I
InsingerGilissen Umbrella Fund N.V.

J
J.P. Morgan Structured Products B.V.

K
Kempen European High Dividend Fund N.V.
Kempen Global Property Fund N.V.
Kempen Orange Fund N.V.
Kempen Oranje Participaties N.V.
Kempen Profielfondsen N.V.
Kempen Umbrella Fund I N.V.
Kempen Umbrella Fund II N.V. **
Knab N.V.
Koninklijke Brill N.V.
Koninklijke Nederlandse Akademie van Wetenschappen

L
Liander N.V.
Linde Finance B.V.
Louis Dreyfus Company Finance B.V.
LSP Life Sciences Fund N.V.
Lucas Bols N.V.

M
Mercedes-Benz International Finance B.V.
Monuta Verzekeringen N.V.

N
N.V. Schadeverzekering-Maatschappij Bovemij
N.V. Univé Her
N.V. Univé Schade
Naturgy Finance B.V. **
Nedap N.V.
NSI N.V.
NX Filtration N.V.

O
OCI N.V.
Onderlinge Verzekering Maatschappij Donatus U.A.
Onderlinge Verzekeringsmaatschappij Univé Samen U.A.
Onderlinge Waarborgmaatschappij DSW Zorgverzekeraar U.A.
Optimix Investment Funds N.V.

P
Photon Energy N.V.
Pluxee N.V.
PURPLE STORM 2016 B.V.

R
Rabo Groen Bank B.V.
Rabo Herverzekeringsmaatschappij N.V.
Repsol International Finance B.V.
RHI Magnesita N.V.

S
SABIC Capital I B.V.
SABIC Capital II B.V.
SAECURE 16 B.V.
SAECURE 17 B.V.
SAECURE 18 NHG B.V.
SAECURE 19 B.V.
SAECURE 20 B.V.
Salland Aanvullende Verzekeringen N.V.
Salland Zorgverzekeraar N.V.
SBM Offshore N.V.
SGS Nederland Holding B.V.
Siemens Financieringsmaatschappij N.V.
Silver Arrow Athlon NL 2021-1 B.V.
Sinopel 2019 B.V.
Stad Holland Zorgverzekeraar Onderlinge Waarborgmaatschappij U.A.
Stichting Bedrijfstakpensioenfonds voor de Detailhandel
Stichting Bedrijfstakpensioenfonds voor het Beroepsvervoer over de weg
Stichting Beveland Wonen
Stichting DuWo
Stichting Hef Wonen
Stichting Hof Wonen
Stichting Intermaris
Stichting Maasdelta Groep (MDG)
Stichting Mooiland
Stichting Pensioenfonds Hoogovens
Stichting Pensioenfonds Zorg en Welzijn
Stichting Staedion
Stichting Stedelink
Stichting TBV
Stichting Thuisvester
Stichting Trudo
Stichting Wonen Zuid
Stichting Woonconcept
Stichting Woonin
Stichting Wooninvest
Stichting Woonpunt
Stichting Woonstad Rotterdam
Stichting Zowonen
STORM 2019-I B.V.
STORM 2020-I B.V.
STRONG 2016 B.V.
STRONG 2018 B.V.
Swisscom Finance B.V.

T
Technip Energies N.V.
Telefonica Europe B.V.
Titan N.V.
TomTom N.V.
Triodos Bank N.V.
Triodos Groenfonds N.V.
Triodos Impact Strategies II N.V.
Triodos Impact Strategies N.V.

U
Univé Dichtbij Brandverzekeraar N.V.
Univé Het Groene Hart Brandverzekeraar N.V.
Univé Noord-Holland Brandverzekeraar N.V.
Univé Noord-Nederland Verzekeraar N.V.
Univé Oost Brandverzekeraar N.V.
Univé Stad en Land Brandverzekeraar N.V.
Univé Zuid-Nederland Verzekeringen N.V.

V
Van Lanschot Kempen N.V.
VEON Holdings B.V.

W
Wizz Air Finance Company B.V.
Woningstichting Rochdale
Woningstichting Servatius
Woonstichting ‘thuis

Y
Yapi Kredi Bank Nederland N.V.

* Companies established in the Netherlands listed on an EU regulated market, banks, credit institutions and insurance companies (not being insurers with a limited risk size), as defined in Article 1, first paragraph, under l of the Law on the Supervision of Audit Firms.
** Entity ceased to exist during the financial year 2024

Reporting criteria of the key performance indicators

In the table below we added all the key performance indicators reported on in this transparency report.

○ The key performance indicators (KPI's) are taken from the NBA Practice Note 1135 Disclosure of Audit Quality Factors. PwC reports in the Transparency Report 2023-2024 on all indicators stated in the Practice Note.

Nr.	Reporting criterion in NL	NBA Practice Note	Page*
1	All assurance engagements that have led to publicly available assurance reports for external users on sustainability information during the financial year. This includes public assurance reports on CO_2-statements and impact reports on greenbonds (but excluding ETS / CORSIA verifications that are not publicly available).		7
2	The average number of hours spent on internal and external training, giving and preparing training and doctoral research per headcount as at 30 June	○	7
3a	The number of audit hours spent by the audit teams, as a percentage of the total number of hours charged to PwC's audit engagements (legal and voluntary) in the reporting year	○	8
3b	The number of audit hours outsourced to Alternative Delivery models, being delivery and competence centres, colleagues of the PMO, and the Talenthub as a percentage of the total number of hours charged to PwC's audit engagements (legal and voluntary) in the reporting year.		8
3c	Number of hours spent during the financial year by IT specialists from our Risk Assurance business unit on audit engagements, as a percentage of the total number of hours charged to PwC's audit engagements (legal and voluntary).	○	8
3d	Number of hours spent during the financial year by financial data, reporting, valuation, pension and taxation specialists on support to audit engagements, as a percentage of the total number of hours charged to PwC's audit engagements (legal and voluntary).	○	8
4a	Number of formal consultations finalised by National Office during the financial year regarding financial reporting and audit matters, including the number of consultations with regards to going concern.	○	9
4b	Number of consultations submitted during the financial year to the Fraud Panel regarding potential fraud cases.		9
4c	Number of consultations submitted during the financial year to the Fraud Panel regarding potential non-compliance (NOCLAR)		9
4d	The number clients, both ongoing and finalized engagements, for which restructuring specialists from our Advisory practice have supported the audit team during the financial year in identifying and analysing potential going concern risks during the audit.	○	9
4e	The number of audit engagements selected in the financial year in which forensic specialists from our Advisory practice supported the audit team in assessing the fraud risks at the organisations we audit.	○	9
4f	Number of notifications of unusual transactions submitted during the financial year to the Financial Intelligence Unit.		9
5	Results from the People Survey during the financial year to questions related to coaching, audit quality, the consistent propagation of the PwC values (act with integrity, make a difference, care, work together, reimagine the possible) by our partners and directors and the results of the People Engagement Index that measures staff satisfaction with PwC as an employer, as well as the percentage of the employees invited who completed the survey.	○	11
6	The average number of hours spent during the financial year per FTE by partners/directors, senior managers/ managers and other team members from the audit practice (excluding contracted-in staff, the temporary workforce and short-term secondments)	○	12
7	The sick leave percentage is the total number of sick days of the employees, as a percentage of the total number of available calendar days of the employees in the reporting period. The sick leave percentage includes sick leave for more than one year and excludes pregnancy and maternity leave. The (extra) long-term sick leave is leave for more than 6 weeks (i.e. at least 42 days at the end of the reporting period) and excluding pregnancy and maternity leave.		12

* Page numbers refers to the main document of this Transparancy report

○ The key performance indicators (KPI's) are taken from the NBA Practice Note 1135 Disclosure of Audit Quality Factors. PwC reports in the Transparency Report 2023-2024 on all indicators stated in the Practice Note.

Nr.	Reporting criterion in NL	NBA Practice Note	Page*
8	FTE and ratio per job level of partners/directors, senior managers/managers, senior associates and associates in permanent employment at 30 June 2024 (excluding trainees, support staff, contracted-in staff, the flexible workforce and short-term secondments).	○	13
9	Number of leavers during the financial year in the staff levels up to and including senior manager, with a higher than average rating (1 and 2), male/female and migrant/non-migrant background (as specified by staff in the personnel administration), as a percentage of the average workforce in these categories.	○	13
10a	The diversity ratio's of our workforce, whereby the staff voluntarily selects one of the options. For male/female ratio the options are: male, female, do not wish to declare (dnwtd), and missing (not indicated). For background the options are: Dutch, Non-Western, Western, do not wish to declare (dnwtd), and missing (not indicated). The options do not wish to declare (dnwtd) and missing are not included in the calculation of both percentages.		13
10b	The ratio of staff members with job level up to and including senior manager, per category male/ female or cultural background, who were promoted to the next job level during the promotion moments on 1 October 2023 and 1 April 2024, compared to the number of staff members in these categories.		13
11	Millions of euros invested in the development of new technology relating directly to audit during the financial year, including the Dutch Assurance practice's share of investments in the development of new technology within the network and costs incurred, but excluding internally generated time and related expenses.	○	15
12	Number of Coaching for Quality instances initiated and completed during the financial year by the C4Q team including those in support of the QRP and CRP.		28
13	Number, per evaluation element, of remuneration adjustments that have been or will be levied on partners and directors during the financial year by the Remuneration Committee of the SB under the evaluation and remuneration policies.		29
14	Number of incidents notified to the external supervisory body (AFM) using the digital tool during the financial year.		30
15	Number of formal reviews of financial statements carried out during the financial year by National Office specialists prior to issuance of the auditor's report.	○	30
16	Number of engagements reviewed during the financial year under the (global) ECR process, differentiating between audit engagements and engagements performed in the other busines units. Results of the ECRs, differentiating between compliant and non-compliant engagements. The category compliant also includes the compliant engagements with the qualification compliant with improvement required.	○	30
17	The number of files examined by the AFM in the reporting year, broken down by the number of files examined and the number of files with reported findings.	○	30
18	The number of files examined by external regulators in the reporting year, broken down by the number of files examined and the number of files identified as non-compliant.	○	31
19	Number of hours spent during the financial year by partners/directors, senior managers/managers and other team members (including contracted staff, the flexible workforce and short-term secondments) on PIE and non-PIE PwC audit engagements, as a percentage of the total number of hours spent by all professional staff on all PwC's audit engagements.	○	31
20	Number of partners and director (candidates) subject to personal independence testing during the financial year and the number of independence infringements identified therein by the Independence Office differentiating between internal breaches, external breaches and no complete or timely registration of permitted financial interest, and the number of imposed financial sanctions.	○	31

* Page numbers refers to the main document of this Transparancy report

○ The key performance indicators (KPI's) are taken from the NBA Practice Note 1135 Disclosure of Audit Quality Factors. PwC reports in the Transparency Report 2023-2024 on all indicators stated in the Practice Note.

Nr.	Reporting criterion in NL	NBA Practice Note	Page*
21	Number of errors under Article 362 para 6 of the Dutch Civil Code (Dutch GAAP) or material errors (under IFRS and Dutch GAAP) noted during the financial year at entities where PwC was also the legal external auditor in the prior year, as registered with National Office. Number of errors under Article 362 para 6 of the Dutch Civil Code (Dutch GAAP) or material errors (under IFRS and Dutch GAAP) noted during the financial year, as a percentage of the total number of legal audit reports issued.	○	32
22	Total hours spent by National Office on (the development and) provision of professional technical support and (the system of) quality management during the financial year.	○	32
23	Number of engagement quality reviews (legally required OKBs) completed by QRPs. Number of engagement quality reviews (legally required OKBs) completed by QRPs, as a percentage of the total number of legal audits. Number of engagement quality reviews (voluntary OKBs) completed by CRPs. Number of engagement quality reviews (voluntary OKBs) completed by CRPs, as a percentage of the total number of legal audits. Number of hours spent on engagement quality reviews (legally required OKBs) by QRPs. Average number of hours spent by on the engagement quality reviews (legally required OKBs) by QRPs, as a percentage of the total number of hours spent on these legal audits. Number of hours spent on engagement quality reviews (voluntary OKBs) by CRPs. Average number of hours spent by on the engagement quality reviews (voluntary OKBs) by CRP's, as a percentage of the total number of hours spent on these legal audits. Total number of hours spent on engagement quality reviews by QRPs and CRPs. Average number of hours spent by on the engagement quality reviews by QRPs and CRPs, as a percentage of the total number of hours spent on these legal audits	○	32
24	Analysis of the Dutch PwC member firm's revenue by type of service as set out in the NV COS standards. The revenue from legal audits is determined as defined in Article 1, para 1 sub p of the Law on the Supervision of Audit Firms. Accounting policies are the same as those for the Holding PricewaterhouseCoopers Nederland B.V. annual financial statements.		33

* Page numbers refers to the main document of this Transparancy report

Glossary

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

Acknowledgements

Transparency Report
PricewaterhouseCoopers Accountants N.V. 2023-2024

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