

Integrated Annual Review 2012/2013

Ernst & Young Nederland LLP



Building a better
working world



Partners in Sport

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About EY

Profile

EY is a global multidisciplinary provider of assurance, tax, advisory and transaction advisory services. Legal and notarial services are offered in the Netherlands through a strategic alliance between Ernst & Young Belastingadviseurs LLP and Holland Van Gijzen Advocaten en Notarissen LLP. EY's history in the Netherlands dates back to 1883, making it the oldest firm in its profession in the country.

Our value creation takes place within an economic, social and sustainable context in which financial and non-financial results are interrelated.

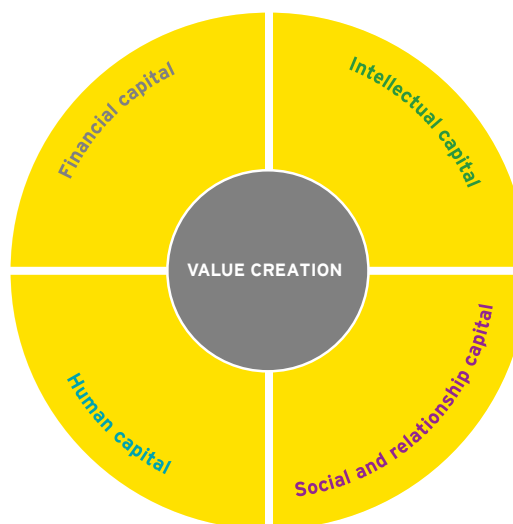
Financial, intellectual, social and relationship and human capital form the basis of our value creation and the input for our business model.

Our purpose: building a better working world

We deliver services that build trust and confidence in the capital markets - helping investors make informed decisions and helping businesses to grow sustainably. We believe that everything we do - every audit, every tax return, every advisory opportunity, every interaction with a client or colleague - should make the working world better than it was before. And in our relationships with our people, our clients, with governments and not-for-profit organizations - through what we say and do and the conversations we convene about the challenges facing economies and the capital markets. This is the purpose of our new strategy as set out in [Vision 2020](#).



Our Services



Our relevant capitals for sustainable value creation

About EY

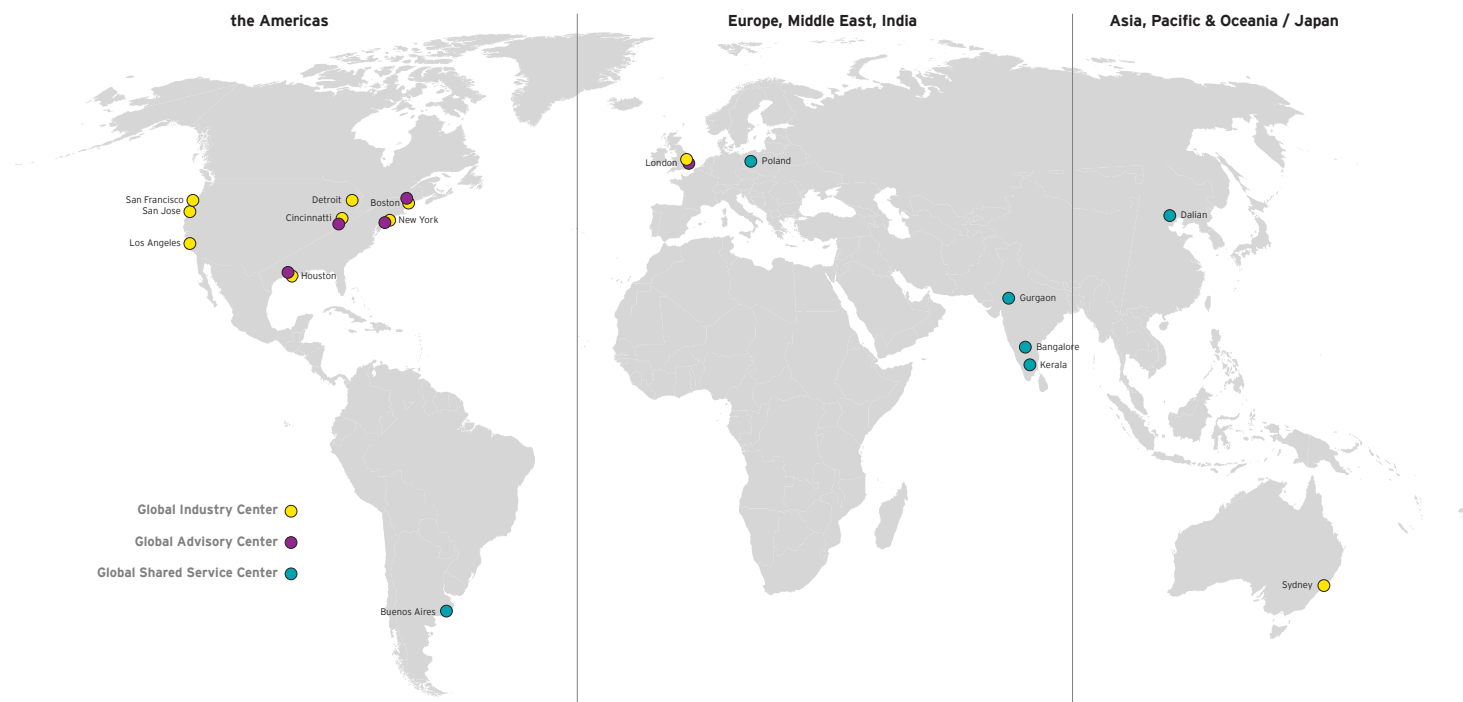
Profile

Strong global organization

We are part of a strong global organization. To efficiently and effectively meet our clients' demands for multidisciplinary services of the same recognizable quality everywhere in the world, EY has a highly integrated global organization. We are able to bundle exceptional knowledge and experience efficiently and select international teams that meet clients' needs promptly.

EY has made investments in:

- ▶ sixteen global industry centers located in Boston, Cincinnati, Detroit, Houston, London (3), Los Angeles, New York (5), San Francisco, San Jose and Sydney, which serve as networks for sharing industry focused knowledge and experience;
- ▶ five virtual global centers of excellence specialized in such issues as entrepreneurship and innovation, family business, IPOs, venture capital, and pursuit support;
- ▶ eight global advisory centers located in Boston, Cincinnati, Houston, London (3) and New York (2);
- ▶ three virtual area tax centers; and
- ▶ six global shared service centers located in Bangalore, Buenos Aires, Dalian, Gurgaon, Kerala and Poland.

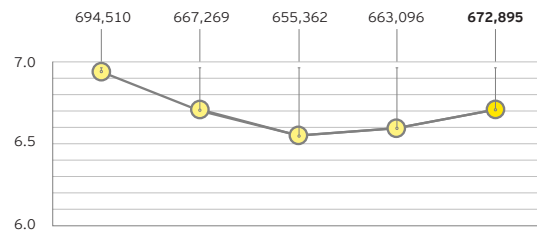


About EY*

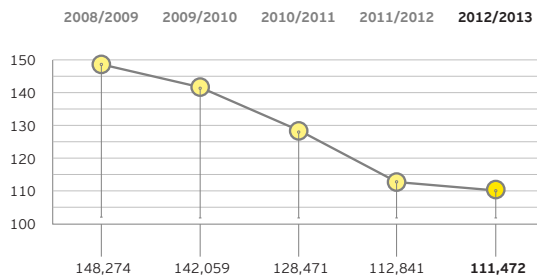
EY NL at a glance

(€ 000)

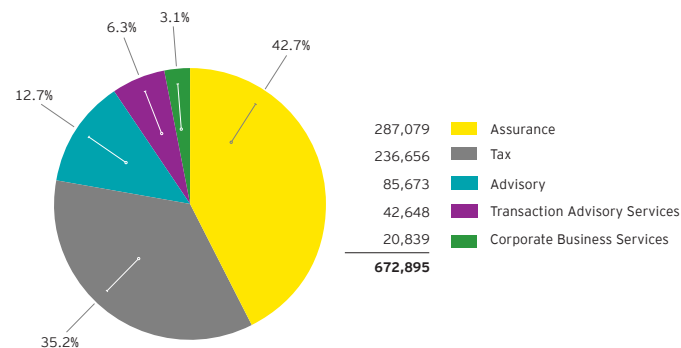
● ● ● Revenue



● Profit

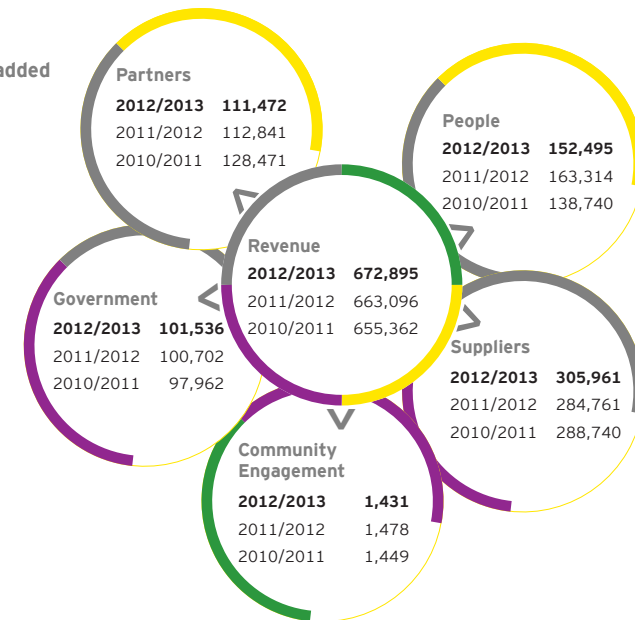


● ● ● Revenue by Service Line
2012/2013

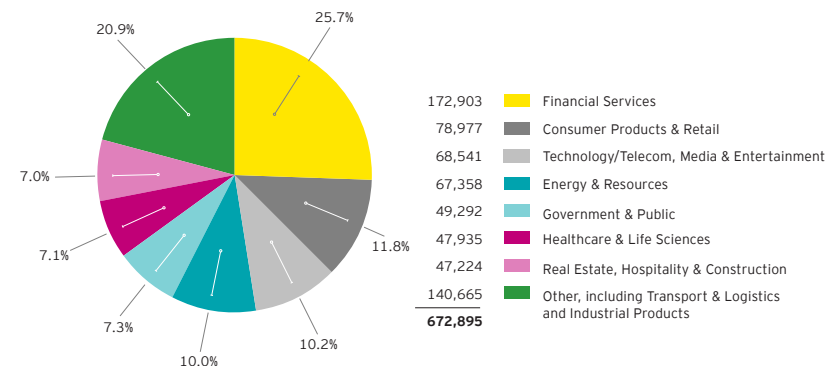


Our value added

- Financial Capital
- Human Capital
- Intellectual Capital
- Social & Relationship Capital



● ● ● Revenue by industry market segment
2012/2013

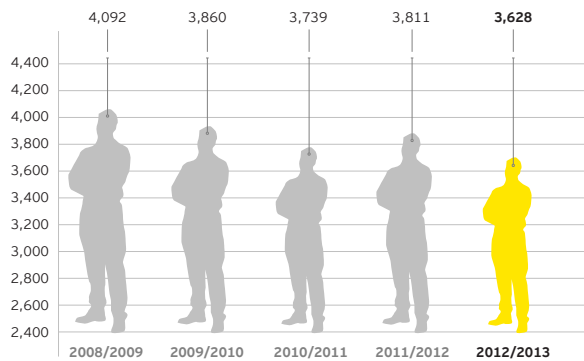


* For reporting principles regarding EY NL at a glance, see page 47.

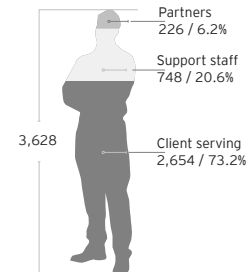
About EY

EY NL at a glance

● People, including partners (in FTEs)



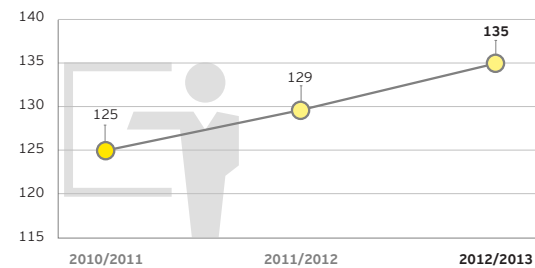
● Partners, client serving staff and support staff (in FTEs)



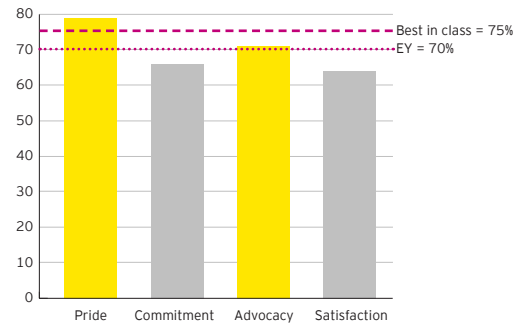
● Gender ratio



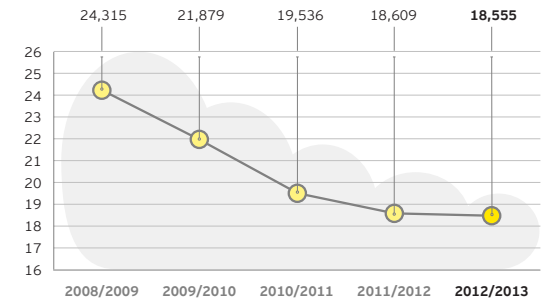
● Hours spent on learning and development per FTE



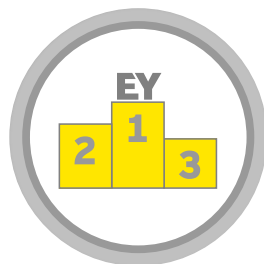
● Employees satisfaction index



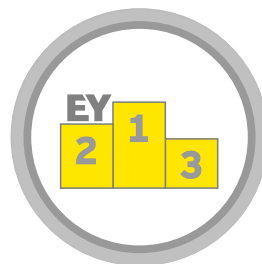
● Emissions (tCO₂)



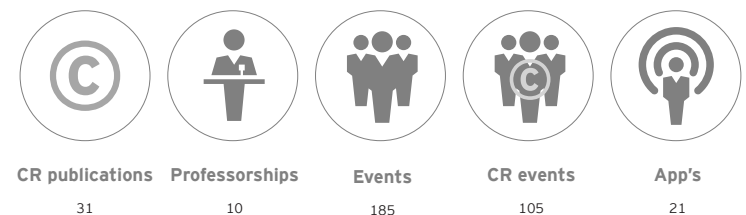
● Client recommendation 2012/2013



● Brand favorability 2012/2013



● Thought leadership 2012/2013



Strategic perspective

Vision 2020

EY has launched Vision 2020, which sets out our purpose, ambition, strategy and positioning for building a better working world. We are seeing huge developments in globalization, demographics, technology, regulation and the competitive landscape. At EY, we understand the challenges this can present, but more so we see an opportunity - an opportunity for building a better working world. That is precisely the purpose that the people of EY are committed to. As part of Vision 2020, we are improving every aspect of EY, from how we recruit our people to how we manage our knowledge.

Purpose

EY is committed to doing its part in building a better working world that is our purpose. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. Every day, every EY person is part of this commitment for their clients, their communities, and for themselves and their families. We believe that everything we do every service we provide, every interaction with a client or colleague should make the working world better than it was before.

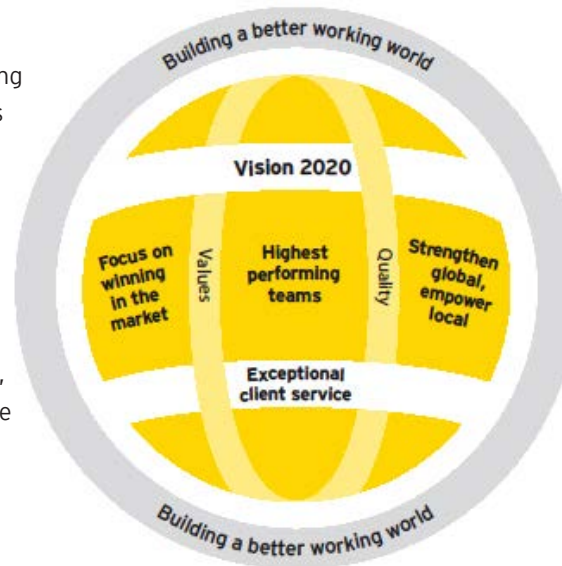
Ambition

- ▶ The best brand
- ▶ The most favored employer
- ▶ No. 1 or 2 in terms of market share in our chosen services
- ▶ Leading growth and competitive earnings sufficient to attract and retain world-class talent
- ▶ Positive and strong relationships with our stakeholders

This should result in a €1 billion distinctive professional service organization in the Netherlands in 2020.

Positioning

Our positioning, the difference to which we aspire, is to be known for having the highest performing teams, delivering exceptional client service, worldwide.



Strategy

- | | |
|-------------------|---|
| Markets | Relentless focus on winning in the market <ul style="list-style-type: none">▶ Deliver exceptional client service▶ Maximize opportunities in markets and services |
| People | Create the highest performing teams <ul style="list-style-type: none">▶ Attract, develop and inspire the best people▶ Commit to a culture of world-class teaming |
| Operations | Strengthen global, empower local <ul style="list-style-type: none">▶ Press our global advantage▶ Empower local teams by enabling their success |

Values & quality

Running through everything are our shared values, which inspire our people worldwide and guide them to do the right thing, and our commitment to quality, which is embedded in who we are and in everything we do.

Who we are and what we stand for:

- ▶ People who demonstrate integrity, respect, and teaming
- ▶ People with energy, enthusiasm, and the courage to lead
- ▶ People who build relationships based on doing the right thing

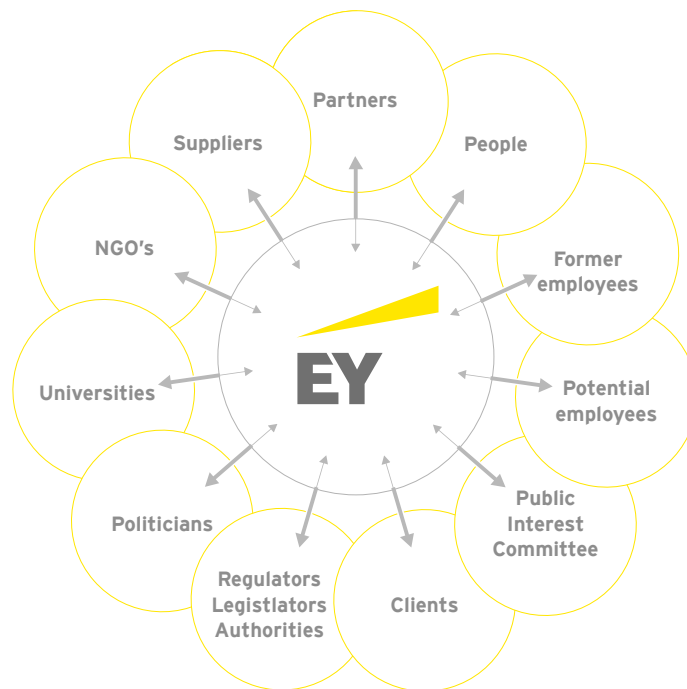


Strategic perspective

Our environment: stakeholders

EY gives high priority to a constructive and pro-active dialogue with its stakeholders. Why? Because we are part of society and an active player in it. And, more importantly, because we acknowledge our social responsibility. That is why we emphatically seek to connect with our clients, supervisors, public authorities, knowledge institutions, regulators and civil society organizations. We make an active contribution to the public debate and are eager to know what is going on in the market, which issues are important and what challenges present themselves. And we go further. We deliberately provoke discussion, actively engage in dialogue to gain insight into particular problems and seek solutions. We think it is important to share with our stakeholders the insights into trends and underlying factors and knowledge we gain, to create added value.

We have used input from internal and external stakeholders in drawing up this Integrated Annual Review in line with the guidelines of the International Integrated Reporting Council (IIRC). We assessed the impact of key issues on stakeholders and EY by means of a 'materiality test'. We asked our stakeholders to name our key added values for the external environment and related factors that create value over time. The results were important input for the leadership team in selecting and prioritizing the issues dealt with in the report. These material issues are also linked with [EY's main strategic issues](#). Further details can be found in the section entitled '[About this report](#)'. Information about the stakeholder dialogue steering committee is included in the Transparency Report 2013.



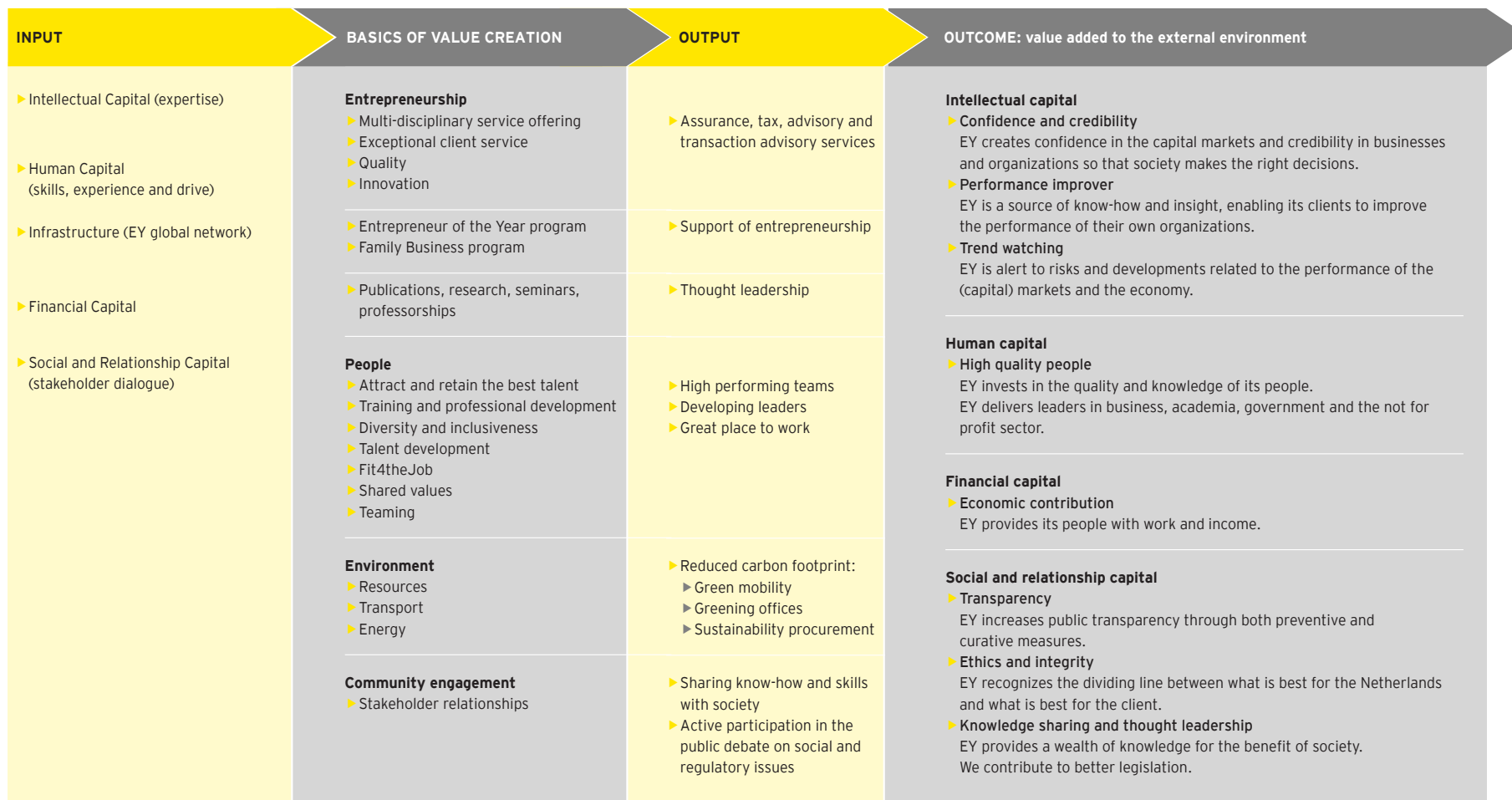
KEY-ISSUES

- ▶ Strong brand
- ▶ Building client relationships
- ▶ Client satisfaction
- ▶ Insight in and tying into client-specific requirements and needs
- ▶ Insight into client sector and business
- ▶ Flexible switch between audit and advisory services
- ▶ Innovative and creative services
- ▶ Transparency
- ▶ Stakeholder relations
- ▶ Integrity and ethical standards
- ▶ Recruiting and retaining top talents
- ▶ Attractive employer
- ▶ Human / personal development and on the job training

Strategic perspective

Business model of value creation

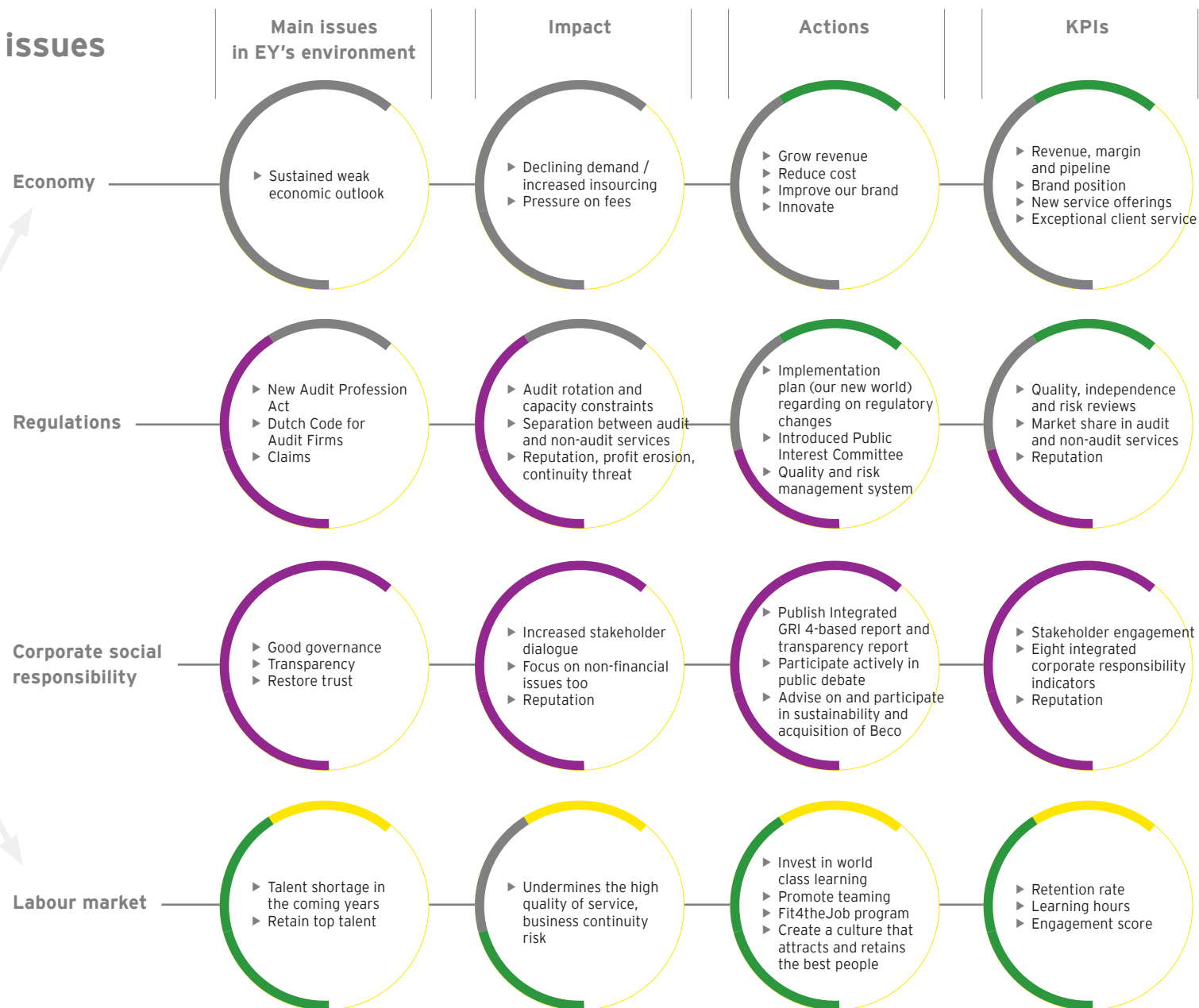
We are committed to a multi-disciplinary business model because we believe it improves audit and advisory quality when supported by an effective governance environment. It helps us attract and retain the best talent and it enables us to provide exceptional client service. In response to the outcomes of the stakeholder dialogue below we detail the capitals (resources) relevant to EY that determine our market value, how we create value, output and the added value we generate for our external environment.



Strategic perspective

EY's main strategic issues

- Financial Capital
- Human Capital
- Intellectual Capital
- Social & Relationship Capital



Letter from the Managing Partner



I took over from Pieter Jongstra as Country Managing Partner for the Netherlands on July 1, 2013. I sincerely wish to thank Pieter for his leadership in challenging times. I feel privileged to lead our organization, which started operations 130 years ago, into its next phase and am confident that together with our staff and partners we will contribute to building a better working world.

During FY13, we further strengthened our stakeholder engagement, which, among other things, resulted in the installation of an independent Public Interest Committee for our assurance practice. Its task is to deepen communication with stakeholders and to embed this dialogue in our organization, especially regarding the role of the auditor in society at large.

As this Annual Review responds to the wishes of our stakeholders we have adopted the IIRC guidelines to present a coherent view of the financial and non-financial factors that shape our operations. We are proud to present our second Integrated Annual Report and I would like to thank everybody who contributed to the process.

Back on track

We managed to achieve a solid profitability in FY13. Revenue remained virtually unchanged in the first three quarters, but picked up slightly in the last three months to €673 million overall, a €10 million growth. Although total cost increased by €12 million, it includes a one-off hit of €23 million regarding our office space reduction program. So, on balance net profit slightly decreased by € 2 million to € 111 million.

This is satisfying given the continued depressed economic climate in The Netherlands, the one-off hit and the investments we made in connection with the new legislation on audit firms. The result for FY13 can be credited to our continued success in the market, our strict cost discipline and to hard work by our staff and partners.

Fit for the job, fit for our purpose

As a result of new legislation on audit firms, our business will undergo significant changes in the next few years. As from 2016, audit firms may not audit Public Interest Entities (PIE's) for more than eight years in succession. Furthermore, as from 2013, we are not allowed to provide both audit and non-audit services to PIE's we audit.

Following this new legislation many of our larger clients will have to change audit firm in the years ahead. They will most likely also have to reassess their providers of their tax, advisory and other services. We are fully prepared for these changes; we are fit for the job. I think a comparison with athletes is appropriate. To become a winner, we will have to be in top condition, fitter than all the others in the playing field. Athletes must have self-confidence, but there is also the need for healthy self reflection. How do we further engage with our clients and other stakeholders? Where can we improve? How can we prepare for the new competitive environment? How can we be better than yesterday, every day?

Letter from the Managing Partner

During the year, we took another close look at our own organization, people and go-to-market strategy. We identified areas where we could further reduce costs and work more efficiently. Together with our partners, we made clear choices, some with far-reaching consequences. For example, we are implementing the workplace of the future by redesigning our offices to work more efficiently and effectively. Partly as a result, we needed 25% less office space in FY13. Nonetheless, we decided not to change our geographic footprint in The Netherlands significantly, as we believe being close to our clients remains of utmost importance.

The steps we took last year have created a platform to guide EY through the forthcoming transition. We are in good shape to turn the imminent changes in the market into promising challenges. We are fit for the job; fit for our purpose.

EY: a strong, integrated, international organization

During FY13 our clients continued to benefit from our unique integrated international organization. No matter how complex client issues are, we seek out the best people – across service lines and across geographical boundaries – to address every one of them. Through our integrated global organization, we are able to share knowledge efficiently throughout the world and organize international teams around client needs. This creates added value for our clients and gives us a distinct competitive advantage.

Our new purpose: Building a better working world

Society expects us to inspire trust, provide knowledge and select and train competent people. We encourage and inspire our people to give our clients the right advice. We expect them to help building a better working world. In return, we give them an opportunity to develop themselves in an international environment and if they leave our organization, we hope we have cultivated good future leaders with many competences.

Our strategy, Vision 2020, is set, but the road to achieving it, is still a work in progress.

There are challenges to come, but we are committed to:

- ▶ delivering exceptional client service worldwide that contributes to our clients' overall success, strengthens the connection between service quality and market growth, and enhances public trust in capital markets;
- ▶ developing the highest-performing teams that use cross-border and cross-cultural strengths to deliver exceptional client service;
- ▶ supporting our communities through entrepreneurship, developing the future workforce and championing the role of women in business.

By delivering on our commitments, by fostering sustainable growth in ways that reflect our expertise and maximises our impact, we will be successful in achieving our ambition.

Building a better working world for our clients, our people and our environment is our compass; it gives direction to what we do and do not do.

To conclude

Thanks to our targeted approach, discipline and hard work we improved our results in FY13. On behalf of the partners, I would like to thank all our staff for their dedication, knowledge, experience and professionalism that made this possible. And I would like to thank our clients and stakeholders for their continued support and trust.

I have every confidence that our firm is in good shape and is well equipped to help building a better working world.

Marcel van Loo
Country Managing Partner, EY The Netherlands

Creating value in the marketplace

Market approach: client centric

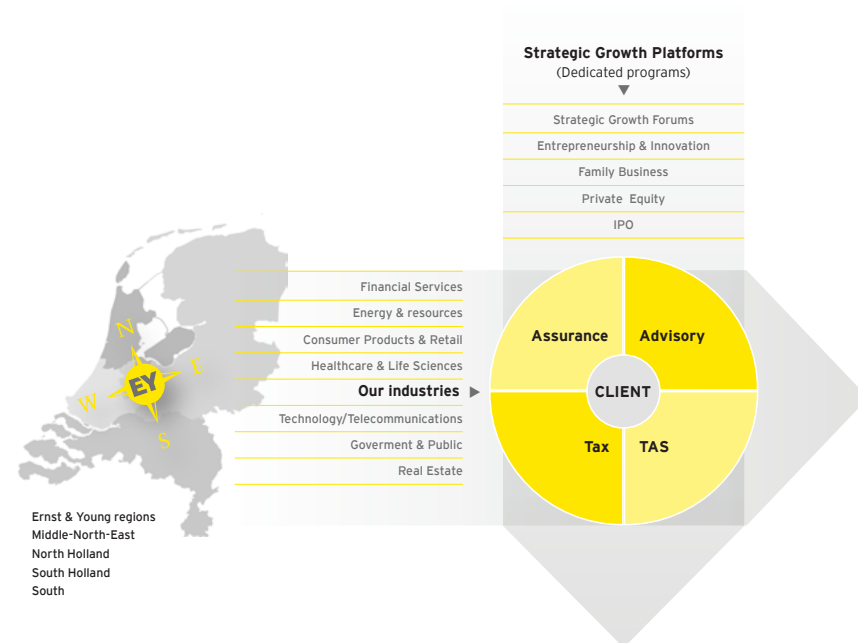
From a discipline-based organization to a responsive client centric organization

EY is a multi-service provider offering clients full-scope assurance, tax, advisory and transaction advisory services during every phase of their business and their operations. We approach a business through the various agendas - the capital, risk, talent, customer, sustainability and supply chain agendas. We subsequently organize the competences of our respective service lines around particular issues. We also support entrepreneurship with dedicated strategic growth platforms that allow for the specific characteristics of a specific business in a specific phase.

We strive to deliver exceptional client service by forming the best performing teams. This requires us to understand clients' diverse needs, and tailor our services to them based on their size and sector. We want to serve our clients in their own setting by drawing on our knowledge of their business environment and industry. We have therefore focused our go-to-market approach on seven industrial market segments and four regional market segments. Each market segment includes our four service lines.

We invest not only in the professional know-how and quality of our people but also in market-leading intelligence. Our integrated global organization offers a strong competitive edge, enabling us to draw on a rich international vein of expertise, any time, any place.

We are constantly expanding our extensive network and opening it up to clients in all conceivable sectors. We can put them in touch with potential partners all over the world. We are approachable and maintain close contacts with our stakeholders, including public authorities and knowledge institutions. Sharing our knowledge and promoting corporate sustainability underline our social engagement.



Creating value in the marketplace

Market trends and our response

The table below shows the main trends in the external environment and related developments in our clients' business environment that we have identified and examples of our initiatives to build a better working world for our clients.

MARKET/ MACRO ECONOMIC ENVIRONMENT	DEVELOPMENTS IN THE BUSINESS ENVIRONMENT	EXAMPLES OF EY'S RESPONSE
Economy <ul style="list-style-type: none"> ▶ Sustained economic recession ▶ Non-functioning housing market ▶ High number of vacant properties ▶ Rising unemployment ▶ Investigating new resources: shale gas 	<ul style="list-style-type: none"> ▶ Maximizing efficiency gains and cost reductions ▶ Restructuring the value chain ▶ Network economy ▶ More acquisitions in emerging markets ▶ Growth in investments outside the eurozone ▶ High credit rating is key / banks reluctant to extend loans / crowd funding as a new alternative ▶ Increased risk of fraud ▶ Increased insourcing ▶ Reconsideration of production locations 	<ul style="list-style-type: none"> ▶ Enterprise Intelligence services ▶ Market dialogue: strategic growth forums ▶ Looking beyond the obvious: globalization and new opportunities for growth ▶ Business model - DNA and events for family-owned businesses ▶ Start-up bootcamp High Tech XL (SBC HT) Eindhoven ▶ Fraud Investigation and Dispute Services ▶ Outlook for global tax policy in 2013 ▶ Promoting and fostering entrepreneurship and family businesses ▶ Acquisition of Ernst & Young Real Estate Advisory Services B.V. ▶ Tax Control Framework to manage the increasingly complex fiscal environment
Financial markets <ul style="list-style-type: none"> ▶ Stock market optimism ▶ Decreased lending activity of banks ▶ Financial institutions need to restore confidence/re-invent themselves ▶ Tighter regulation: Basel III 	<ul style="list-style-type: none"> ▶ Low IPO activity ▶ Funding problems ▶ More client focus and client care ▶ Focus on compliance, risk management and governance ▶ Cash is king and focus on working capital 	<ul style="list-style-type: none"> ▶ Advising on all issues of the capital agenda: capital retention, capital optimization, raising capital and capital investment ▶ Eye on Banking conference themed 'Banking according to the new rules' ▶ IPO readiness review ▶ Capital confidence barometer ▶ Compliance and reporting support
Regulation <ul style="list-style-type: none"> ▶ The new Audit Profession Act (Wab) ▶ Focus on good governance and transparency ▶ Dutch Code for Audit Firms 	<ul style="list-style-type: none"> ▶ Perception of over-regulation and administrative burden ▶ Lower risk appetite ▶ Rethinking of service provider strategy ▶ Increased number of RFPs due to new regulation 	<ul style="list-style-type: none"> ▶ Active participation in the debate on regulation ▶ Compliance and reporting support ▶ Risk convergence services ▶ Support to implement Basel III, Solvency II, FACTA ▶ Dialogue 'EY' roundtables, workshops, conferences, events, press conferences, publications ▶ Signing of the Dutch Code for Audit Firms ▶ Established Public Interest Committee
Corporate responsibility <ul style="list-style-type: none"> ▶ Increased client demand for sustainability ▶ Sustainability throughout the entire supply chain ▶ Public debate on contribution to society through taxation ▶ Increased focus on tax arrangements 	<ul style="list-style-type: none"> ▶ Sharper focus on sustainable / moral value creation and non-financial issues ▶ Client focus and duty of care within the financial sector ▶ Higher demand for transparency with respect to sustainability ▶ Increase in integrated reporting ▶ Reputational risk tax planning ▶ Integrated approach to achieve sustainable business growth 	<ul style="list-style-type: none"> ▶ Support for integrated reporting ▶ Sustainable business excellence models ▶ Facilitate Dutch Sustainability Growth Coalition <promoting business models based on sustainable growth > ▶ Tax Matters seminar themed: 'a fair share' ▶ Acquisition of BECO ▶ Tax Controversy Services ▶ Tax reputation risk management
Demographics <ul style="list-style-type: none"> ▶ Ageing population ▶ Increased attention to health and well-being of people ▶ Influx of Asian knowledge ▶ Higher pension age and pension cuts 	<ul style="list-style-type: none"> ▶ Many founders of family-owned business retire ▶ Governance at family-owned businesses ▶ Dealing with limited budgets, increasing costs and market forces in healthcare and public sector ▶ More focus on well-being of workforce ▶ Lack of people with practical skills 	<ul style="list-style-type: none"> ▶ Family Business Excellence Center ▶ EY Junior Academy ▶ Investigation of succession willingness at family-owned businesses ▶ Top Performer Program for clients ▶ Personal Tax Services, including estate planning

Creating value in the marketplace

Strategic growth platforms: High priority for entrepreneurship

We enjoy encouraging entrepreneurship. It can transform economies, drive innovation and change communities. It makes positive contributions to society. By innovating and marketing new products and concepts, it creates jobs and prosperity. Growing businesses are vital to the economy. We set up the Strategic Growth Markets team for this group of businesses a number of years ago. It specializes in advising and assisting highly promising, rapidly accelerating enterprises, family businesses and start-ups. Strategic Growth Markets focuses on a wide range of issues affecting a business's various transitions. To support the different types of business, we have developed five programs:

1. Strategic growth forums
2. Entrepreneurship & innovation
 - a. Entrepreneur of the Year program
 - b. Global Center for Entrepreneurship and Innovation
3. Family businesses
4. [Private equity](#)
5. [IPOs](#)

1. Strategic growth forums

Every year we organize a variety of strategic growth forums to put businesses from all over the world in touch with each other at different phases in their lifecycles, from multinational corporations to innovators. In the year under review, EY hosted forums chiefly around G20 meetings to bring together rapidly growing businesses, innovators, government officials, entrepreneurs and CEOs from all over the world.

2. Entrepreneurship & innovation

a. Entrepreneur of the Year program

One of our instruments to encourage entrepreneurship is the [Entrepreneur of the Year program](#), which is organized in more than 50 countries every year to reward and promote successful entrepreneurs. The winners and nominees can inspire and motivate others through their vision, passion, conviction and management excellence. Sustainability criteria are also taken into account. There are three categories for businesses in different phases of their economic lifecycles: Emerging Entrepreneur of the Year (for entrepreneurs who have been active for less than ten years), Accelerating Entrepreneur of the Year (growth accelerators) and Master Entrepreneur of the Year (established companies). The winner of the Master category goes on to compete for the World Entrepreneur of the Year title.

Creating value in the marketplace

Strategic growth platforms: High priority for entrepreneurship

We have been organizing the Entrepreneur of the Year competition in the Netherlands for the past 17 years. It created an extensive network of highly successful entrepreneurs - the EY Entrepreneur of the Year Society - of which all finalists automatically become a member. The Entrepreneur of the Year winners network is an exclusive platform for the finalists in the program. Interestingly, the winning businesses have scored better on revenue and job creation than the large listed companies every year thus far.

b. Global Center for Entrepreneurship and Innovation
During the year under review, we launched the Global Center for Entrepreneurship and Innovation, a digital center for entrepreneurs. It connects and informs enterprises of all sorts and sizes during their growth and development.

Support for innovation / start-ups

We support innovative businesses and start-ups. In the Eindhoven Brainport region, for example, we have made active contributions to the High Tech Campus, the High Tech Automotive CampusNL and the Green Campus (food & technology). We have introduced EY Innovation in the Eindhoven Brainport to assist small innovative start-ups with limited budgets. We help them avoid unnecessary risks and enable them to focus on R&D and marketing, and therefore grow. Our advice is multidisciplinary in nature (Assurance, Tax, M&A and Advisory).

We are one of the initiators of the Startupbootcamp High Tech XL (SBC HT), which commenced operations on the High Tech Campus during the year. The Startupbootcamp gives the best high tech start-ups from all over the world an opportunity to accelerate their operations in three months' time.

Together with the Amsterdam Center for Entrepreneurship (ACE) and FastForward Futures we organize the Growing Beyond master classes for entrepreneurs with growth ambitions. Assignments help the participants to apply the master classes' themes to achieve their ambitions in their own settings. The series concludes with a master class on corporate responsibility. We also sponsor Yes Delft: the high tech business center of Delft University of Technology. The center encourages students, professionals and academics to take their first steps on the path to entrepreneurship. Furthermore, we sponsor the incubator of ACE @ Science Park, which prioritizes innovative, high-tech start-ups.

Creating value in the marketplace

Strategic growth platforms: High priority for entrepreneurship

xChange - online dialogue

The online knowledge platform we introduced last year, xChange, enables entrepreneurs to share their insights with each other. The website www.eyxchange.nl contains articles, short films and study results on all kinds of issues that affect entrepreneurs, such as preparation for an IPO, succession in a family business and raising capital. Entrepreneurs provide the input and take part in the discussions on the website and also on LinkedIn and Twitter.

We positioned ourselves more prominently in the market during the year by organizing special events for family businesses, both regionally and internationally. We also published a study, 'Coming home or breaking free', on succession plans and trained more people in our service lines to be family business advisors. We aligned our program more closely to those of our foreign family business centers of excellence, so that our clients can contact other family businesses throughout the world, and we are working with an international network of family businesses.

3. Putting family businesses more firmly on the map

EY has traditionally been the global market leader serving family businesses. We offer a wide range of professional services tailored to the unique needs of these businesses and their successors. We introduced a special program for family business successors ('The Next Generation'). We work close to our clients and actively participate in their setting. In the Netherlands, family business advice is provided from a center of excellence that creates value for our clients, many of whom are owner-directors who need an advisor to act as a confidant and sparring partner.

DNA business model

Family businesses underpin the economy, employment and innovation. Even though each one is unique, successful family businesses have a lot in common. We have anchored our knowledge and insight into the success factors, such as capital management, talent management and retention, and preparation for the next generation, in a model known as the 'Growth DNA of family businesses'. It helps family businesses pass on their success over the generations.

Creating value to the marketplace

Strategic growth platforms: High priority for entrepreneurship

Junior Academy

The next generation is sometimes unsure that following in their parents' footsteps is right for them. Especially for them, we have established the Junior Academy program to show them how exciting, interesting and varied business can be. The Junior Academy is an exclusive, one-week training course for 16-32 year-olds from family businesses. The course has been especially designed for the next generation of entrepreneurs and leaders of family businesses. It combines the knowledge of internationally renowned business schools with the practical experience of EY. In small international groups throughout the world, the young entrepreneurs take part in a program tailored to their age category: Push your limits! (16-20 year-olds), Junior Academy Advanced Program - seize the opportunity! (20-25 year-olds) and Junior Academy Excellence Program - make a difference! (25-30 year-olds). We ensure the participants remain in contact with each other after the course through The NextGenClub.

Thought leadership

Thanks to our integrated international organization, we are able to apply knowledge globally and efficiently and share it with our clients and other stakeholders. We invest in our thought leadership role. We conduct many national and international studies on a variety of issues and we want to work as closely as possible to our clients and actively engage in dialogue with them. An overview, including a sample of our main publications, studies, apps and events, as well as our Dutch partners' professorships is published on the [website](#).

We make an active contribution, for example, to the adoption of corporate responsibility rules and standards and have presented a clear CR market approach. We are members of key committees that enhance the transparency of financial and sustainability policies, management and performance. We are active participants in the Transparency Benchmark and the Global Reporting Initiative (GRI). We also support The Prince of Wales's Business and Sustainability Programme, which has established the International Integrated Reporting Committee together with the Global Reporting Initiative.

Creating value in the marketplace

Thought leadership

We are not the only ones to benefit from these activities, so do the entire sector and society as a whole. We are also a partner in MVO Nederland and Business and Society, the national knowledge and network organization for corporate responsibility, and several corporate responsibility networks.

Dutch Sustainable Growth Coalition

To promote sustainable growth business models we facilitate the Dutch Sustainable Growth Coalition (DSGC) launched by a group of eight Dutch multinationals last year (Unilever, DSM, AkzoNobel, FrieslandCampina, Philips, Shell, KLM and Heineken). The DSGC is chaired by former Prime Minister Jan Peter Balkenende. It develops and shares knowledge in collaboration with other platforms, such as the World Economic Forum. In September 2012 the DSGC launched its first publication: 'Towards Sustainable Growth Business Models'.

The DSGC is also engaged in the dialogue with government. This year the DSGC actively participated in the 14th EY Hofstadlezing event where leading decision-makers shared their knowledge and insights on corporate responsibility.

Together with our subsidiary Beco, EY has established the Sustainability Hero Award to support sustainable start-ups with their know-how, specialists, networks and other facilities, so that these entrepreneurs can make a true contribution to global sustainability.

Research and education

We continue to play an active role in research and education with a view to developing and disseminating knowledge. We encourage our staff to enrich themselves with a university or higher education college and are closely involved in a number of graduate and postgraduate programs such as those offered by Erasmus University Rotterdam, Tilburg University and the University of Groningen. We believe it is crucial for students to combine academic knowledge with practical experience and welcome various students as interns and trainees on an ongoing basis. This year, for example, we participated in the Make a Difference Day at Erasmus University Rotterdam to promote corporate responsibility.

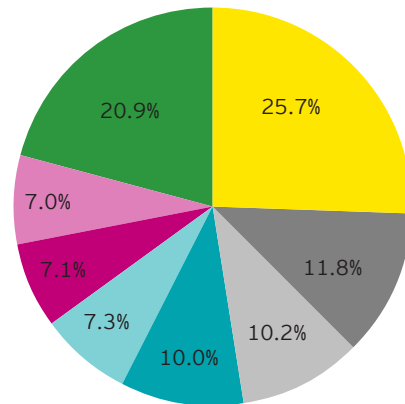
More specifically in relation to corporate responsibility, Jan Peter Balkenende is a professor of Governance, Institutions and Internationalization at Erasmus University Rotterdam. Nancy Kamp-Roelands previously developed a postgraduate program for Erasmus University Rotterdam that focuses on corporate responsibility management and auditing and she is now a member of the board of governors for this program. Nancy is a visiting professor at Strathclyde University, Scotland. Overall, ten EY partners hold chairs at universities inside or outside the Netherlands.

We actively share our knowledge with our clients and other stakeholders, in part by organizing seminars, courses, lunch meetings and workshops. A further example of knowledge-sharing, we have developed cutting-edge apps for Dutch tax legislation and international tax publications. We think it is important to present ourselves as an open organization that disseminates knowledge and discusses relevant themes with our stakeholders for the benefit of our stakeholders. A good example is the Hofstad lecture, an intellectual platform for decision-makers from the public and private sectors to discuss pressing issues in society. In the year under review, Paul Polman, CEO of Unilever, was the keynote speaker with a the lecture on the importance of sustainable growth in a global economy.

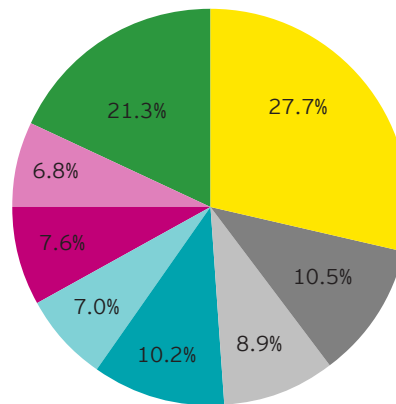
Performance

Markets

Industries
2012/2013



2011/2012



During the fiscal year we saw higher contribution percentages through growth in revenues in Consumer Products & Retail (+ 14.1%), Technology/ Telecommunications, Media & Entertainment (+ 15.6%), Government & Public (+ 6.5%) and Real Estate and Hospitality & Construction (+ 4.3%). Conversely, the contributions from Financial Services (25.7%) and Healthcare & Life Sciences (7.1%) were lower owing to a drop in revenues from rendering services, while Energy & Resources remained almost flat. We maintained our leading position in the Financial Services market.



Performance

Markets

Revenue Industries (€ million)	2012/2013	2011/2012	Δ	Δ% ¹⁾	Notes
Financial Services	173	183	-10	-5.8%	► Decrease is a reflection of the current challenging market. Financial organizations are becoming smaller in size and there is a continuous focus on reducing costs.
Consumer Products & Retail	79	69	10	14.1%	► Growth achieved chiefly in the Consumer Products market. Retail remains a tough market due to limited growth in the mature markets and strong focus on costs.
Technology/Telecom, Media & Entertainment	69	59	10	15.6%	► Technology market is the main driver of growth. EY's initiatives, such as Eynovation and Startupbootcamp High Tech, are paying off. ► Companies in the Telecommunications market remain under pressure and are seeking alternative business solutions.
Energy & Resources	67	68	-1	-0.8%	► Stronger position in the Oil and Gas market due to continued demand for our services, especially in Advisory and TAS. ► Cost reduction due to economic circumstances and increased competition had a slight negative impact in the Power & Utilities and Chemicals markets.
Government & Public	49	46	3	6.5%	► This sector is subject to change triggered by the transfer of state responsibilities and cutbacks. This has increased demand for a variety of Advisory services for the establishment of joint ventures and shared service centers, civil mergers, transfer of child welfare, financial control, risk management and governance structures.
Healthcare & Life Sciences	48	50	-2	-4.2%	► Significant change in the market due to liberalization, mergers within the hospital market, selective buying by health insurers, reduction in healthcare spending by the Ministry of Health, complex real estate issues, R&D and manufacturing by pharmaceutical companies moving out of the Netherlands, patent expiry and global drug demand and demographics. ► EY retained its strong position in this segment
Real Estate, Hospitality & Construction	47	45	2	4.3%	► Greater focus on corporate social responsibility, risk and operations management and working capital management. ► The economic outlook for this segment is somewhat negative due to low construction output, postponement of projects and declining demand.
Other, including Transport & Logistics and Industrial Products	141	143	-2	-0.6%	► Very strong growth in logistics services, lower growth in the Industrial Products industry owing to economic developments in the market.
Total	673	663	10	1.5%	

1) Percentages based on precise revenue amounts.

Performance

Service Lines

Assurance

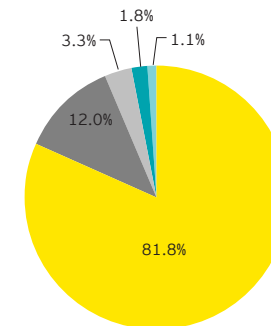
Strong performance in specialized advisory services; lower revenue per audit client

2012/2013 was another challenging year. Overall, total Assurance revenues of €287 million were fairly stable compared to the previous year. But volatility in the market is clearly increasing.

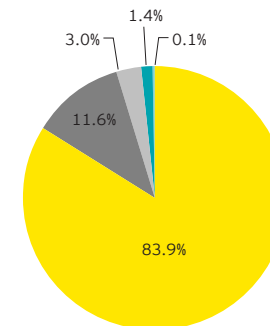
The audit revenues were slightly lower than in the previous year. An ongoing trend is that average revenue per client is decreasing, mainly because clients are better prepared for the audit. We succeeded in winning new clients, particularly in the energy and food sectors.

We saw an increase in our specialized advisory services for complex accounting and reporting issues, annual accounting and closing processes, forensic auditing and sustainability. Climate Change and Sustainability Services (CCaSS) achieved particularly strong growth, thanks in part to the October 2012 acquisition of Beco, a specialist in the field of Corporate Responsibility & Sustainability. Our CCaSS group accordingly grew by 40 personnel, which significantly strengthened our position in this market segment. We want to support our clients in all areas of corporate responsibility and integrated reporting, from strategy to implementation and from audit to reporting. All our auditors undergo permanent training to assist our clients in these areas.

Assurance
2012/2013



2011/2012



- Audit of financial statements
- Accounting Compliance and Reporting (ACR)
- Financial Accounting Advisory Services (FAAS)
- Fraud Investigation & Dispute Services (FIDS)
- Climate Change and Sustainability Services (CCaSS)

Training

It goes without saying that our auditors are specialists in their field. We also recognize that a broad education contributes to the quality of the audit, makes the profession even more attractive and increases the satisfaction of our clients. Not only has society changed, so have the people. Against this background, we are recalibrating our training programs. Our vision is to have a program that develops different competences by introducing participants to other disciplines within our organization. During the initial years of their careers, for example, auditors work not only in audit but can also gain experience and deepen their knowledge of tax and advisory services.

Performance

Service Lines

Actively anticipating change

We are actively anticipating the changes we are facing in the market, whether they concern new opportunities or risk control and governance. We are doing so very transparently and we are actively taking part in the debate about the changes in our markets and discussing related matters. Our full awareness of our social responsibility is reflected in our education and training program.

The new Audit Profession Act (Wab) in the Netherlands prevents audit firms as of 1 January 2016 from carrying out statutory audits for a public interest entity (PIE) for more than eight successive years. Hundreds of PIEs will change auditor in the next two years. This 'earthquake' will not be without risk to the quality of the auditors' work and the reliability of their reports. In our opinion, it will not be of benefit to society at large or to our clients.

We are calling for joint action to eliminate or minimize the risks involved. Time-consuming proposals, for instance, could be shortened and more detailed information could be provided on the handover from one audit firm to another. We also engage foreign teams in the Netherlands and vice versa.

Stepping up the dialogue in the public interest

We stepped up our dialogue with stakeholders during the year and periodically organized roundtables, workshops, conferences and discussion panels. We also gave interviews to the press and wrote articles to foster the debate with society in general and with shareholders, supervisory directors, executive directors, politicians and academics in particular. In order to step up communication to serve the public interest, our auditors provided personal and detailed story lines of their work at annual general meetings. This is our own initiative and it represents a novelty.

Public Interest Committee

In recognition of the public importance of auditing, we signed the Dutch Code for Audit Firms in June 2012. In accordance with the Code, a Public Interest Committee was established in May 2013. The committee consists of three members, all of whom are independent from our organization. It's the committee's task to monitor that public interest take priority within our organization. Giving it's monitoring role, the committee is involved in all processes that relate to the public interest. We are very excited about the introduction of Public Interest Committees in the Netherlands, and at EY we have decided to involve the Committee both in external and internal messages. It participates not only in board meetings, but also in the steering group for stakeholders dialogue, and it discusses public interest messages with many people within our organization. In this manner, we intend to give a further boost to the quality mindset within our organization. More information can be found in the [Transparency Report 2013](#).

Performance

Service Lines

Tax

Moderate growth across the board thanks to international themes

Our Tax practice can look back on a reasonable good year. Revenue was slightly higher at €236 million.

We realized growth in various services. Performance in the inbound market was again strong, especially in International Tax Services and Global Compliance & Reporting. The latter, multidisciplinary service, insources, coordinates and prepares the tax returns and local financial statements of global clients. It helps global clients comply with their statutory reporting and tax filing requirements.

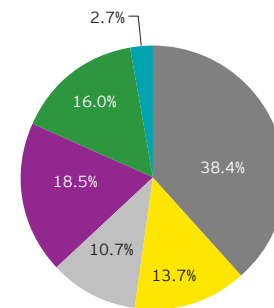
We achieved moderate growth in the segment at the top end of the domestic market (listed Dutch clients). Business tax services rendered to our national clients in the medium-sized to large family-owned business segment suffered a moderate decline. With clients insourcing more services, prices came under greater pressure. The impact of the sustained economic recession was mostly marked in this area.

Our long-term strategic alliance with Holland Van Gijzen Advocaten en Notarissen LLP experienced another solid year. In particular, the insolvency practice was very successful owing to the sharp increase in insolvencies resulting from the persistent economic crisis.

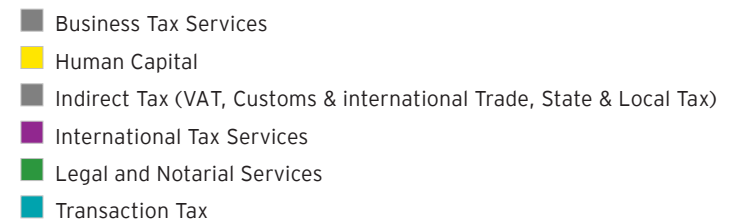
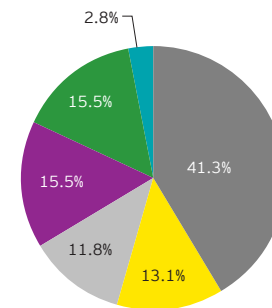
Transparency, risk mitigation and reputation management with a tax footprint

The worldwide tax landscape is still undergoing major change. Public tax policies are shifting, reporting and compliance requirements are changing rapidly and the debate on international tax planning is still raging. The media, non-governmental organizations and other stakeholders are taking a more critical stance towards the tax contribution that companies make to society ('fair share').

Tax
2012/2013



2011/2012



EMEIA Tax Center

The EMEIA Tax Center plays a key role in our services. Thanks to the smooth operation of our own international network, we can mobilize our people quickly to provide clients with integrated advice and support worldwide (cross-border, seamless and consistent). Our other tax advisory practices, such as Human Capital, International Tax Services and Indirect Tax, also benefit from this competitive edge. It is also reflected in the international growth of our Tax Controversy practice and Quantitative Services group.

Performance

Service Lines

The European Union, the OECD and the G20 have also placed tax arrangements of multinationals and high net-worth individuals in the spotlight and all three are discussing action plans to combat tax avoidance and tax evasion.

Global tax planning can lead to reputational and, indirectly, unforeseen financial risks. Companies are being pushed to make their tax payments more transparent (on a country-by-country basis) and need to be able to justify them. We help them answer questions from stakeholders and other parties about their tax structure and arrangements.

This new addition to our services – tax reputational risk management, i.e. mapping a company's tax footprint – complements our role in society. We advise our clients on the steps they have to take and help them define their tax strategy and analyze the overall burden of direct and indirect taxes levied by various authorities at the national, regional and local levels. The service also includes compliance scans.

Our role is primarily to look after our clients' interests, but we also shoulder our social responsibilities and take part in the public debate. Our advisory services cover not only the next phase of the advice but also its implementation and justification. This is what we call the entire Tax Lifecycle. It is becoming increasingly important that our clients think about how they can plan their taxes fairly. We enter into discussions with them and point out the different tax options and how they match their business profile. With a view to reputational risk, we determine whether senior management actually has a full understanding of the company's tax policy and whether the company adheres to it.

Insight makes processes more transparent and limits the risks. Transparency and risk mitigation play an increasingly important role in the current public debate.

Our integrated approach treats compliance as an element of a business' corporate governance, risk management and reputation management. This ensures that clients are well and truly "in control".

To measure is to know and to know is to trust

This trend can also be seen in the growth of the Tax Performance Advisory practice. The practice offers advice about the tax function and helps clients create a Tax Control Framework. Our specialists give tax departments more control by providing them with a robust foundation for tax returns and reporting, effective protocols, data integrity and an efficient tax function. This helps clients comply with the requirements of the tax authorities, for example in the field of horizontal monitoring.

Quantitative Services

Clients that are in control, are in a better position to plan. Our Quantitative Services group helps improve tax processes and make them more transparent. With the aid of advanced IT applications, we can identify irregularities, reveal illogical outcomes and trace errors in our clients' data. We can then indicate where improvements can be made and how clients can work more efficiently, for example by streamlining their VAT processes for remittances and refunds. We apply the same approach to corporate income tax, inventory valuations and asset depreciation. The transparency and improved risk management inherent in this approach also strengthens compliance.

Performance

Service Lines

Advisory

Good financial results in a year of accelerated transition

Our Advisory practice achieved slightly higher revenue at €86 million with a higher volume of hours. The portfolio was made up chiefly of international engagements. Business intelligence engagements in which IT and data analysis are key inputs to solve issues and improve processes are gaining importance. They also set the direction in which Advisory intends to grow. We successfully transformed the organization into an agile and internationally integrated market and sector-driven organization focusing on our clients and their most pressing business issues.

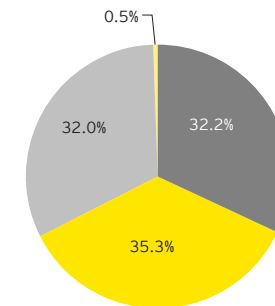
Foundation for healthy growth

During the year, we clearly defined the clients to whom we could offer the most added value and where we could excel through our know-how and experience.

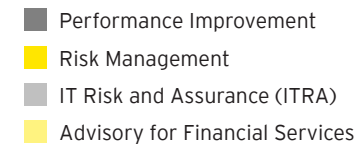
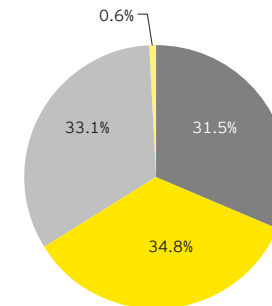
We intensified our transnational cooperation during the year by exchanging more specialists, especially within EMEA. We operate as an integrated advisory practice in our field and can deploy the right people at the right time and in the right place to carry out projects anywhere in the world.

By deliberately adapting our organization to the client base, we sharpened our focus on the clients in each market segment. Thanks to this sector-based approach and our worldwide coverage, we were able to help clients control risks, improve their performance and secure their financial results everywhere in the world. We supported them by offering the right combinations of talents from all levels of the organization worldwide and by selecting high-performing teams that can help them solve their issues.

Advisory
2012/2013



2011/2012



More control through data analytics

Enterprise intelligence is a growth market throughout the world. We have also identified new growth opportunities in enterprise-wide governance, risk and compliance (EGRC), for example by combining internal audits with IT advisory technology. We look upon IT as a support tool to improve our clients' performance. We are investing in data analytics because it enables our advisory processes to offer clients true added value.

In recent years, we made substantial investments in this expertise, in part through the acquisition of Partake two years ago. We can draw on sophisticated business intelligence tools that solve problems by means of data analysis.

Performance

Service Lines

Practical experience has shown that most of the findings of, for example, an internal audit are derived from data analysis. This is indicative of how much valuable information is produced by data analytics. Externally, it can be used to address supply chain issues and in the regular audit of financial statements. Instead of auditing by means of sampling, we can now detect potential problems by means of data analysis. We check all data automatically, not just a small percentage. This enables us to target our audits more specifically at the real issues. Clients gain a deeper insight into the efficiency of their processes and can identify potential improvements and take targeted measures at an earlier stage.

We also have identified interesting applications for data analysis in social media. A timely response is often an important factor in reputation management and stakeholder dialogue. Many companies, for example, have difficulty monitoring what their customers say on social media about their products or services.

Data analytics

Taking a process-based approach to issues remains important, but we are increasingly using data analytics in advance or simultaneously in order to analyze large volumes of data and pinpoint unexpected correlations. Through data analysis we can uncover more and more specific issues that the client was not aware of and we can carry out far more efficient root cause analyses. We apply data analysis on both internal and external processes.

A Twitter campaign, for example, can catch them completely off-guard. We help them analyze and control communications on social media that affects their operations. We can also analyze unstructured data, such as blogs and internet forums, so that our clients can identify issues that affect them.

We have gained so much experience with data analysis that it has become a permanent tool in our advisory practice. We are already working on the next step, to increase the predictive power of data. Certain findings can be used to make fairly accurate predictions of irregularities, for example where fraud will arise.

Performance

Service Lines

Transaction Advisory Services (TAS)

Capital Agenda concept underpins continued consistent growth line

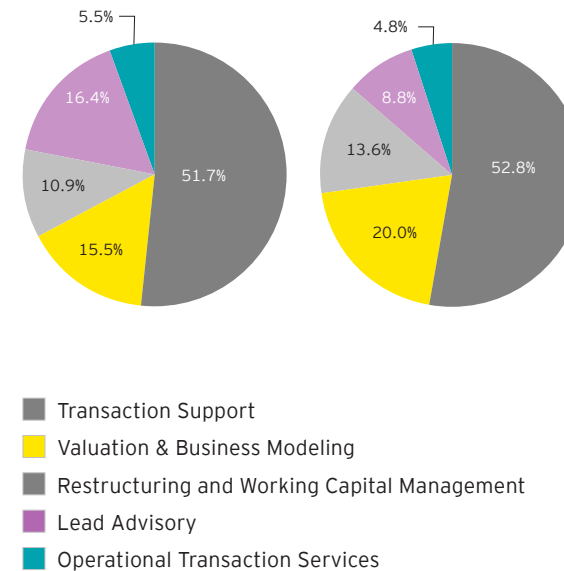
Our Transaction Advisory Services again had a good year with revenue of €43 million. Growth was derived chiefly from a number of market segments in which we are well positioned, from our client base, which is a direct consequence of the track record we have built up in delivering high quality services, and by the acquisition on 6 July 2012 of Ernst & Young Real Estate Advisory Services B.V. The reforms in the financial sector, in which we have traditionally been a leading player, for example, had a marked impact on the volume of our activities in the past year. We also performed well in the energy and resources sectors. Lingering uncertainty in the market triggered another sharp increase in restructuring engagements. The main growth factor, however, was our Capital Agenda concept, which is now firmly embedded in the integrated global organization with broad sector expertise to anchor our client services far wider and deeper. Furthermore, we deployed our resources more effectively by having the various disciplines in our service lines work together more intensively, both nationally and internationally.



Transaction Advisory Services

2012/2013

2011/2012



Driving value through integrated approach

The Capital Agenda places our clients' capital requirements at the center of our services. On the one hand, we attempt to guide our clients through this long period of economic headwind and, on the other, we help them manage their growth. The services focus on the capital side of the business, in which we have identified four themes: capital retention, capital optimization, raising capital and capital investment. Our advice to entrepreneurs is based on an integrated approach during all phases of the business cycle combined with the optimal use of capital. We work in international teams with leading specialists from all over the world. They enable us to find unexpected parties for our clients who can devise surprisingly creative solutions.

Performance

Service Lines

Since the Capital Agenda can meet the needs of our clients in both favorable and unfavorable market conditions, it is a key factor in our consistent growth. The Capital Agenda and our extensive international network have created a platform for us to act as strategic advisors to our clients on all aspects of a transaction and capital lifecycle.

Tools to optimize the capital requirement

The financial crisis has fundamentally changed the world in recent years. Capital has become scarcer, yet the required return has barely changed. It is therefore increasingly important for companies to base their strategic capital management and transaction decisions on well-founded choices. Against this background, companies are recalibrating their strategies, reviewing their activity palettes and identifying potential improvements at business units that they had previously acquired or integrated. We help companies integrate acquired businesses and business units and realize synergy, which are often the biggest hurdles in an acquisition. Companies are focusing more sharply on increasing efficiency gains and optimizing their use of capital. We show them how to refine the business during times of economic weakness.

We offer them the specialized know-how and tools to make processes more transparent and therefore easier to control. Our clients can also use these tools, such as the Integration Playbook, even without our direct involvement.

Integration Playbook

The Integration Playbook is a best practice integration platform based on share point technology. It improves the integration process so that clients can take better decisions. It supports transaction success through the entire lifecycle, from pre-diligence to actual integration. It helps companies realize the goals of their M&A strategies by following through with integration execution, and it facilitates a structured approach to integrating newly acquired companies, which will minimize confusion and enhance efficiency.

Performance

Our Talent

In a knowledge-intensive organization such as ours, it is the people, their professionalism, personality, competences, values and integrity that determine the quality of our services. By creating a culture that attracts and retains the very best people and helps them grow, we can offer our clients even better service. For our people, “building a better working world” is about making the whole experience of working at EY better than working anywhere else. We have set five priorities:

- ▶ Learning & Development (professional and personal development)
- ▶ Diversity & Inclusiveness
- ▶ Vitality
- ▶ Employee engagement
- ▶ Workplace of the future

Workforce management was again on the agenda in the past year. Our aim is to strike the right balance of numbers, structure and composition in the organization. We introduced different and smart working methods during the year while ensuring that the work was carried out at the right level. We transferred more work to our Talent Hub in India and the shared service center in Poland. We also continued to invest in training and offering more opportunities to people who excel.

The average number of FTEs in the year under review was 3,628, including 226 partners, against 3,811 FTEs and 232 partners in 2011/2012. We took on 576 new people and bade farewell to 875.

Teaming will become one of the cornerstones of our HR policy in the years ahead: how we work with others, how we ensure a team performs to the best of its ability and not as a collection of individuals. Teaming supports our ambition of offering exceptional client service. To consistently select the right people to answer a client's need, we have to learn to do more together.

Life-long relationship

Working for EY is a lifetime experience. Once people join, we want to ensure that we retain our top talent for as long as possible, and to help our people grow in a way that they know would not be possible anywhere else. Our people have the opportunity to work on complex issues, receive broad-based training and gain a great deal of experience, often outside the Netherlands.

The insights and expertise they accumulate will benefit them throughout their careers, even if they decide to work outside EY at some point. Our connection with them remains. Working for EY is also a life-long relationship. We enjoy keeping in touch with our former colleagues. The alumni network, for example, has benefits for both them and us.

Learning and development

The average number of hours spent on learning and development increased to 133 per FTE (129 hours in 2011/2012). Use of more webbased training courses enabled us to decrease our expenditure on learning and development, in particular on travel and lodging, by 28% to €8.8 million (€2,425 per person; down 24% from 2011/2012). Training courses highlighted the need for quality, communication and a professional yet critical mindset.

We have a dedicated career development platform named EYU - EY and You. It is a holistic approach that interweaves learning, experience and coaching to help our people take ownership of their own potential, whether social, emotional or professional, and of their own personal well-being.

Performance

Our Talent

The approach enables people to improve their performance and optimize their career opportunities. It deepens knowledge, skills and competences by providing learning opportunities combined with on-the-job-experience and stimulates a coaching mindset that enhances every employee's daily interaction with clients, colleagues and superiors. Corporate responsibility is now an integral part of EYU.

Our global organization makes a difference not only for our clients but also for our staff. We encourage our professionals to gain experience across (sub) service lines, sectors and geographical locations at home and abroad. Our focus on international mobility offers them yet another opportunity to enrich their talents and their "EYU experience". Our high potentials undergo broad-based training, so that they can work in a wide range of areas and draw on a wealth of knowledge in many disciplines. The work is therefore even more attractive to them. Working in a variety of disciplines and gaining wide experience abroad makes them even better professionals, which in turn has a positive impact on their interaction with our clients.

During the year, 41 employees took up a posting abroad within the EY organization, while 28 people from other countries spent time working in the Netherlands.

Many of our training programs are international in nature. During the year, a number of milestone events were again organized for staff who were recently promoted to a certain level within the organization, such as senior staff, manager or senior manager. The milestone events are of several days' duration and are attended by hundreds of staff from all over the world. The events are appreciated as inspirational and motivational experiences, greatly contributing to the sense of unity and the international character of our organization.

Corporate responsibility has become an important criterion in our choice of venues for EMEIA milestone events and we included it in some of the events' curricula as we are keen to grow awareness across the area.

Valuing diversity and inclusiveness

We want our people to reflect the diversity of talent available in society at large. Organizations that successfully unlock the potential power of diversity will make the difference in the future. We have developed a series of programs in recent years to support diversity and inclusiveness. In the past year we looked at how we could refine the programs to boost their effectiveness.

Our Career Watch program to ensure retention of female managers, senior managers and directors, is the backbone of our diversity and inclusiveness policy. It offers both women and staff from a non-Dutch ethnic background individual support in their personal and professional development, with experienced partners acting as mentors and coaches. In total, 30 employees took part in the Career Watch program in 2012/2013. To reduce staff attrition, we have taken measures to facilitate a good work/life balance. Examples are our Top Parent Programme and increased opportunities for flexible practices.

We have developed our Women's Leadership Programs especially for female managers at both national and EMEIA level. In the 2012/2013 fiscal year, 40 women from our organization in the Netherlands took part in the programs. In the Netherlands and Belgium, we have also established the EveryWoman network, a platform to offer all professional women's networks reflection, connection and inspiration under the slogan "Stronger Together".

Sustainable employment: vitality

We make high demands on our people and encourage them to grow and get the best out of themselves.

Performance

Our Talent

That is why we invest in dedicated programs to foster a healthy, dynamic and safe environment. In the past year we invested € 105,000 in the well-being and health of our staff. At the heart of our efforts is the vitality program [Fit4theJob](#), which we launched four years ago. The Fit4theJob concept consists of a health questionnaire, a health check, training sessions and workshops on such themes as sleep, diet, relaxation, physical exercise and coping with stress. Some 263 employees took part in the program during the year. In total, more than 1,000 employees have now taken part and we hope all our employees will eventually participate. The program is designed to make a lasting contribution to a healthy work/life balance.

The success of the Fit4theJob program is reflected in the interest shown in it by clients and relations who wish to introduce the program for their own staff. Part of Fit4theJob is Sports4You. A series of sporting events are offered under this label in which members of staff compete against their colleagues.

Our vitality program also recognizes the importance of good diets. We provide free fruit, for example, and serve healthy meals in our restaurants.

We have developed the [Top Performer Program](#) for our partners and for senior executives at other businesses. It explains how changes in conduct and circumstances can have an impact on health, resilience and energy management. At the Sports4You events we organized during the year, managers from EY competed against senior executives from our clients. Under the umbrella of Fit4theJob, we have introduced Fit2Lead, a program to develop coaching skills, and a Top Parent program for young mothers and fathers re-finding their work/life balance after childbirth.

In the current year we launched a Fit2team program to strengthen team building and develop the skills of team members and the teams as a whole. Thanks to our vitality program and our other investments to optimize working conditions, we reduced the rate of sick leave to 3.2% in 2012/2013 (2011/2012: 3.3%).

Workplace of the future

Flexible working practices are essential for the sustainable employment of our people. We aim to create a flexible workplace that supports the health and well-being of all our people.

We offer our staff many opportunities to work flexibly, including part-time working and home working. We provide them with study facilities and they can take unpaid leave for a career break. This flexible way of working is also facilitated by technological advances. During the year we took steps towards introducing and encouraging different working practices. Workplaces at some offices were redesigned to enable flexible working. One of the consequences has been that we need less office space. We therefore considerably cut the area of our office space. Initial experiences have been favorable. The people at the office are physically closer to each other and therefore have more contact with each other. They see each other more often and make appointments more readily, which is good for the team spirit. We will provide more support for staff and managers to work this way in the years ahead. We will pay more attention to the organizational culture, management style and, last but not least, the mindset of the people and their managers.

Performance

Environment

Although our operational environmental impact is relatively small in comparison with companies in other sectors, we strive to further reduce our ecological footprint and waste stream. We are taking measurable actions to reduce our carbon footprint. Like other organizations in the business services industry, our ecological footprint is due almost entirely to staff travel and office energy consumption. We further reduced our environmental impact in both areas during the past fiscal year. Due to our office space reduction program our waste production incidentally increased with 31%. Furthermore, we devoted considerable attention to increasing awareness of environmental responsibility, greening our procurement policies and the sustainable use of facilities. In total, we have reduced our CO₂ impact (compared to the 2008/2009 baseline) by 23.7%.

For more information, reference is made to our [GRI index](#).

Community engagement

Our engagement with society is about sharing our knowledge and professional skills. We encourage all our people to take part in projects run by socially engaged organizations in order to widen their outlook and enhance their personal skills. The activities are coordinated by the EY Foundation, which was set up especially for this purpose. Sports sponsorship also commands a prominent place within our community engagement. Love of sport is in our genes and complements what we stand for: we want our staff and clients to develop their talents and make maximum use of their potential.

During the fiscal year many diverse and very successful projects allowed others to benefit from our expertise in accounting, tax, financial and general business advice. Our focus lies on not-for-profit organizations that are engaged in sustainable entrepreneurship, the environment and education. It is no accident that these are the priority themes in our sustainability policy. We support the organizations chiefly by sharing our knowledge and competences with them. We have entered into three partnerships with not-for-profit organizations since the Foundation was set up: Urgenda, Business Without Borders and ENVIU.

With these selected organizations, we encourage our people to perform voluntary work, pro bono work and take part in thought leadership projects. For more information go to the [GRI index](#)

Performance

Financial

Combined income statement	2012/2013	2011/2012	Δ
Assurance	287	288	0%
Tax	236	229	3%
Advisory	86	84	3%
Transaction Advisory services	43	34	26%
Rendering of services	652	635	3%
Corporate Business Services	21	28	-26%
Revenue	673	663	2%
Operating expenses			
Purchased services	79	70	13%
Employee expenses	280	290	-4%
Depreciation and amortization	16	15	5%
Other operating expenses	177	163	9%
	552	538	3%
Operating profit	121	125	-3%
Finance income and expenses	-10	-12	-23%
Profit before tax	111	113	-1%
Income tax expenses	-	-	0%
Profit for the fiscal year	111	113	-1%

Revenue slightly higher

Our revenue for fiscal year 2012/2013 increased by €10 million (+2%) to €673 million. Our income from our core operating activities (rendering of services to clients), however, increased by €17 million, up 3%. We are gradually making progress. In the past fiscal year, prices overall remained close to the prior-year level and the increase was driven by volume (the number of hours charged), particularly during the fourth quarter of the fiscal year.

Assurance remains our biggest service line, with €287 million in revenue, basically at the same level as in the previous year. Tax is second in terms of revenue: €236 million, a 3% increase. Advisory and TAS reported revenues of €86 million and €43 million respectively. Advisory grew by 3%, while TAS reported a remarkable 26% growth on the previous year, with almost one-third of its growth being due to the acquisition of Real Estate Advisory Services B.V.

Recurring operating expenses remained flat

Operating expenses came to €552 million, an increase of €14 million on the previous year. However, adjusted for non-recurring and reclassification items, they remained flat. This fiscal year a one-off hit of €23 million related to our office space reduction program: €18 million in other operating expenses and €5 million in depreciation and amortization represent the main item in this report.

Costs developed as follows:

- ▶ **Costs of purchased services increased by €9 million**, reflecting the closer cooperation with foreign Ernst & Young member firms to render services to our clients.
- ▶ **Employee expenses decreased by €10 million**
 - ▶ Salaries and bonuses and social security charges remained flat in comparison with the represent the main year.
 - ▶ We raised the pension contribution for our people by €1 million.
 - ▶ Mobility expenses increased by €3 million due to the reclassification of car lease expenses from depreciation and amortization and finance expenses to mobility expenses.
 - ▶ Other staff expenses fell by €14 million, chiefly because of a decline in costs of restructuring programs.

Performance

Financial

► Depreciation and amortization increased by €1 million

- Depreciation and amortization were increased by a €5 million impairment loss relating to the office space reduction program.
- Reclassification of car lease depreciation costs to mobility expenses led to a decline of €3 million.
- Other depreciation costs fell by €1 million.

► Other operating expenses increased by €14 million

- A €19 million increase in costs of premises was caused largely by the one-off expense for office space reduction.
- The total amount of other staff expenses, office expenses, IT expenses, international Ernst & Young charges and net foreign exchange gains and losses remained flat in comparison with the previous year.
- Other expenses were €5 million lower owing to cost savings programs.

Operating profit

At €121 million, operating profit was on balance €4 million (3%) lower than in the previous fiscal year.

Finance income and expenses decreased by €2 million

We continued to reduce our receivables and interest-bearing loans and benefited from lower interest rates on our borrowings. This reduced interest expenses by €1 million. In addition, interest expenses decreased by €1 million due to the reclassification of contracts (car lease contracts were reclassified from financial lease to operational lease and members' capital was reclassified from liabilities to equity).

Profit for the fiscal year

On balance, profit for the fiscal year decreased by a mere €2 million. Nevertheless, there has been a clear improvement in the quality of the profit, since cost includes a one-off hit of €23 million.

Equity

At 30 June 2012

Profit distribution 2010/2011

Profit for the financial year

Contributions of capital from members

Repayment on retirement through equity

Change in conditions of members' capital

Interest on members' capital

Change in estimates of obligations to current members

At 30 June 2013

**Total
Equity**

31

-103

111

4

-7

-

-

-

36

Performance

Financial

Equity increased by €5 million to €36 million which on balance includes €11 million higher retained earnings as a consequence of settlement of drawing (pension) rights in 2006/2007 and 2008/2009 and lower members' capital of €4 million and a drop of €2 million in profit on the previous fiscal year.

Cash flow

	2012/2013
Net cash flows from operating activities	162
Net cash flows used in investing activities	-7
Net cash flows used in financing activities	-135
Net cash flow	20
Net cash and cash equivalents in 1 July	67
Net cash flow	20
Net cash and cash equivalents in 30 June	87

Our cash position increased by €20 million to € 87 million at the end of 2012/2013. Net cash flow improved by €22 million in comparison to the previous fiscal year. This increase is predominantly caused by a €27 million and €1 million decrease of respectively financing and investing activities. On the other hand cash from our operating activities dropped with €6 million.

Outlook for 2013/2014

A solid platform was built in 2012/2013 to meet the challenges ahead. The scene will be predominantly set by the uncertain and volatile markets, the outcome of the audit firm rotation process and the significant cost the audit rotation process brings along. Our 2013/2014 plan targets a comparable profitability as we achieved in the past year.

Performance

Key figures

(€ million)

Combined statement of
Ernst & Young Nederland LLP and
Holland Van Gijzen Advocaten en Notarissen LLP

FINANCIAL

	2012/2013	Δ	2011/2012	Δ	2010/2011	Δ	2009/2010	Δ	2008/2009
Assurance	287	0%	288	-2%	293	-5%	309	-4%	323
Tax	236	3%	229	-2%	234	1%	231	-3%	237
Advisory	86	3%	84	11%	75	-9%	82	-18%	101
Transaction Advisory Services	43	26%	34	1%	33	13%	29	-5%	31
Rendering of services	652	3%	635	0%	636	-2%	652	-6%	692
Corporate Business Services (Other income) ¹	21	-26%	28	47%	19	25%	15	459%	3
Revenue	673	2%	663	1%	655	-2%	667	-4%	695

Revenue per FTE (staff and partners) (in €000)	186	7%	174	-1%	175	1%	173	2%	170
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Financial results

Operating profit	121	-3%	125	-16%	148	-8%	161	-2%	165
Profit for the fiscal year	111	-1%	113	-12%	128	-10%	142	-4%	148
Profit per partner (in €000)	494	2%	486	-11%	547	-8%	597	-4%	620

PEOPLE

Average number of FTE staff and partners

Client serving staff	2,654	-3%	2,748	4%	2,630	0%	2,641	0%	2,638
Support staff	748	-10%	831	-5%	875	-11%	981	-19%	1,215
Total staff	3,402	-5%	3,579	2%	3,505	-3%	3,622	-6%	3,853
Partners	226	-3%	232	-1%	234	-2%	238	0%	239
	3,628	-5%	3,811	2%	3,739	-3%	3,860	-6%	4,092

ENVIRONMENT

Emissions (tCO₂)

Car travel	12,120	-5%	12,698	-1%	12,820	-4%	13,418	-6%	14,268
Air travel	1,747	5%	1,659	-9%	1,824	31%	1,394	9%	1,276
Train travel	89	-9%	98	11%	88	6%	83	-25%	110
Total travel	13,956	-3%	14,455	-2%	14,732	-1%	14,895	-5%	15,654

Paper usage	121	-15%	143	-1%	144	-11%	161	-13%	184
Waste	503	31%	384	-	n/a	-	n/a	-	n/a
Energy consumption, offices	3,975	10%	3,627	-22%	4,660	-32%	6,823	-20%	8,477
	18,555	0%	18,609	-5%	19,536	-11%	21,879	-10%	24,315

1) Reclassification of income of
executive partners for
2011/2012 only.

Governance

Corporate governance

We constantly monitor our independence, integrity and results. Safeguards are in place in the form of governance rules, codes of conduct, quality measures and controls. The main aspects are considered below. EY also issues a separate [Transparency Report](#), which provides an insight into the structure, organization, management, quality control system and performance of Ernst & Young Accountants LLP. This is a statutory requirement for firms that audit the financial statements of public interest entities.

Structure

Global

EY refers collectively to the global network of member firms of Ernst & Young Global Limited (EYG). Ernst & Young Global Limited is the central entity of the EY organization, coordinates the member firms and fosters cooperation among them. Every member firm is a legally distinct entity. Ernst & Young Global Limited is a UK company limited by guarantee and does not provide services to clients. EYG has several principal governing bodies. This is not a global corporate structure where ownership, legal control of profits are consolidated at a central parent identity. Member firms remain solely responsible for their own work, but they are part of a highly integrated global organization that enables them to deliver enhanced services. Their obligations and responsibilities to the organization are governed by the regulations of EYG and various other agreements.

EYG's objectives include promotion of the provision by its member firms of high-quality service, worldwide. EY is organized in four geographic Areas: Americas, Asia-Pacific, EMEIA (Europe, Middle East, India and Africa) and Japan. The Areas comprise a number of Regions, which consist of member firms or sections of those firms.



EMEIA Area

EY's activities in the Netherlands are a part of the EMEIA Area. The EMEIA Area consists of 98 countries divided into 11 geographic regions and of the EMEIA Financial Services Region, which facilitates all services provided to the financial sector in the EMEIA Area.

Together with Belgium, the Netherlands forms the Belgium/Netherlands Region. This region does not include the Financial sectors in both countries, as these industry sectors are part of the EMEIA Financial Services Region. Dutch partners are either allocated to the Belgium/Netherlands Region or to the EMEIA Financial Services Region.

Ernst & Young (EMEIA) Limited (EMEIA Limited), an English company limited by guarantee, is the principal governance entity for the EYG member firms in the EMEIA Area. EMEIA Limited facilitates the coordination of these member firms and cooperation between them, but it does not control them. EMEIA Limited is a member firm of EYG.

In Europe, a holding entity, Ernst & Young Europe LLP (EY Europe) was formed in conjunction with the EYG member firms within the EMEIA Area. EY Europe is an English limited liability partnership, owned by partners of EYG member firms in Europe.

Governance

Corporate governance

It is an audit firm registered with the ICAEW (the Institute of Chartered Accountants in England and Wales) but it does not carry out audits or provide any professional services. To the extent permitted by local legal and regulatory requirements, EY Europe has acquired or will acquire control of the EYG member firms in the European countries in the EMEIA Area. EY Europe is a member firm of both EYG and EMEIA Limited.

EY in the Netherlands

In the Netherlands, the two main EY entities are Ernst & Young Accountants LLP (including Assurance, Advisory and Transaction Advisory Services) and Ernst & Young Belastingadviseurs LLP (Tax). Both entities are owned by the private practice companies of EY's partners in the Netherlands ("members"). The members of Ernst & Young Accountants LLP and Ernst & Young Belastingadviseurs are also owners of Ernst & Young Nederland LLP.

Ernst & Young Accountants LLP is licensed by the AFM to carry out statutory audits required by law (including audits of public interest entities).

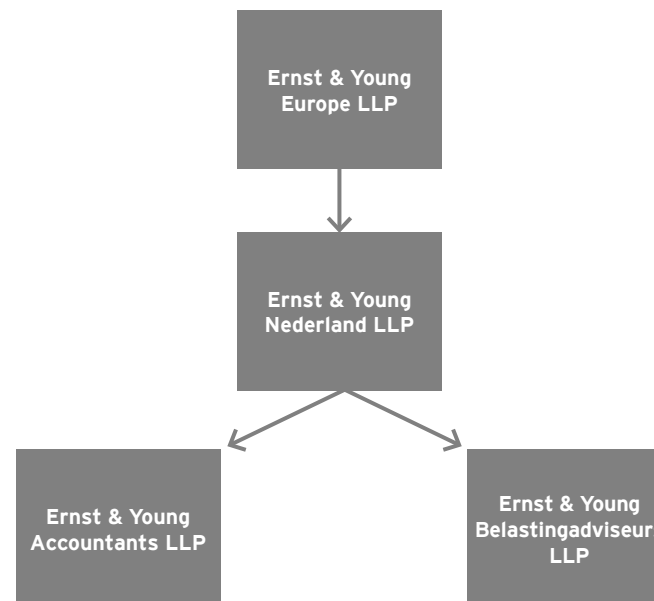
The network of EY operates from 15 offices in the Netherlands and consists of:

- ▶ Ernst & Young Nederland LLP
- ▶ Ernst & Young Belastingadviseurs LLP
- ▶ Ernst & Young Actuarissen BV
- ▶ Ernst & Young CertifyPoint BV - independent and impartial certification institute
- ▶ Ernst & Young VAT Rep BV - VAT representation services
- ▶ Ernst & Young Real Estate Advisory Services BV - real estate investment advisory and valuations
- ▶ Stichting Ernst & Young Foundation - supports initiatives by non-profit organizations regarding sustainability and environmental issues
- ▶ Beco Groep B.V. - advises clients regarding sustainability and environmental issues

Ernst & Young Belastingadviseurs LLP has a strategic alliance with Holland Van Gijzen Advocaten en Notarissen LLP.

Ernst & Young Nederland LLP coordinates and facilitates EY's activities in the Netherlands, but does not provide services to external clients. The economic profits of Ernst & Young Accountants LLP and Ernst & Young Belastingadviseurs LLP are distributed among partners through Ernst & Young Nederland LLP.

Control over Ernst & Young Accountants LLP and Ernst & Young Belastingadviseurs LLP is exercised by Ernst & Young Europe LLP.



Board of Directors

Ernst & Young Nederland LLP is governed by a Board of Directors elected by Ernst & Young Europe LLP. Current Directors are Marcel van Loo (Chairman), Giljam Aarnink and Jeroen Davidson.

Governance

Corporate governance

The Board of Directors provides coordinating leadership in order to optimize the shared course of the business and practices of Ernst & Young Accountants LLP and Ernst & Young Belastingadviseurs LLP and promote their joint strategy. The Directors are entitled, through their respective practice firms, to a proportion of the profit but do not receive separate remuneration for role as Director. This Board is responsible for the commercial and financial policies and reputational standing of EY.

Apart from the legal structure for the Netherlands, depicted on the previous page, we operate our business for Belgium and the Netherlands (BeNe) through the current combined Leadership Team:

Responsibility	Name	Joined EY in	Member since	Diversity	
				Gender	Nationality
BeNe Region	R. Braes	1990	01-07-2011	Male	B
Netherlands	M. van Loo	1989	01-07-2013	Male	NL
Assurance	G. Aarnink	1978	01-07-2008	Male	NL
Tax	J. Davidson	1990	01-07-2013	Male	NL
Advisory	T. Sileghem	1999	01-01-2013	Male	B
TAS	M. Guns	1985	01-07-2008	Male	B
Markets	H.J. Bax	1996	01-07-2011	Female	NL
People	B. Haring	1990	01-07-2008	Female	NL
Quality & Risk	H. Schepers	1981	01-07-2011	Male	B
Operations	E. Kamphuis	2002	01-07-2012	Male	NL
Financial Services in the Netherlands is lead by:					
FS Netherlands	R.J.W. Lelieveld	1980	01-07-2008	Male	NL

In the fiscal year P.J.A.M. Jongstra, C.J.B van Boxel and P.G. de Vries resigned.

Regional Partner Forum

The Belgium/Netherlands Regional Partner Forum is an advisory body that convenes on a regular basis to discuss matters of interest, provide input to the Europe Advisory Council and advise the Regional Managing Partner and the combined Leadership Team. The Partner Forum has 10 members, 7 from the

Netherlands and 3 from Belgium. Members of the Leadership Teams and of management cannot be elected to the Partner Forum. The members are elected by EY partners in Belgium and the Netherlands in three-yearly election cycles; membership of the Regional Partner Forum cannot exceed 6 years.

Corporate Responsibility Steering Committee

The Country Managing Partner is responsible for Corporate Responsibility. Within the combined Leadership Team, there is a Corporate Responsibility Steering Committee with specific responsibilities for Entrepreneurship, Employees, Environment and Community Engagement. They meet during the year and discuss the CR strategy, progress and new actions to take to achieve the CR targets set. They are accountable to the full board as well as externally through this Integrated Annual Review and its appendix GRI G4 Content Index 2012/2013.

Regulations

EY has various regulations that set the frameworks for the performance of the various bodies or implement the rules applying within EY. They include:

- ▶ Members' Agreement
- ▶ Fundamental rules
- ▶ Regulations
- ▶ Anti-bribery and insider trading policies
- ▶ Data privacy regulations
- ▶ Document retention regulations
- ▶ Independence policy
- ▶ Global Code of Conduct
- ▶ EY/Ethics, a global ethics hotline to provide EY people, clients and others outside the organization with a confidential means to report activity that may involve unethical or improper behavior that may be in violation of professional standards or otherwise inconsistent with our Global Code of Conduct

The Global Code of Conduct is available on our [website](#).

Governance

Quality & Risk management

Quality & Risk management (Q&RM) is at the heart of our strategy. Setting the right tone at the top is a key responsibility of our leadership team. We communicate to our people that quality and professional responsibility starts with them and is the most important thing they do every day. Our approach to ethics and integrity is embedded in our culture of consultation, our training programs and internal communications. Our Global Code of Conduct provides a clear set of standards and behaviors that guide our actions and our business conduct. In addition, we have specific anti-bribery and insider trading policies. Senior management regularly reiterates these expectations and the importance of performing quality work and complying with professional standards and our policies through varied forms of communication. Also, we assess quality of professional service as a key metric in evaluating and rewarding all professionals.

We continually strive to improve our Q&RM processes. Overall responsibility for the design and execution of an effective quality and risk management policy and internal control system for the Dutch EY organization lies with the leadership team, with a substantial proportion of the tasks being delegated to the chief operating officer and the quality and risk management leader. The service line leaders have integrated quality and risk management into their operational activities. Our overarching Q&RM Department deals with issues that go beyond individual service lines, such as independence.

The quality and risk management system relevant to our audit practice is described in detail in the Transparency Report issued by Ernst & Young Accountants LLP. That description relates only to the Assurance service line but similar quality and risk management systems are in operation within the other service lines.

We have a holistic approach to how we measure the quality of the service we provide to our clients and other stakeholders.

It starts with our comprehensive program of quality review and real-time quality assurance engagements in all service lines which measures compliance with professional standards and all EY policies.

In addition, we use our Expectations of Service Quality (ESQ) framework to understand client and/or audit committee expectations before work begins and subsequently measure how well we perform against those expectations through our Assessment of Service Quality (ASQ). ASQ allows our stakeholders the opportunity to tell us what is working well and what needs to be improved. It is about having a dialogue, making sure we understand their needs and then responding accordingly.

Quality management

The main quality management processes include quality control programs, client and engagement acceptance and continuance, and independence.

Quality control programs

We have implemented quality control programs for all our service lines. Their primary goal is to determine whether our quality policies and procedures are appropriately designed and observed in the execution of engagements. The programs are implemented annually by the service lines, for which engagements are selected according to their (inherent) risk profile. The objective is to review engagements of approximately one-third of our partners each year. The programs' results are evaluated and communicated so that quality improvements can be made.

In addition to these programs, selected engagements are reviewed by the EMEIA compliance team. This team consists of professionals from different countries within the EMEIA area. Finally, the central Q&RM department carries out annual reviews of selected engagements.

Governance

Quality & Risk management

Client and engagement acceptance and continuance

EY's client and engagement acceptance policy sets out the principles to determine whether to accept or to continue with a client or engagement. The acceptance process involves a careful consideration of the risk characteristics of a prospective client or engagement and includes several due diligence procedures. In addition, our global conflicts policy defines categories of conflicts of interest, the process to identify such conflicts and provisions to manage them.

To coordinate client and engagement acceptance and continuance efficiently, we have developed the intranet-based Global Tool for Acceptance and Continuance (GTAC) to take users step-by-step through the acceptance and continuance requirements.

Independence

Our independence policies and processes are designed to comply with the independence requirements. These were also applied in the 2012/2013 fiscal year and included:

- ▶ annual confirmation of compliance with EY's Global Independence Policy by Ernst & Young Nederland LLP;
- ▶ annual confirmation of compliance with EY's Global Independence Policy by our professionals, with partners being required to confirm compliance quarterly in an intranet-based monitoring tool. In this tool, all partners and senior non-partners disclose all listed investments held by them and/or their spouse, to allow for continuous monitoring;
- ▶ annual confirmation of compliance with EY's Global Independence Policy by our audit team members, with all team members confirming their independence with respect to the audit client; and
- ▶ completion of an annual independence training course by all our professionals.

Risk management

As a professional service provider, EY is active in various markets and is exposed to market, strategic, operational, regulatory and compliance risks that are inherent to its activities. EY's risk management and operational processes are designed to identify and mitigate risks at an early stage. We monitor the various risks and their potential impact, and take appropriate measures to reduce them.

The risks identified represent not only threats to our organization but also opportunities to achieve our ambitions. We are a private business, operating in a competitive, partially regulated environment. Taking well-managed risks is part of our strategy to achieve our ambition.

International internal quality review programs are the main tool for monitoring compliance with all prescribed policies and procedures and their documentation and for identifying remedial measures considered appropriate.

With respect to our litigation and claims in our increasingly litigious society, there will always be tension between the desire to be transparent in the public interest, about lessons learned, on the one hand, and the need to be prudent from a legal point of view and not to weaken one's position in existing litigation or induce new litigation, on the other hand. What is more, in many cases there will be legal and contractual restrictions to our transparency, or our external communications may be limited by our duty to respect the privacy of individual persons involved. In a healthy society, the degree of transparency of private firms will always be a matter of debate. We accept that debate and will try to focus on the essential question: how can we align our transparency with the public interest? Regarding litigation and claims we limit our comments to the ones mentioned in the Transparency Report 2013 and the Financial Statements 2012/2013 of Ernst & Young Nederland LLP.

Governance

Quality & Risk management

Type of risk	Potential impact	Control	Type of risk	Potential impact	Control
Market and strategic risks			Operational and compliance risks		
Deterioration of the national and international economic situation and the business climate in the Netherlands	Declining demand for our services and relocation of Dutch activities abroad	Focus on market leadership, assessing and responding to demands in chosen services, innovation of our service offerings and focus on trends at our clients and contributing to the improvement of business climate in the Netherlands	Non-compliance with strict internal quality requirements and breaches of applicable regulations	Reputational damage, claims and litigation leading to loss of income and/or high costs	Strict enforcement of stringent quality and risk management policies and procedures to ensure the highest quality and monitor compliance with policies, procedures and regulations; Client acceptance and continuance procedures in accordance with our standards
Fierce competition and price pressure	Increased lead time and cost to win engagements, and lower revenue and margins per engagement with the risk for quality deterioration	Simplify our structure, improve our operational processes, including off-shoring to reduce our cost structure, monitor audit hours per engagement and implement value proposition programs to maintain a fair price for our services	Inadequate ability to recruit and retain top talent owing to scarcity on the labour market and perceived attractiveness of professional services firms	These may undermine the high quality of services, healthy growth, business continuity and career opportunities	Policy of being employer of choice. Priorities are education and development, vitality, diversity and the Top Performer Program. Promotion of international mobility of people and workplace at EY
Possible claims against EY in the Netherlands and/or internationally with major financial implications	The award of a large claim can lead to reputational damage, profit erosion or even a threat to the continuity of the organization	Strict enforcement of a stringent quality and risk management system Partial professional liability insurance subject to availability	Natural disasters, terrorism and accidents	Serious disruption of our business operations	Security organization, a business continuity plan and emergency preparedness & response plans, establishment of procedures to assess and monitor security risks and insurance cover
Eroding trust in audit profession and/or our firm	Regulatory changes, over-formalization of the audit profession, high compliance costs, quality risk, modification of the full-service concept and loss of clients	Maintain high quality standards in our profession and our firm, continued stakeholder dialogue with regulators, oversight bodies, clients and other stakeholders and active input to public debate to close the expectation gap	Reliance on international ICT system	System failure or inadequate availability can be detrimental to operational and client services	The international ICT infrastructure of EY satisfies the highest security and continuity criteria The standard loadset on PCs contains most of the software for client services
			Reliance on third parties for funding	Inadequate access to and availability of funding can be detrimental to our operations	Capital contribution of partners is contractually arranged with further funding structured through loans from partners, banks and the international EY organization. Steering and monitoring of working capital, including penalty targets to drive appropriate behavior
New Audit Profession Act, Dutch Code for Audit Firms and proposed international regulatory changes of the audit profession (e.g. audit firm rotation and separation between audit and non-audit services)	Significant number of audit mandate rotations during short time period, increased pursuit resources, efforts and cost, quality and reputation risks, and change in market share of audit and non-audit services	Established task force and implemented action plan to deal with regulatory changes. Invest continuously in quality and improvement of our service offerings. Established Public Interest Committee	Failure to protect client confidentiality and personal data	Damaged reputation and risk of prosecution	Strict enforcement of stringent quality and risk management policies and procedures Stringent access and data protection procedures Physical security of offices are monitored on a regular basis

Governance

In-control statement

The Board of Directors of Ernst & Young Nederland LLP has final overall responsibility for designing and operating an effective risk management and internal control system. This includes implementing and, if necessary, adjusting international EY policies and procedures, establishing and maintaining processes as well as guiding people's behavior in such a way that the firm can achieve its objectives. In the year under review, we analyzed and evaluated the risk management and internal control system, and considered the risks to which our organization is exposed.

Based on this review and cognizant of its inherent limitations as described below, the Board concluded that there is reasonable assurance that in the year under review:

- ▶ it understood to what extent the strategic and operational objectives were realized;
- ▶ the internal and external financial and management reports were reliable; and
- ▶ applicable laws and regulations were observed.

Furthermore, there is no reason to believe that the internal risk management and control system will not work properly during the current year.

It is important to note that a risk management and internal control system, no matter how well designed and operated, provides only reasonable assurance regarding achievement of an entity's objectives. Achievement of objectives is affected by limitations inherent in all management processes, including the inherent risk that errors and violations can occur as a result of human failure, the possibility of poor judgment in decision-making, control processes being deliberately circumvented by professionals, management overriding controls, and unforeseen circumstances. Another limiting factor is the need to consider the relative costs and benefits of risk responses.

Properly designed and implemented risk management and internal cost control systems will therefore provide reasonable but not absolute assurance that EY is not hindered in achieving its business objectives or in the orderly and legitimate conduct of its business. In this context, reasonable assurance refers to the degree of certainty that would be satisfactory for a prudent business manager in the management of his or her affairs in the volatile and changing business environment in which EY operates.

Any assessment of effectiveness in future periods is subject to the risk that the risk management and internal control system may become inadequate because of changes in conditions.

Rotterdam, 30 September 2013

M. van Loo
G.A.M. Aarnink
J. Davidson

Governance

Partner remuneration

Policy on remuneration of partners, directors and staff links between the organization's strategy and its use of and effects on financial and other capitals that are used to arrive at performance-based compensation. Partners and other professionals are evaluated and compensated based on criteria that include specific quality and risk management indicators, covering both actions and results.

The mainstay of our remuneration policy is the Global Partner Performance Management (GPPM) process, a globally consistent evaluation process for all partners in EY member firms around the world. It reinforces the global business agenda by linking their performance to wider goals and values. GPPM is an ongoing cyclical process that includes goal setting, personal development planning, performance review and recognition and reward. It is used as the cornerstone of the evaluation process to document partners' goals and performance. Partner's goals are required to reflect various global priorities, one of which is quality.

Partners are assessed annually on their performance in quality service delivery, leading people, operational excellence and market leadership. To recognize different market values for different skills and roles, and to attract and retain high-performing individuals, the following factors are also considered when calculating total reward: seniority, role and responsibility, long-term potential and mobility.

Instances of non-compliance with quality standards result in remedial actions, which may include compensation adjustment, additional training, additional supervision, or reassignment. A pattern of non-compliance or particularly serious non-compliance may result in actions that include separation from our firm.

More specific information on the remuneration policy of Ernst & Young Accountants LLP in the Netherlands can be found in the Transparency Report 2013.

Board members do not receive any remuneration other than their entitlement to the profit for the fiscal year through their private limited liability company (Besloten Vennootschap met beperkte aansprakelijkheid, B.V.), being a total of €3,386,000.

During the fiscal year under review the profit for the fiscal year amounted to €111 million (€113 million in 2011/2012), the average number of partner FTEs was 226 (232 in 2011/2012) and the average generated profit per partner therefore amounted to €494k (€486k in 2011/2012). The profit for the fiscal year is distributed to the partners' B.V. after settling, amongst others, pension obligations for retired partners and certain one-off adjustments. The resulting income is to cover costs such as salary, pension, business expenses, depreciation, insurance premiums, wage tax, social security premiums and the B.V.'s own corporate tax liability. The average income distributable to the 226 partners for the year under review was €505k (€394k in 2011/2012).

About this report

Scope of this report

This is the second Integrated Annual Review published by EY in the Netherlands. It relates to the fiscal year ended 30 June 2013. It is designed to bring together the material information about our strategy, performance, prospects and governance in a way that reflects our economic, social, environmental and society context in which we operate. We followed (the Consultation Draft of) the International Integrated Reporting Framework as developed by the International Integrated Reporting Council (IIRC). We present our financial statements separately.

This report discusses the activities carried out in the Netherlands by the entities Ernst & Young Nederland LLP, Ernst & Young Accountants LLP, Ernst & Young Belastingadviseurs LLP, Ernst & Young Actuarissen B.V., Ernst & Young CertifyPoint B.V., Ernst & Young VAT Rep B.V., Ernst & Young Real Estate Advisory Services B.V., Beco Groep B.V. and Stichting Ernst & Young Foundation. Ernst & Young Nederland LLP is the coordinating and facilitating entity of the Dutch EY organization but does not provide any services to clients. Ernst & Young Belastingadviseurs LLP has a strategic alliance with Holland Van Gijzen Advocaten en Notarissen LLP. Holland Van Gijzen accordingly falls within the scope of this report.

In this Integrated Annual Review we set out our vision and aspirations for the future. Such forward-looking statements can be recognized by the use of words like aspire, strive, attempt and aim. Those statements are subject to uncertainties, which is why our assurance provider can not provide assurance on such forward-looking statements.

GRI G4 Content Index

EY bases its CR reporting on the basis of the new fourth generation Global Reporting Initiative (GRI G4) guidelines. The subjects presented are consistent with our corporate responsibility (CR) policy and are based on a materiality analysis. The GRI index is published as a separate report on our [website](#).

The GRI G4 Content Index has been prepared in accordance with the 'Comprehensive' criteria. It is self-declared, in contrast to previous year, when we received GRI's signed statement for being in accordance with the G3.1 A+ application level. EY's early adoption of G4 means that GRI verification did not prove possible. This report, including the GRI G4 Content Index, but excluding in-control statement, was fully subject to both an internal audit by EY's sustainability accountants and an external audit by BDO, EY's independent auditor.

XBRL

The Integrated Annual Review and the financial statements are also available in XBRL format.

In addition to this report, Ernst & Young Accountants LLP publishes a Transparency Report. This is a statutory requirement for firms auditing the financial statements of public interest entities. The main topics included in the Transparency Report are governance, quality (policy and assurance), independence and remuneration policy.

All reports are available online on our corporate reporting website www.ey.com/nl

Materiality determination process

EY is committed to building a better working world. Our purpose is to have a positive impact on the world around us and on the communities in which we work and live. We enhance transparency by disclosing our main issues and impacts in our Integrated Annual Review. Key issues and impacts are identified by means of a materiality determination process. The process consists of the following three steps.

1. Identifying relevant issues
2. Assessing their importance
3. Prioritizing them

About this report

Relevant issues are identified on the basis of the GRI G4 guidelines, ISO 26000, EY's own vision and policies, and their relevance to and impact on EY's various stakeholders.

To assess importance, we seek input from and dialogue with our key internal and external stakeholders. The stakeholders we consult are partners, people (including a number of former and prospective employees), clients, suppliers, Entrepreneur of the Year award winners, non-governmental organizations, professional organizations, regulators and authorities. They name EY's key added values for the external environment and related factors that create value over time.

After this consultation, partners of Ernst & Young in the Netherlands advise the leadership team on our key added values for the external environment and prioritize related material issues. They do so at an intensive meeting facilitated by the Annual Review project team, with a broad selection of partners representing Ernst & Young in the Netherlands. The meeting discusses the input from external and internal stakeholders, and decides upon importance and priorities. The outcome of this materiality determination process is presented to the leadership team of Ernst & Young in the Netherlands. The leadership team combines the added values for the external environment with those for the internal environment and takes a final decision on the material issues disclosed in the Integrated Annual Review.

In the current year, EY will discuss the outcomes of the [materiality analysis](#) with its stakeholder groups to check that their respective interests are properly accounted for.

Reporting standards and data compilation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) endorsed by the European Union.

Financial and non-financial information is derived from a variety of sources. Where possible, it is taken from existing systems and supplemented with information provided by the line managers responsible for the subject concerned.

About this report

EY NL at a glance - reporting principles

KPI	Scope	Measurement
Financial	Combined	Revenue: sum of revenues as reported in financial statements Profit: profit for the fiscal year as reported in financial statements Our value added: distribution of revenues among stakeholders (partners' value added still include wage tax, social security premiums and partners' B.V.'s corporate tax liability (see page 44)) Revenue by service line: allocation of revenues to service lines Revenue by industries allocation of revenues to industry market segments
People including partners	Combined	Year-average FTE
Partners, client serving and support staff	Combined	Year-average FTE
Gender ratio	Combined	Year-end headcount
Hours spend on learning and development per FTE	Combined	Education and training hours recorded in time registration system
Employees satisfaction index	EYNL	People survey conducted by external party (Kenexa) on 67 items accross a range of topics important for our organization and our employees
Emissions	Combined	Total emissions (tCO ₂) is the sum of: Car travel: - lease cars: litres fuel x DEFRA*1 conversions factors*2 kgCO ₂ /litre - partner cars: litres fuel x DEFRA conversions factors kgCO ₂ /litre - business use private cars: km's x DEFRA conversions factors kgCO ₂ /km (total liters consumed are provided by our suppliers for lease cars and fuel, km's business use private cars are gathered through expense reports) Air travel: flight km's* DEFRA conversions factors kgCO ₂ /km (flight km's are obtained from our travel agent, short haul flights <1,000km ; long haul flights >1000km, all flights are assumed to be economy class) Train travel: train km's* supplier conversion factor kgCO ₂ /km (km's travelled by train and the conversion factor are obtained from Nederlandse Spoorwegen) Energy consumption offices: - electricity: kWh's* supplier conversion factor kgCO ₂ /kWh - gas: m ³ * DEFRA conversion factor kgCO ₂ /m ³ (kWh's electricity / m ³ gas and conversion factor for kWh's are obtained from Eneco, XX% of emissions is estimated based on average kWh usage per m ²) Paper: kg* DEFRA conversion factor kgCO ₂ /kg (kg's paper are obtained from our suppliers) Waste: kg* supplier conversion factor kgCO ₂ /kg (kg's waste are obtained and conversion factors are obtained from waste processing company SITA)
Client recommendation	EYNL	Outcome of global brand survey for Big4 firms conducted by TNS amongst clients and non-clients during September 2012 to January 2013. Survey question: <i>How likely is it that you would recommend the services to other people on 0-10 scale where 0='extremely unlikely' and 10= 'extremely likely'?</i>
Brand favorability	EYNL	Outcome of global brand survey for Big4 firms conducted by TNS amongst clients and non-clients during September 2012 to January 2013. Survey question: <i>What is your overall opinion of the following firms? Considering everything you know about them, please rate each using a scale of 1 to 5, where 1 means "not at all favorable" and 5 means "very favorable"</i>
Thought leadership	EYNL	CR publications: EY external publications or published (news) articles based on interviews with EY partners/employees Professorships: professorships at universities or colleges by EY partners/employees Events: events organized by EY or in which EY has participated (Events include CR events) CR events: CR events organized by EY or in which EY has participated App's: EY Global applications offered in the Apple App store

*1 2012 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting (www.gov.uk/defra)

*2 The conversion factors used previous years have been updated in accordance with current year conversion factors. As a result the comparative figures have been adjusted accordingly

Scope EYNL Ernst & Young Nederland LLP and subsidiaries, HVG Holland Van Gijzen Advocaten en Notarissen LLP and subsidiaries, Combined Aggregation of EYNL and HVG without elimination of any transactions between the two groups

Assurance Report of the independent auditor

To: Ernst & Young Nederland LLP

Engagement

We have performed a limited assurance engagement of the Integrated Annual Review 2012-2013 (hereafter 'Integrated Report') of Ernst & Young Nederland LLP (hereafter 'EY') for the year ended 30 June 2013. The separate Appendix to the Integrated Report, the GRI G4 Content Index 2012/2013 (hereafter 'the GRI Index 2012-2013'), falls within the scope of this engagement.

We have performed a reasonable assurance engagement assurance with regard to the indicators as included in the paragraph 'EY at a glance' in the Integrated Report (hereafter 'Indicators').

The references in the Integrated Report (to www.ey.com/nl, external websites and other documents) are excluded from our engagement, with exception of the GRI-index 2012-2013.

Identification of criteria

The criteria EY used for the preparation of the Integrated Report were:

- ▶ Sustainability Reporting Guidelines of the Global Reporting Initiative (G4);
- ▶ 'Handreiking maatschappelijke verslaggeving van de Raad voor de Jaarverslaggeving';
- ▶ The accounting principles of EY as included in the chapter 'About this report' of the Integrated Report.

Inherent limitations

In the Integrated Report, prospective information such as ambitions, strategy, plans, expectations and estimates is included. Inherent to this prospective information is that achievability is uncertain. Therefore we will not provide any assurance relating to the achievability of the prospective information.

Management's responsibility

Management is responsible for the preparation of the Integrated Report in accordance with the applied criteria. This responsibility includes the design,

implementation and maintenance of internal control relevant to the preparation of the Integrated Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the Integrated Report, as well as to express an opinion on the Indicators, based on the evidence we have obtained.

We conducted our assurance engagement in accordance with Dutch Law, including the Dutch standard on auditing 3410N 'Assurance-opdrachten inzake maatschappelijke verslagen'. This requires that we comply with ethical requirements and that we plan and perform the assurance engagement to obtain limited assurance about whether the Integrated Report is free of material misstatements and reasonable assurance that the Indicators are free of material misstatements.

A limited assurance engagement in accordance with Dutch Standard on auditing 3410N aims to verify the plausibility of information and the evidence-gathering procedures are more limited than for a reasonable assurance engagement.

A reasonable assurance engagement in accordance with Dutch Standard of auditing 3410N involves performing procedures to obtain evidence about the correct and complete presentation of the Indicators in the Integrated Report.

The nature, timing and extent of procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error in the Integrated Report and the Indicators. In making those risk assessments, we considered internal control relevant to the preparation of the Integrated Report.

Assurance Report of the independent auditor

To: Ernst & Young Nederland LLP

An assurance engagement with limited assurance, specifically includes:

- ▶ Assessing the appropriateness of the principles used in the Integrated Report and the consistent application of these principles, as well as the reasonableness of the estimates and calculations made by EY;
- ▶ Obtaining an understanding of the industry, the organization and its most relevant social issues;
- ▶ Evaluation the overall presentation of the Integrated Report.

In order to get reasonable assurance on the Indicators, we performed additional substantive procedures to determine the correctness and completeness of the reported Indicators.

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

Conclusion with respect to the Integrated Report

Based on our research nothing has come to our attention that causes us to believe that the Integrated Annual Review 2012-2013, in all material respects, does not provide a reliable and sufficient representation of the policy, business operations and performance of Ernst & Young Nederland LLP with respect to corporate responsibility for the year ended 30 June 2013, in accordance with the applied criteria. This conclusion is subject to the inherent limitations outlined elsewhere in this assurance report.

Opinion with respect to the Indicators

In our opinion, the Indicators as included in the paragraph 'EY at a glance' in the Integrated Annual Review 2012-2013 for the year ended 30 June 2013 is prepared, in all material aspects, in accordance with the applied criteria. This opinion is subject to the inherent limitation outlined elsewhere in this assurance report.

Rotterdam, 30 September 2013

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

W.A. de Jong RA

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