

# **Integrated Annual Review**

Ernst & Young Nederland LLP  
2015/2016

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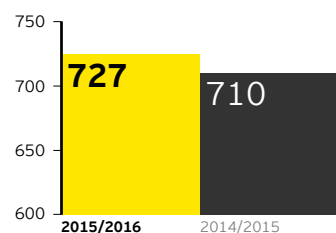
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# EY NL at a glance\*

## Finance

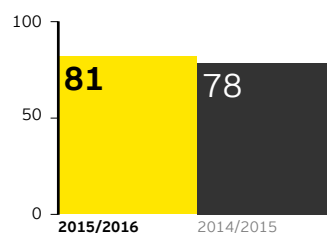
### Total revenue

(€ million)



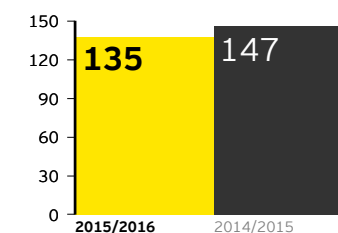
### Operating cost ratio

(% of revenue)



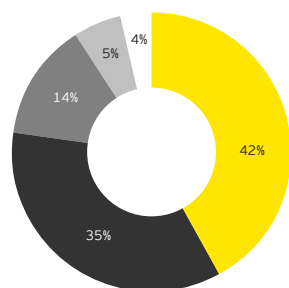
### Profit for the fiscal year

(€ million)

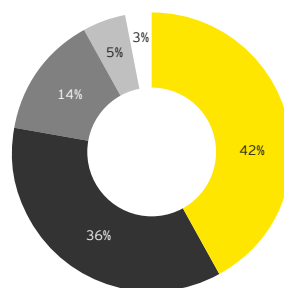


### Revenue by service line

2015/2016 (€ million)

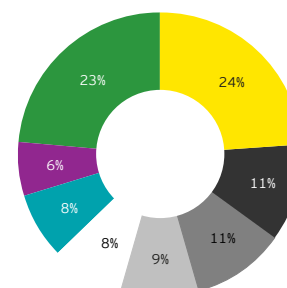


2014/2015

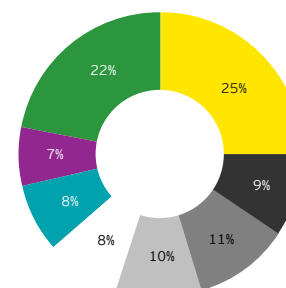


### Revenue by industry market segment

2015/2016 (€ million)



2014/2015



\* For EY NL at a glance - reporting standards and data compilation, see page 82.

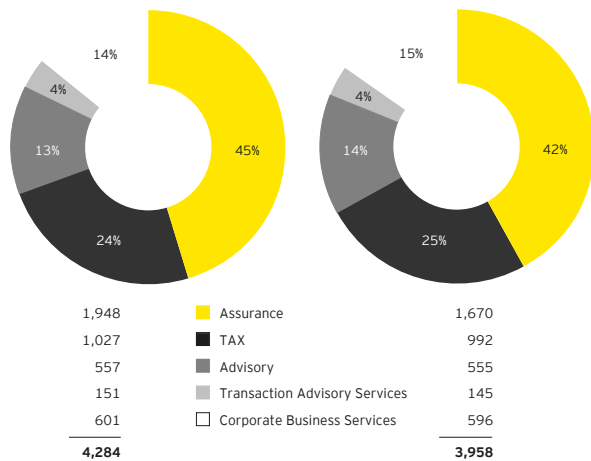
# EY NL at a glance

## Talent

### Headcount by service lines

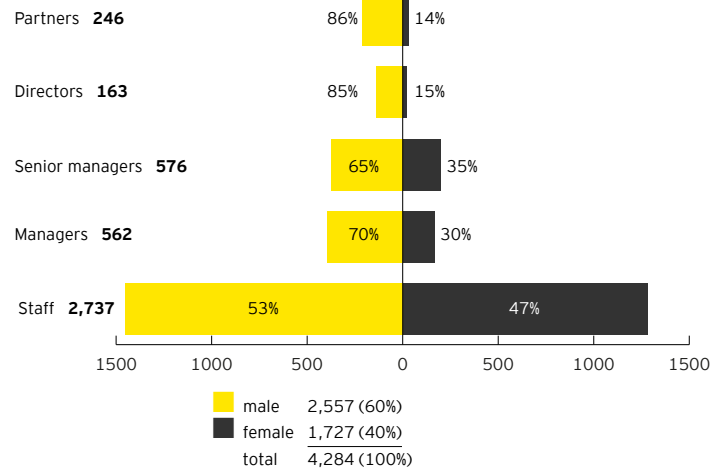
2015/2016

2014/2015



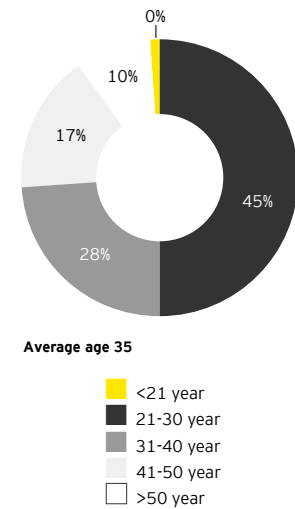
### Headcount by rank and gender

2015/2016

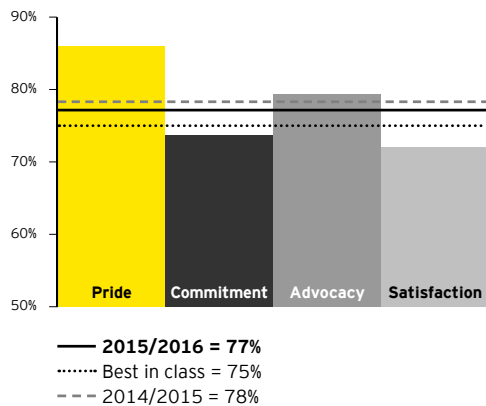


### Headcount by age

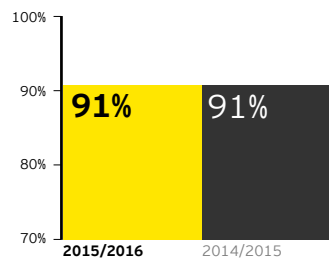
2015/2016



### People pulse: engagement score

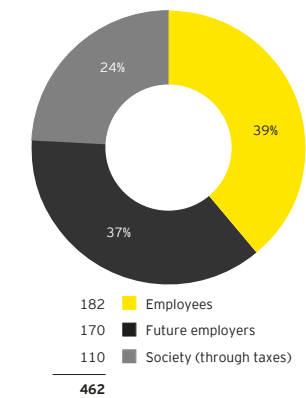


### Retention rate top talents



### Value of our human capital

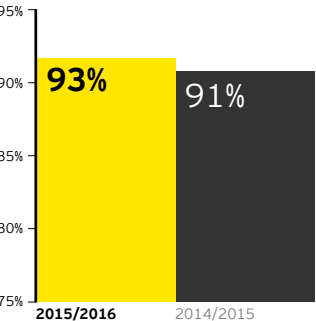
2015/2016 (€ million)



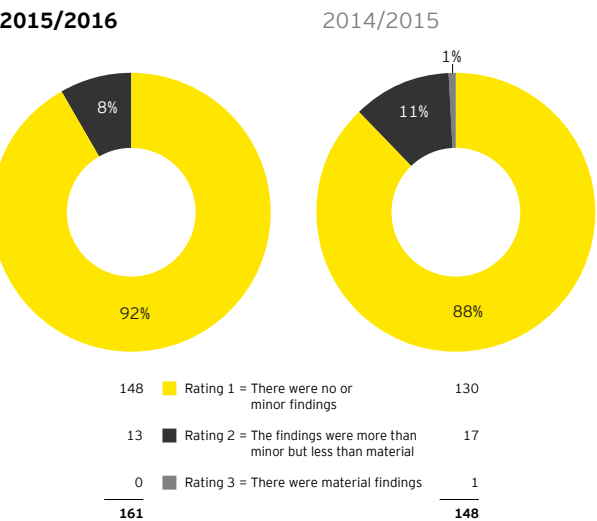
# EY NL at a glance

## Quality

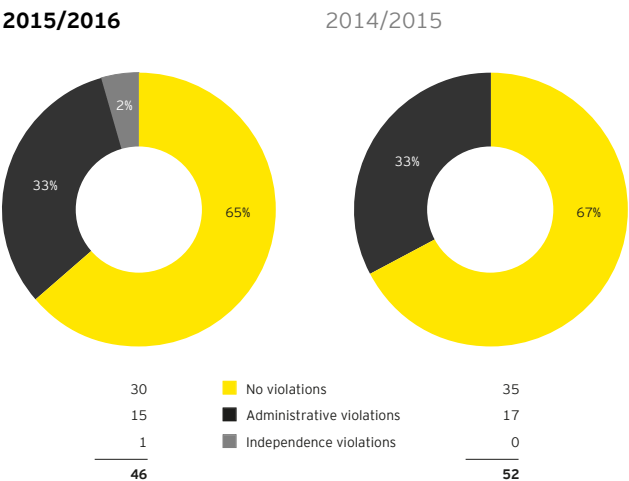
### Assessment of service quality: recommendation score 7 or higher



### Quality review engagements

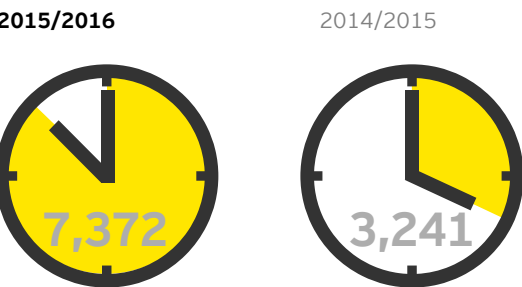


### Independence review partners

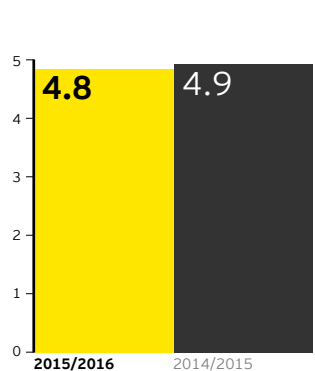


### Community investments hours

Number of man hours

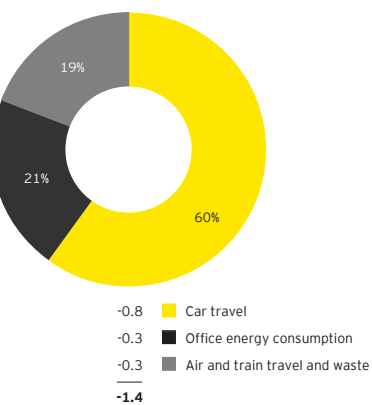


### Emission in tCO<sub>2</sub> per FTE



### Value of our natural capital (CO<sub>2</sub> emission)

2015/2016 (€ million)



# Letter from the Managing Partner

## Introduction

The transitional year behind us was very demanding. The dedication and hard work shown by our people, bringing value to our clients, day in day out, under challenging circumstances make me feel very proud. On July 1, 2016 I took over the position of Country Managing Partner from Marcel van Loo, who guided the organization through a period of transition with enormous drive. In 2013 we were on the eve of mandatory audit rotation, coinciding with the launch of a sweeping program to further improve our quality and change our culture. We were also embarking upon our global Vision 2020 journey with the purpose of building a better working world and the ambition of making EY a distinctive professional services organization by 2020. Marcel left an organization behind with motivated people and a balanced client portfolio. I have a great deal of respect and gratitude for Marcel's achievements.

### Balanced client portfolio in audit and non-audit services

Mandatory audit rotation was a challenging, far-reaching process that affected our entire organization and entailed a fundamental reconfiguration of all our service lines' client portfolios. In the end, it produced many rewarding new engagements for both our audit and non-audit (tax, advisory and transaction advisory services) practices. We owe this to thorough preparation, to being connective, responsive and insightful to our clients, to our use of highly engaged teams and to being a true global multidisciplinary professional services organization.

In this transitional year, we focused on the meticulous transfer of final-year audits and the start and consolidation of new engagements. We also invested a great deal in forging solid long-term relationships centering on exceptional client service and quality.

### Year of transition reflected in the results

In line with our expectations, next to having one production week less than in FY 2014/2015, this year of transition is reflected in our results. The audits we had to hand over to other firms and the non-audit restrictions due to audit gains and strict independence

regulations impacted negatively on the results and newly-won accounts have so far been unable to provide full compensation.

Our revenue grew by 2%, from €710 million to €727 million in FY 2015/2016, behind our objectives. Assurance saw its revenue increase by €6 million to €303 million. Tax reported a €2 million increase to €255 million. Advisory saw its revenue grow by €1 million to €98 million. In a strong market, Transaction Advisory Services increased its revenue by €2 million to €39 million. The hiring of - on balance - more than 300 professionals and higher investments in quality, training, technology and workplaces accounted for higher operating expenses. Profit fell by 8% to €135 million.

### Innovation, digitization and strategic relationships

We live in a highly complex, interconnected world. Many trends have influenced our business over the past few years. One in particular is on our mind these days: digitization is continuing to reshape the way we lead our lives and do business. The development of new digital services for our clients, the adaptation and future-proofing of existing services and the strengthening of our innovative power will have high priority in the years ahead.



# Letter from the Managing Partner

During FY 2015/2016 we acquired Integrc, i3 and Montesquieu. They enrich our strategy, as do our support for startups, the creation of a more innovative culture and alliances in the fields of technology and innovation. In this report, you can read what the innovative EY professionals and young entrepreneurs we support think of these developments and how technology helps us improve our processes.

## **Setting the new standard**

With a balanced portfolio in place and stronger foundations underpinning our organization, we need to take the next step in our ambition to be a leading distinctive professional services firm. We need to increase our investments and our focus on further quality improvements, cultural change and stakeholder dialogue.

Governance, accountability, quality, risk management and, increasingly, ethics are defining our field of operations. Not only in audit but in all our professional services. Rules, working agreements and protocols are key factors underpinning our desired quality level. But they are not everything. Real quality calls for more. It needs the right culture and behavior. Systems, supports and structures only provide the necessary framework. What really makes us distinctive are our people having a mindset of thinking critically, objectively and independently, and asking better questions - because better questions lead to better answers. These better answers help our clients to be successful and inspire confidence among our other stakeholders which will, ultimately, lead to a better working world.

To achieve this, our standards must be crystal clear. We are accordingly working on new norms that we believe the auditors and advisers of the future must live up to.

Norms that guide their behavior and that highlight the role our people play in their professional relationships. Our people must understand our clients, appreciate the way we work with each other, the way we understand society and the way we work in partnership.

We must also be willing and able to account for the choices we make. The quality of our services is at the heart of everything we do. Innovation can help us in this area, too. Smart technology will let us work more efficiently and improve our understanding of the risks. But it must not be allowed to compromise our effectiveness or entrepreneurship. We must give our people the space they need as entrepreneurs. This is the way to remain an attractive employer. Being a partner organization has benefits: we are professionals with the spirit of partnership. This promotes entrepreneurship, innovation and personal freedom.

## **In conclusion**

The year ahead will be at least as challenging as the year behind us. But I have every confidence that we will rise to the challenges. I can see how committed and resilient our people are. How creative and enthusiastic they are, too. In recent years, we have created the right setting for quality. We are now going a step further by introducing a recognizable standard based on the principle: be better than yesterday, every day. That is how we build a better working world.

On behalf of the Board of Directors I want to thank everyone for their hard work and dedication in the past year.

Coen Boogaart  
Country Managing Partner, EY the Netherlands

# About EY

## Profile

EY is a global leader in Assurance, Tax, Advisory and Transaction Advisory Services (TAS). We are 231,000 people based in 728 offices in 152 countries, organized into 28 regions and four areas. In the Netherlands we have 4,284 people based in 16 offices, organized into the Belgium and Netherlands region (BeNe). The Financial Services Organization (FSO) operates as part of the Europe, Middle East, India and Africa area (EMEIA). We offer legal and notarial services through a strategic alliance with Holland Van Gijzen Advocaten en Notarissen LLP. Our history in the Netherlands dates back to 1883, making us the country's oldest firm in this field.

## Our services

### Assurance

In auditing companies' accounts, our Assurance service line serves the public interest and plays a vital role in building trust in global capital markets by providing constructive comments, highlighting important issues and offering robust and clear perspectives to audit committees. Our Assurance service line is complemented by specialty services that address many of the challenges confronting companies today. Our offering includes Financial Accounting Advisory Services, Climate Change and Sustainability Services, Fraud Investigation & Dispute Services and Accounting Compliance and Reporting Services.

### Tax

Our Tax service line helps clients understand and responsibly and proactively manage their tax positions and fulfill their compliance and reporting obligations in relevant jurisdictions. We help them assess, improve and monitor their tax function's processes, controls, risk management, talent and technology and maintain positive and effective relationships with tax authorities. We support clients with wide-ranging issues in areas such as global compliance and reporting, human capital and business taxes. Legal and notarial services are provided through a strategic alliance with Holland Van Gijzen Advocaten en Notarissen LLP. They include: corporate & commercial, mergers & acquisitions, real estate, financial, employment law, intellectual property and IT services.

### Advisory

Our Advisory service line advises clients on big, complex industry transformation issues and helps them grow, optimize and protect their businesses. Through a collaborative, global and industry-focused approach, we combine a wealth of advisory capabilities – strategy, customer, finance, IT, digital supply chain, people and organizational change, program management, risk management, cyber and analytics – with a complete understanding of clients' most complex issues and opportunities, such as digital disruption, innovation, data analytics, cyber security, risk and transformation.

### Transaction Advisory Services (TAS)

Our TAS service line advises clients on how to strategically raise, invest, preserve and optimize capital so that they can continue to build and maintain investor confidence. Our expertise covers Transaction Support, Valuation & Business Modelling, Corporate Finance Strategy, M&A advisory, Transaction Tax and Operational Transaction Services. Our aim is to help businesses drive competitive advantage by proactively managing their capital agenda in a rapidly changing world. Whether our clients are buying, selling or restructuring, we have an unwavering focus on their strategic needs across all aspects of the economic cycle.

### Our purpose: Building a better working world

EY is committed to doing its part in building a better working world, one with increased trust and confidence in business, sustainable growth within and beyond EY, development of talent in all its forms, and greater collaboration. 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 our stakeholders. Every day, every EY person is part of this commitment to the firm's clients and communities and to themselves and their families. Every audit, every tax return, every advisory opportunity, every interaction with a client or colleague – everything our people do is driven by our purpose.



# About EY

## Profile

### Understanding clients' needs

Our people form a network of knowledge, experience and technical ability to understand and overcome the most diverse challenges and opportunities in a fast changing world with volatile markets and changing business models that create uncertainty.

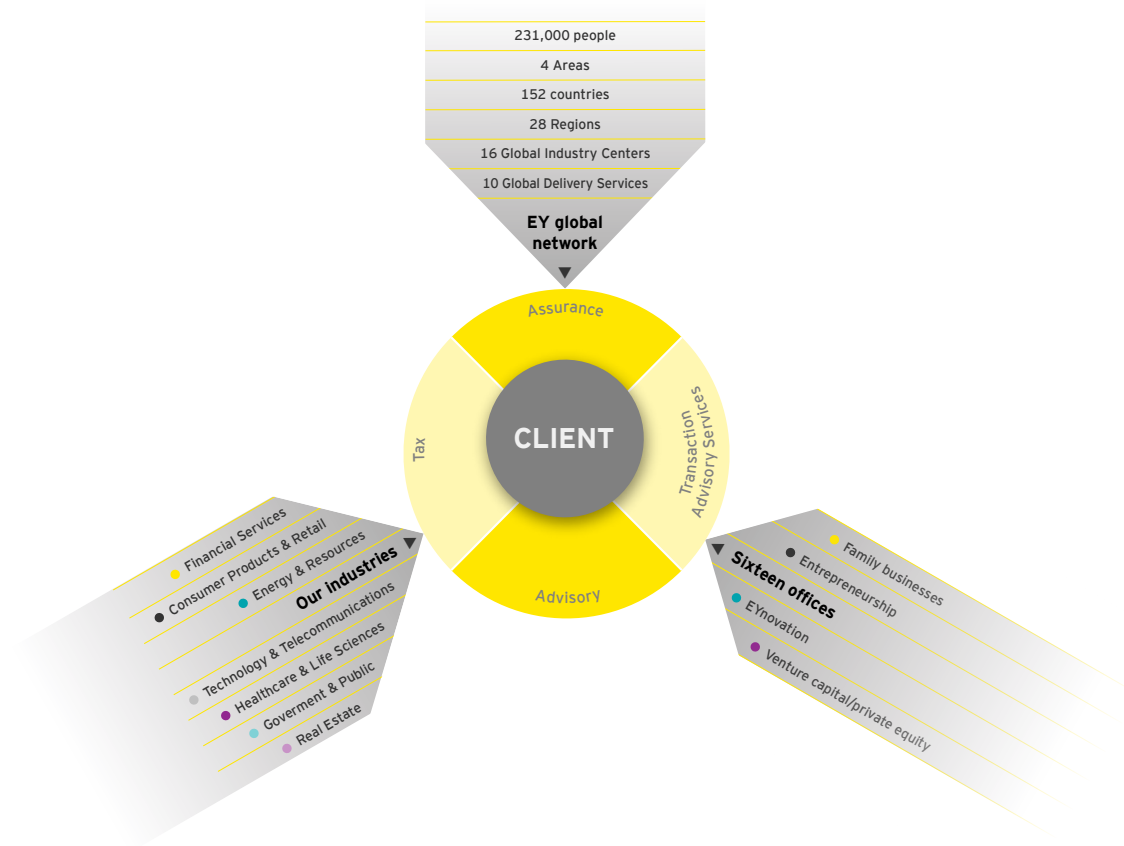
Exceptional client service requires us to understand clients' needs, and tailor our services to them based on their size and sector. We want to serve our clients in their own setting by drawing on our knowledge of their business environment and industry. We have focused our go to market strategy on seven industrial market segments, together with a regional close-to-the-market approach through our 16 offices in the Netherlands. We support, amongst other things, innovation, entrepreneurship and family businesses with dedicated programs that allow for the specific characteristics of a business in each particular phase.

### Highly integrated global organization and governance structure

We are part of a strong professional services organization. This enables us to efficiently and effectively meet our clients' demands for multidisciplinary services of the same recognizable quality everywhere in the world. We team seamlessly across service lines, as well as across industries and geographies. We are able to bundle exceptional knowledge and experience efficiently and select international high performing teams that meet clients' needs promptly.

We are united by shared values and an unwavering commitment to quality, independence and integrity.

The governance structure of EY's organization has been designed at international level to enable us to make decisions quickly, execute our strategy and provide exceptional client service wherever in the world our clients do business.



### Shared values & quality

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

Our values define who we are:

- ▶ 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.

# About EY

## Key figures

Combined statement of Ernst & Young Nederland LLP and Holland Van Gijzen Advocaten en Notarissen LLP		2015/2016	Δ	2014/2015	Δ	2013/2014	Δ	2012/2013	Δ	2011/2012	Δ
<b>FINANCIAL</b> (€ million)											
<b>Revenue</b>											
Assurance	303	2%		297	3%	289	1%	287	0%	288	-2%
Tax	255	1%		253	5%	241	1%	238	4%	229	-2%
Advisory	98	1%		97	9%	89	3%	86	3%	84	11%
Transaction Advisory Services	39	7%		37	23%	30	-29%	43	26%	34	1%
Rendering of services	695	2%		684	5%	649	-1%	654	3%	635	0%
Corporate Business Services (Other income)	32	24%		26	4%	25	7%	23	-18%	28	47%
<b>Total</b>	<b>727</b>	<b>2%</b>		<b>710</b>	<b>5%</b>	<b>674</b>	<b>0%</b>	<b>677</b>	<b>2%</b>	<b>663</b>	<b>1%</b>
<b>Financial results</b>											
Profit for the fiscal year	135	-8%		147	6%	138	24%	111	-2%	113	-12%
Income available for distribution	115	-6%		123	8%	114	0%	114	25%	92	-19%
Average partner income (in €000)	470	-12%		537	5%	511	1%	505	28%	394	-18%
<b>PEOPLE</b>											
<b>Average number of FTE staff and partners</b>											
Client serving staff	3,263	10%		2,977	8%	2,754	4%	2,660	-3%	2,748	4%
Support staff	521	-1%		525	0%	526	-30%	750	-10%	831	-5%
Total staff	3,784	8%		3,502	7%	3,280	-4%	3,410	-5%	3,579	2%
Partners	245	7%		229	2%	224	-1%	226	-3%	232	-1%
<b>Total</b>	<b>4,029</b>	<b>8%</b>		<b>3,731</b>	<b>6%</b>	<b>3,504</b>	<b>-4%</b>	<b>3,636</b>	<b>-5%</b>	<b>3,811</b>	<b>2%</b>
<b>ENVIRONMENT</b>											
Emission (tCO <sub>2</sub> )	19,510	6%		18,457	-1%	18,631	-11%	20,588	0%	20,538	-5%
tCO <sub>2</sub> per FTE	4.8	-2%		4.9	-7%	5.3	-6%	5.7	5%	5.4	-7%

# Strategic framework

## Introduction

### Stakeholder Engagement

We give high priority to a constructive and proactive dialogue with our stakeholders in order to shape our strategic framework and deliver value to the stakeholders. We acknowledge our corporate responsibility and that is why we emphatically seek to connect with our clients, supervisors, public authorities, knowledge institutions, regulators and civil society organizations.

### Materiality and UN Sustainable Development Goals

Our stakeholders have also been involved in defining materiality for EY NL. A materiality analysis is an important aspect of an integrated report. It identifies the aspects that influence EY's ability to create value for its stakeholders in the short, medium and long term. We use the results of the materiality analysis as a reporting framework, as a guide for our strategic decision-making and as a source of dialogue with our stakeholders. Moreover, the material topics have been linked to the UN Sustainable Development Goals (SDGs) in order to monitor our contribution to the SDGs and advance sustainable development.

### Business Model of Value Creation

The material topics define the financial and non-financial aspects on which we can optimize our long term value-creation. The value drivers (capital inputs) make an essential contribution to EY's success. Through our business model these inputs (resources) are transformed into various outputs: the results of our actions. This does not depend solely on EY (the internal environment) itself but also on the external environment. Through the efficient use of our resources we create value for ourselves and our stakeholders (impact). It illustrates how we are committed to building a better working world.

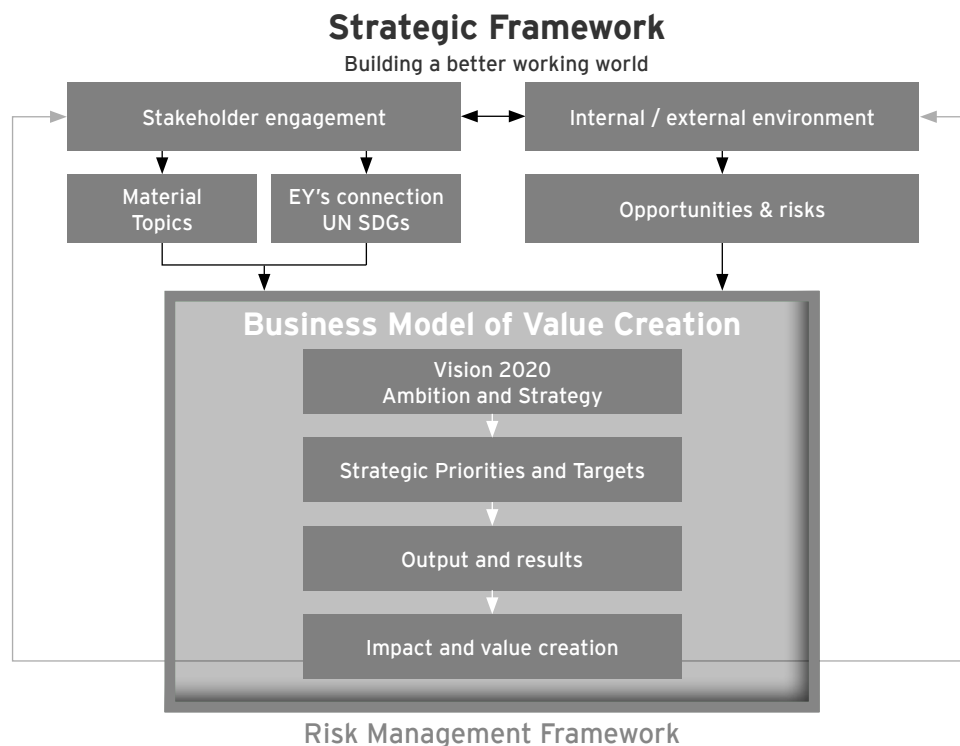
### Vision 2020 Ambition & Strategy, Priorities & Indicators and Results

Building on our business model of value creation, our Vision 2020 ambition and strategy are based on the three pillars of Markets, Talent and Operations. Strategic priorities and performance indicators are formulated to track and optimize our results, so we can meet our commitments and deliver value.

### Risk Management Framework

The EY Global Quality Risk Management function (QRM) owns our risk management methodology and processes. In this framework all risk types are identified to provide an integrated view on EY's risk profile. With our Risk Management Framework we seek to provide reasonable assurance that the Vision 2020 ambition can be achieved and our obligations to our clients, employees and society can be met.

The figure below shows the relation between the elements of our strategic framework, which are elaborated upon in this chapter.



# Strategic framework

## Stakeholder engagement and materiality

In addition to year-round stakeholder engagement, periodic materiality assessments are used to ensure that EY's strategy and integrated report are consistent with internal and external expectations for the specific EY themes. Below we give an overview of our stakeholders. In order to be complete in our stakeholder engagement activities, we include all of our stakeholder groups.

In 2015 we performed a comprehensive stakeholder consultation, the outcomes ([see GRI, appendix 2](#)) of which served as the basis to select and prioritize the topics covered in last year's report. It describes the topics that affect our value creation and that matter most to our stakeholders, linking these to the strategic pillars of our Vision 2020 and different forms of capital (resources). This year, the material topics were updated.



Material topics	Topics include
<b>Markets</b>	
1 Innovation	<ul style="list-style-type: none"> <li>Utilize new technology, digitization, data analytics to advance service offerings.</li> <li>Develop creative integrated and sustainability services.</li> <li>Foster entrepreneurial ecosystems.</li> </ul>
2 Quality of service	<ul style="list-style-type: none"> <li>Continuously safeguard the quality of our service by delivering exceptional client service: connected, responsive and insightful.</li> <li>Gain full insight into sectors, businesses and needs of our clients.</li> <li>Provide assurance on financial and non-financial performance of organizations.</li> </ul>
3 Responsible citizenship	<ul style="list-style-type: none"> <li>Having positive and strong relationships with all our stakeholders.</li> <li>Strengthen EY's position in the public debate.</li> <li>Share our intellectual capital with society at large.</li> </ul>
<b>Talent</b>	
4 Recruiting and retaining top talent	<ul style="list-style-type: none"> <li>Create diverse and inclusive high performing teams.</li> <li>Invest in personal career design.</li> <li>Care for vital workforce.</li> </ul>
5 Learning and development	<ul style="list-style-type: none"> <li>Invest in tailored and personal development.</li> <li>Optimize training on the job.</li> </ul>
<b>Operations</b>	
6 Sustainable performance	<ul style="list-style-type: none"> <li>Achieve leading growth and competitive earnings.</li> <li>Leverage globally integrated organization.</li> <li>Manage our own environmental impact.</li> </ul>
7 Independence, integrity and ethical standards	<ul style="list-style-type: none"> <li>Embrace good governance practices (fostering risk quality management and independence procedures).</li> <li>Provide services that meet our ethical standards (e.g., in accordance with the EY Global Code of Conduct).</li> </ul>







● Financial Capital
 ● Human Capital
 ● Intellectual Capital
 ● Social & Relationship Capital
 ● Natural Capital

# Strategic framework

## EY's connection with the UN Sustainable Development Goals

The Sustainable Development Goals (SDGs), as adopted by the United Nations General Assembly, aim to create a universal plan for sustainable development in the coming 15 years. The 17 SDGs and 169 targets are integrated and indivisible. Their aim is to redirect investment flows towards global developmental challenges.

To determine the suitability and relevance of the SDGs, a linkage has been made between EY's strategic pillars (Markets, Talent and Operations), EY's material topics and the SDGs. It is worth noting that only a few SDGs have been selected. To safeguard the relevance of our reporting, we decided to match SDGs to the areas where we have significant impact.

SDG	Definition of Sustainable Development Goal	Link to material topic	Link to strategic pillar	Our contribution
 4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<ul style="list-style-type: none"> <li>▶ Learning and development</li> <li>▶ Recruiting and retaining top talent</li> </ul>	Talent	<ul style="list-style-type: none"> <li>▶ Personal talent development.</li> <li>▶ Investment in educating EY professionals.</li> <li>▶ In cooperation with partners, pro bono teaching financial skills and coaching young entrepreneurs and students.</li> </ul>
 5	Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> <li>▶ Recruiting and retaining top talent</li> </ul>	Talent	<ul style="list-style-type: none"> <li>▶ Embed a thorough diversity policy and KPIs.</li> <li>▶ Install several diversity and inclusiveness programs, such as 'Women in Financial Services', the 'EveryWomen network' and several internal development courses.</li> <li>▶ Publish and circulate a magazine concerning diversity and inclusiveness: 'Verschil moet er zijn'.</li> </ul>
 8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<ul style="list-style-type: none"> <li>▶ Innovation</li> <li>▶ Quality of service</li> <li>▶ Sustainable performance</li> <li>▶ Independence, integrity and ethical standards</li> </ul>	Markets Operations	<ul style="list-style-type: none"> <li>▶ Contribute to entrepreneurial ecosystems.</li> <li>▶ Pro bono support to partners that reduce youth unemployment and develop entrepreneurship.</li> <li>▶ Contribute to financial and non-financial performance of organizations.</li> <li>▶ Operate in accordance with our EY Code of Conduct.</li> </ul>
 12	Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> <li>▶ Innovation</li> <li>▶ Sustainable performance</li> </ul>	Markets Operations	<ul style="list-style-type: none"> <li>▶ Enable clients to deliver sustainable products and services.</li> <li>▶ Reduce our environmental footprint with focus on mobility and energy efficient operations and offices.</li> <li>▶ Sustainable sourcing.</li> <li>▶ Compliance with supplier code procedures.</li> </ul>
 16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	<ul style="list-style-type: none"> <li>▶ Quality of service</li> <li>▶ Independence, integrity and ethical standards</li> </ul>	Markets Operations	<ul style="list-style-type: none"> <li>▶ Contribute to creating trust and confidence in the capital markets.</li> <li>▶ Provide services which meet our ethical standards and good governance practices.</li> </ul>
 17	Strengthen the means of implementation and revitalize the global partnership for sustainable development	<ul style="list-style-type: none"> <li>▶ Responsible citizenship</li> </ul>	Markets	<ul style="list-style-type: none"> <li>▶ Involve stakeholders in order to facilitate sustainable development.</li> <li>▶ Support partners with innovations and community investment.</li> </ul>

# Business Model of value creation

## Material topics

- Innovation
- Quality of service

- Recruiting and retaining top talent
- Learning and development

- Sustainable performance

- Independence, integrity and ethical standards
- Responsible citizenship

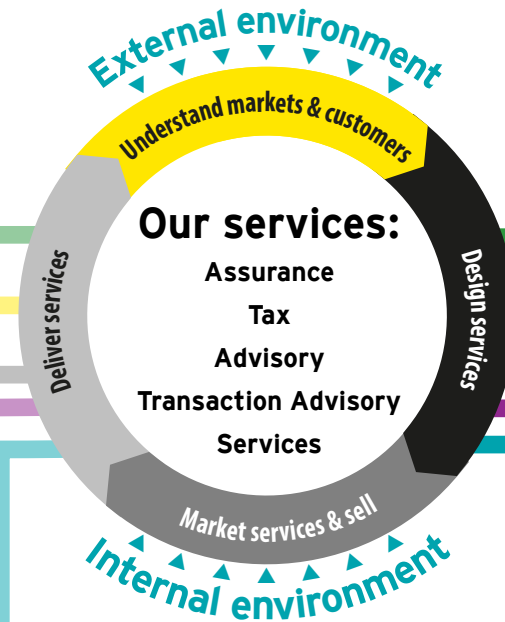
- Sustainable performance

## Capital Inputs



## Output

## Impact



### Trust and confidence

- EY creates confidence in capital markets and trust in businesses and organizations so that society is able to make the right decisions.

### Sustainable performance improvement

- EY is a source of knowledge, expert advice and insights, enabling clients to improve their financial and non-financial performance.
- EY delivers added value to entrepreneurial ecosystems through its services, expertise and network.

### Thought leadership

- EY invests in market-leading intelligence and actively shares knowledge with clients and other stakeholders.

### High-quality people

- EY delivers services with highest performing teams, by investing in the quality and knowledge of its people.
- EY develops leaders in business, academia, government and the nonprofit sector.
- EY values diversity, inclusiveness and vitality.

### Economic contribution

- EY focuses on long-term investment goals and creates sustainable growth.
- EY provides employment for its people and suppliers, and direct and indirect taxes to government.

### Transparency

- EY focuses on the public interest through its own reporting, stakeholder engagement and audits of financial and non-financial information.

### Ethics and integrity

- EY provides services to clients that are built on unwavering commitment to quality, integrity and our ethical standards.

### Knowledge sharing and contribution to society

- Through our EY network we provide a wealth of knowledge for the benefit of society.










### Sustainable operation

- Cleaner mobility.
- Energy friendly office space.
- Sustainable contribution from EY's suppliers.


# Vision 2020 in the Dutch market

**Vision 2020 is our global roadmap to become the leading professional services organization by 2020. It sets out our purpose, ambition, strategy and positioning for Building a better working world – the purpose to which EY's people are committed. This is translated by our leadership team into a country specific priorities action plan for EY NL. This should result in a €900 million distinctive professional services organization in the Netherlands by 2020.**

Each year we evaluate our progress and assess the strategic priorities, performance indicators, targets and performance in the fiscal year and the targets for next year. The table below connects the material issues for value creation to the SDGs, our strategy, strategic priorities, performance indicators, results and targets.

Material topics	SDG	Vision 2020 ambition	Vision 2020 strategy	Strategic priorities 2015/2016	Performance Indicators	2015/2016 Targets	2015/2016 Results	2016/2017 Targets
<b>MARKETS</b>			<b>MARKETS</b>					
<ul style="list-style-type: none"> <li>Quality of service</li> <li>Innovation</li> <li>Responsible citizenship</li> </ul>		<ul style="list-style-type: none"> <li>No. 1 or 2 in terms of market share in our chosen services</li> </ul>	<ul style="list-style-type: none"> <li>Focus on winning in the market</li> <li>Deliver exceptional client service</li> <li>Maximize opportunities in markets and services</li> </ul>	<ul style="list-style-type: none"> <li>Deliver exceptional client service</li> <li>Grow revenue</li> <li>Invest in innovation</li> </ul>	<ul style="list-style-type: none"> <li>Recommendation score 7 or higher (%)</li> <li>Revenue growth (%)</li> </ul>	<ul style="list-style-type: none"> <li>92</li> <li>5</li> </ul>	<ul style="list-style-type: none"> <li>93</li> <li>2</li> </ul>	<ul style="list-style-type: none"> <li>92</li> <li>5</li> </ul>
		<ul style="list-style-type: none"> <li>Best brand</li> <li>Positive and strong relationships with our stakeholders</li> </ul>		<ul style="list-style-type: none"> <li>Invest in brand</li> <li>Foster stakeholder relationships</li> </ul>	<ul style="list-style-type: none"> <li>Brand score (biannual survey)</li> <li>Stakeholder engagement score (biannual survey)</li> </ul>	<ul style="list-style-type: none"> <li>1<sup>st</sup> place</li> <li>Good</li> </ul>	<ul style="list-style-type: none"> <li>1<sup>st</sup> place (score 2014/2015)</li> <li>Average (score 2014/2015)</li> </ul>	<ul style="list-style-type: none"> <li>1<sup>st</sup> place</li> <li>Good</li> </ul>
								
<b>TALENT</b>			<b>TALENT</b>					
<ul style="list-style-type: none"> <li>Recruiting and retaining top talent</li> <li>Learning and development</li> </ul>		<ul style="list-style-type: none"> <li>The most favored employer</li> </ul>	<ul style="list-style-type: none"> <li>Create highest performing teams</li> <li>Attract, develop and inspire the best people</li> <li>Commit to a culture of world-class teaming</li> </ul>	<ul style="list-style-type: none"> <li>Execute teaming programs</li> <li>Invest in talent recruitment, retention and development</li> </ul>	<ul style="list-style-type: none"> <li>Engagement score (%)</li> <li>Retention rate top talents (%)</li> </ul>	<ul style="list-style-type: none"> <li>78</li> <li>93</li> </ul>	<ul style="list-style-type: none"> <li>77</li> <li>91</li> </ul>	<ul style="list-style-type: none"> <li>78</li> <li>93</li> </ul>
				<ul style="list-style-type: none"> <li>Accelerate diversity and inclusiveness</li> <li>Implement workplace of the Future</li> </ul>	<ul style="list-style-type: none"> <li>Female ratio (%)</li> <li>Workplace implementation (%)</li> </ul>	<ul style="list-style-type: none"> <li>42</li> <li>50</li> </ul>	<ul style="list-style-type: none"> <li>40</li> <li>52</li> </ul>	<ul style="list-style-type: none"> <li>42</li> <li>75</li> </ul>
<b>OPERATIONS</b>			<b>OPERATIONS</b>					
<ul style="list-style-type: none"> <li>Sustainable performance</li> <li>Independence, integrity and ethical standards</li> </ul>		<ul style="list-style-type: none"> <li>Leading growth and competitive earnings to attract and retain world-class talent</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen global, empower local</li> <li>Emphasize global advantage</li> <li>Empower local teams by enabling their success</li> </ul>	<ul style="list-style-type: none"> <li>Maintain operational excellence</li> <li>Promote culture of quality and integrity</li> <li>Focus on personal independence compliance</li> <li>Minimize carbon in operations</li> </ul>	<ul style="list-style-type: none"> <li>Operating cost ratio (% of revenue)</li> <li>Quality review engagements 1 or 2 (%)</li> <li>Independence violation (%)</li> <li>Emission in tCO<sub>2</sub> per FTE</li> </ul>	<ul style="list-style-type: none"> <li>78</li> <li>100</li> <li>0</li> <li>4.6</li> </ul>	<ul style="list-style-type: none"> <li>81</li> <li>100</li> <li>2</li> <li>4.8</li> </ul>	<ul style="list-style-type: none"> <li>78</li> <li>100</li> <li>0</li> <li>4.6</li> </ul>
								
COMMITMENT TO QUALITY								
LIVE OUR VALUES								



A large colony of King penguins is shown on a rocky shore. The penguins have dark blue-black heads and backs with bright yellow-orange patches on their necks and chests. They are standing in a dense group, looking in various directions. A yellow rectangular frame with a dashed line on the left side is overlaid on the image, containing the text.

If big data has  
all the answers,  
how do you find  
the right one?

■ ■ ■ The better the question. The better the answer. The better the world works.



# Markets - Winning in the market

## Deliver exceptional client service

A relentless focus on winning in the market is the first strategic pillar of our strategy to build a better working world and achieve our Vision 2020 ambition. To create a truly outstanding client experience – worldwide, every time – we have one single vision on the difference that defines EY: our exceptional client service framework, delivered by the highest-performing teams, worldwide.

Exceptional client service is fundamental to how we operate, both strategically and tactically, and is supported by our culture. We work with our clients to solve today's problems and make the most of tomorrow's opportunities. Our industry experience, deep knowledge, insights, multidisciplinary teams and strong global network set EY apart. We ask the right questions to create new opportunities for our clients. Our services are founded on a solution-driven approach with an integrated offer in our non-audit business and a multidisciplinary offer in audit.

EY embraces every activity that fosters good entrepreneurship. We want all our disciplines to engage with our clients, across the board and in every phase of the entrepreneurial and business lifecycle. Our EY Growth Navigator™ is an invaluable tool to engage with our clients. We applied it more widely last year, especially in our conversations with family businesses, a cherished target group. The EY Growth Navigator™ allows CEOs and their management teams to benchmark their current business practices against comprehensive maturity models. These are brought to life with insights from leading businesses that offer new perspectives on how to approach key issues.

### **Completion of mandatory audit firm rotation in the Netherlands**

The 2015/2016 financial year was the third and final year of mandatory audit firm rotation for Dutch listed companies and other public interest entities (PIEs). It has been a challenging, extensive and far-reaching process for all involved, with a lot of time and energy spent on arriving at the right portfolio balance for the decade ahead.

### **The three elements of exceptional client service**

#### **CONNECTED**

Bringing all of EY to our clients with the right people in the right locations, building trust and enriching relationships.

#### **RESPONSIVE**

The desire and commitment of every EY person to be proactive, visible and timely.

#### **INSIGHTFUL**

Sharing EY experiences and points of view tailored to our clients, thereby helping to advance their thinking.

# Markets - Winning in the market

## Deliver exceptional client service

Mandatory audit rotation is so much more than selecting a new auditor; it involves a much wider choice in terms of audit and non-audit services: tax, legal, advisory and transaction services. A change of auditor often also affects relationships in other areas, and the channel shift has caused a major overhaul in the client portfolios at all service lines.

We have had to bid farewell to some great audit and non-audit clients and have landed many new audit and non-audit clients. We did so by being well prepared, by listening closely to established and potential clients, by truly communicating with them and by leveraging our highly engaged teams, while also benefiting from our global EY network. At the end of 2015, new auditors had been appointed for the vast majority of all PIE clients subject to the regulations.

If we step back and take stock of what audit rotation has brought us, we can conclude that our audit portfolio is now more balanced and spread over more sectors. Our audit portfolio now includes a number of high-profile accounts such as ABN AMRO, ASR Nederland, Ballast Nedam, CBRE Global Investors, Fugro, Heijmans, NIBC, Koninklijke BAM Groep, Koninklijke Boskalis Westminster, Koninklijke KPN, Koninklijke Philips Electronics, NIBC, Lucas Bols, Ordina, PostNL, Propertize, RELX Group, Royal Dutch Shell, Royal Reesink, SNS Bank, TKH Group, TNT Express, TomTom and VIVAT.

The past year was particularly busy as we were wrapping up client accounts at the same time as starting new audit and non-audit engagements. It was a year of transition, demanding the careful transfer of final-year audits, the consolidation of new audit and non-audit engagements and investments to forge solid, long-term relationships that put exceptional client service and quality at center stage.

The mandatory audit firm rotation in the Netherlands was part of earlier amendments to Dutch law regarding the audit profession. In addition to these amendments, new EU rules governing the audit profession entered into force on 17 June 2016 and have been implemented into Dutch law too. The EU rules regulate audit services, client independence and our professional practice and primarily rules to the services EY provides to PIEs. However, non-PIEs are also being impacted. In most cases, the EU rules apply with effect from the audit of the 2017 financial statements. So, audit firm rotation is now regulated at European level and more spread over time.

### **Anticipating tomorrow's services**

Exceptional client service means being alert to new developments and their impact on our clients. Our profession is constantly changing and innovating to fulfill their needs. Technological advances in particular are inspiring new services based on digitization, data analytics and cyber security. But innovation is more than just new services or technology. It is thinking of new ways to work with clients and with each other.

We will further develop new technology-enabled services, for instance by investing in predictive analytics where we see future growth opportunities, and we will add the digital component to our existing services.

# Markets - Winning in the market

## Deliver exceptional client service

### **Moving with the market is vital to long-term corporate success**

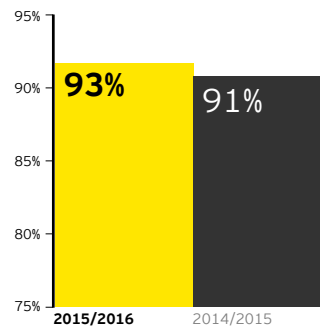
Companies that step up their innovation and take more risks in response to increased market dynamics and uncertainty earn healthier profits over the longer term. This is one of the main findings of a unique 15-year study of 135 large Dutch companies conducted by the Rotterdam School of Management, Erasmus University (RSM) and EY into the relationship between entrepreneurship and profitability. The study revealed that the keys to a successful business include a clear strategy, entrepreneurial staff and separate business units dedicated to innovation and [new business development](#).

### **Quality of service**

We aim to satisfy our clients' demands by consistently raising the quality of our services. This means entering into far more intensive dialogue with them, both before and after completing engagements. We use our Expectations of Service Quality (ESQ) framework to understand client expectations before getting down to work to help our clients achieve their goals, and we then measure how well we perform against those expectations using our Assessment of Service Quality (ASQ) framework. ASQ enables our clients 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.

We performed 196 quality reviews in FY 2015/2016 (2014/2015: 211). At 93%, the percentage of ASQ recommendation scores of 7 or higher - on a scale of 1 (never) to 10 (always) - was higher than in the previous year. We feel that our ESQ/ASQ framework indeed helps us to improve our performance and response. We are committed to improving our score next year in line with our long-term target of 95%.

### **Assessment of service quality: recommendation score 7 or higher**



# Markets - Winning in the market

## Grow revenue

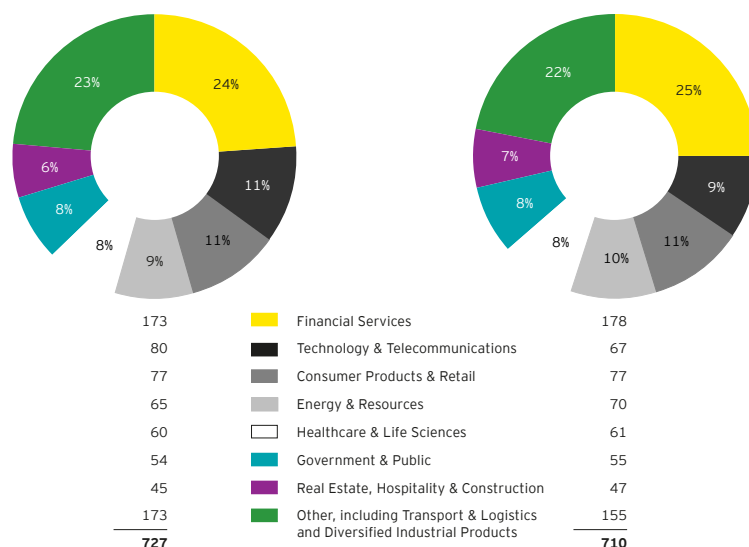
Achieving market-leading growth is a Vision 2020 ambition. Our growth strategy is guided by organic growth, selective acquisitions and, increasingly, alliances to extend and strengthen our service offering.

Our revenue grew by €17 million (2%) to €727 million during the year. This was below our target of 5%, chiefly due to weaker trading conditions. Financial services remain our biggest market segment in terms of revenue (€173 million), but as expected the impact of mandatory audit rotation is evident given our leading position in this segment. Technology & Telecommunications recorded double digit growth of 20%, followed by 11% growth in our Other market segment (e.g., Transport & Logistics +11%), while Consumer Products & Retail remained flat and the remaining market segments declined by between 1% and 7%. The charts and table below provide more detail, while a breakdown of revenue from an operations (i.e., service lines) perspective is given in the section [Our financial contribution](#).

### Revenue by industry market segment

2015/2016 (€ million)

2014/2015



# Markets - Winning in the market

Revenue by market segment (€ million)	2015/2016	2014/2015	Δ%	Notes
Financial Services	173	178	-3%	► Audit rotation generated extra work to complete final-year audits and start new audits in the same period. There was a slight decline in the overall volume of audit work, which was linked to the loss of a number of large audits owing to audit rotation in a market where FSO has traditionally been a leading player. FSO's non-audit business is developing well but there is a time lag as FSO immediately terminates its ongoing advisory activities on accounts where it has taken on the auditor role. New consultancy services, on the other hand, therefore could not be initiated until the final-year audit had been completed.
Technology & Telecommunications	80	67	20%	► Technology & Telecommunications had a successful year, with growth of 20%, due mainly to major wins by Advisory's Media sector and successful transitions in the Telecommunications sector. In the Technology sector we expect our wins to boost revenue in the coming years.
Consumer Products & Retail	77	77	0%	► The Consumer Products & Retail sector, and especially retail, is under severe pressure with lower consumer spending as a major cause. This has led to, amongst other things, a continuous focus on cost efficiency and mergers and bankruptcies of well-established brands. As a consequence, our Tax, Advisory and TAS service offerings benefitted while performance at Assurance was weaker. On balance, revenue remained flat.
Energy & Resources	65	70	-7%	► The Energy & Resources sector as a whole again had to contend with low oil prices resulting in lower spending, cost savings and the transformation of business models. Audit transition in both the Oil & Gas and Power & Utilities sectors affected revenues, especially to: to the detriment of our Advisory business.
Healthcare & Life Sciences	60	61	-2%	► After a successful year in Healthcare & Life Sciences, the health care sector was impacted by changing market dynamics and the impact of the mandatory audit rotation and the auditor independence regulations. This resulted in a revenue drop of 4%. Life Sciences' revenue grew by 2%, mainly from new business in Advisory and Tax.
Government & Public	54	55	-1%	► Audit revenue in the Government & Public sector fell owing to a strategic refocus driven by unfavorable market circumstances. However, other service lines saw their operations expand in, for example, the government and education sector and addressed various challenges in the public sector, such as digitization, risk management, sustainability, integrity, leadership development, infrastructure and taxation. On the whole, we managed to limit the fall in revenue to 1%.
Real Estate, Hospitality & Construction	45	47	-3%	► Audit revenue in the Real Estate, Hospitality & Construction market segment was driven by the finalization of final-year audits, whilst most of the new audit wins will start up in the coming year. Due to the forthcoming PIE status of housing associations and market challenges in this market segment, the other service lines saw a delay in new business. As a result, revenue in this sector fell by 3%.
Other, including Transport & Logistics and Diversified Industrial Products	173	155	11%	► The other industries realized revenue growth of 11%, with particularly strong advances in Transport & Logistics (11%), Professional Firms & Services (7%) and Diversified Industrial Products, which now includes the Chemicals sector (5%). Assurance, Advisory and TAS reported the greatest growth.
<b>Total</b>	<b>727</b>	<b>710</b>	<b>2%</b>	

# Markets - Winning in the market

## Grow revenue

### Organic growth

In FY 2015/2016, we accelerated the pace of innovation and investment across the business. Our focus on strengthening our existing activities, acquiring new skills and developing innovative services has enhanced and widened the palette of client solutions. We created the People Advisory Services (PAS) by integrating Advisory's People & Organizational Change and Tax's Human Capital at EMEA level rather than at country level. PAS is designed to help our clients better manage the challenges of an increasingly borderless economy. We strengthened our governance advisory practice by allying with a specialized partner. We can now respond better to the growing demand for governance and related soft controls.

### Acquisitions

In August 2015 we acquired Integrc, a leading provider of governance, risk and compliance (GRC) services to companies that run SAP. The acquisition helps cement EY's position as an industry leader in SAP GRC services by further enhancing its end-to-end offering – from strategy to technology implementation. Integrc's team of consultants specialize in the full lifecycle of GRC consultancy and support services, including SAP GRC operations, audit, strategy and planning, implementation, operational control and fully managed services.

In March 2016, we acquired i3, Intelligence in Information, a specialist in business intelligence, (big) data analytics, predictive analysis and managed services.

This acquisition, which included 43 people, including 1 partner, made EY one of the main players in this market in the Netherlands and gave us access to the fast-growing international business intelligence and data analytics market.

We are now in a better position to meet the growing demand for advice and support from organizations that are or wish to be data-driven.

We also widened our financial advisory services with the acquisition of Montesquieu in May 2016, a leading provider of debt advisory, financial risk management and treasury services, chiefly for non-financial clients. Montesquieu joined us with 30 people and 1 partner. The acquisition positions us as a premier debt advisory house for the Dutch market and strengthens our footprint in the risk management and treasury consultancy services market. We operate under the EY Montesquieu brand.

At the end of the fiscal year we reached an agreement regarding the acquisition of OC&C Strategy Consultants Benelux. The transaction was completed on September 1, 2016. The acquisition is a distinctive step for EY to further develop world-class strategy service capabilities and accelerate its ambition to advise clients from strategy to execution. EY will strengthen its strategy capabilities, with all 59 employees of OC&C Strategy Consultants Benelux, including 6 partners, joining EY's Transaction Advisory Services to operate under the [Parthenon-EY brand](#).



[Read the interview with Mohamed Bouker and Simon van Ulden.](#)

# Markets - Winning in the market

## Investing in innovation

### **Bringing technological know-how in-house to enhance our full range of services**

One way or another, technology will have a big impact on our services in the years ahead and will be a key driver of our business. Strengthening our (big) data analytics services, including new ones such as innovation management and customer journey design, is an important goal for EY and therefore an integral part of our digital agenda. Our Vision 2020 explicitly names digital as one of the key differentiators for EY – this means not only bringing digital solutions to the market but also transforming and improving the quality of our existing services through digital means.

We acquire organizations in order to bring technological know-how in-house so that we can serve our clients even better with a broader range of services. The aforementioned acquisitions are good examples of this strategy. In all our service lines, harnessing new technology and innovating new solutions gives us a deeper understanding of our clients' businesses, enabling us to identify risks and issues more quickly, and to deliver solutions tailored to their needs.

At Assurance, data and predictive analytics are widening the audit field. New digital instruments allow continuous audit instead of an ex-post annual review. Data analysis will change the way we carry out our audits. Last year we launched our audit analytic suite of tools, EY Helix. It enables us to audit large tranches of client data more efficiently and thoroughly and thus identify higher-risk areas more quickly, and to further improve audit quality. In our vision, the auditor of the future will no longer be solely a specialist in auditing financial data.

There are many forms of data that auditors currently do not examine but that may be of interest to stakeholders, such as data on cyber security, the image social media form of a business, governance and 'soft' controls such as the culture and behavior within an organization. Another field of development is robotics, in which we will continue to invest in the coming years. Thanks to data analysis we can give society assurance and confidence across a wide range of issues.

# Markets - Winning in the market

## Investing in innovation

### Innovation in measuring value creation: EY Total Value - impact evaluation to support decision-making

EY Total Value is designed to enhance decision-making. Total Value aims to measure and value the most material aspects of value creation, which are usually hidden or go unmeasured. By showing how decisions affect outcomes for stakeholders and society at large, Total Value enables companies and external stakeholders to make better decisions, thus helping organizations improve their overall value creation and fulfill their societal purpose. Total Value consists of seven pragmatic steps that comply with various standards currently under development, such as the social capital protocol of the World Business Council for Sustainable Development (WBCSD) and the natural capital protocol of the Natural Capital Coalition (NCC). Our approach focuses on the technical aspects of measurement and valuation but also correctly interprets the results, and answers the 'so what' question.

Last year EY undertook a pilot study with limited scope focusing on our human and natural capital value creation.

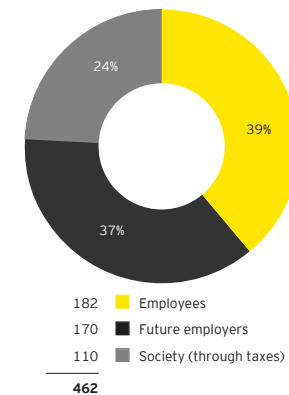
EY's human capital value creation in 2015/2016 equaled €462 million in total and consisted of three main elements:

- ▶ value created for employees through learning, education and training on the job.
- ▶ value created for future employers as people leave EY and take experience and knowledge to a future employer.
- ▶ value created for society at large, through the payment of income taxes by EY personnel.

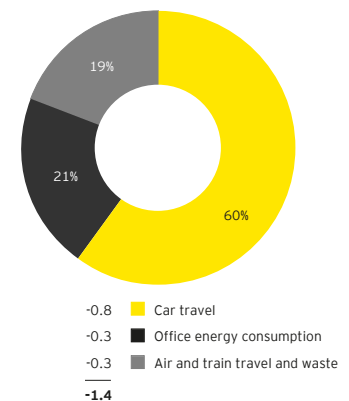
EY's impact on natural capital in 2015/2016 amounted to €1.4 million negative owing to greenhouse gas emissions arising chiefly from the commuting and mobility of our employees and emissions related to the use of offices. We have taken measurable actions to further reduce our greenhouse gas emissions.

In 2016/2017 we aim to extend the analysis. A critical impact area that was not part of last year's pilot, was the value that we created for our clients through the delivery of our services. The inclusion of more impacts will provide a more complete understanding of the value that EY creates for the various stakeholder groups.

### Value of our human capital 2015/2016 (€ million)



### Value of our natural capital (CO<sub>2</sub> emission) 2015/2016 (€ million)





# Markets - Winning in the market

## Investing in innovation

At Tax, data analytics generates more complete information, greater understanding, transparency and ultimately more efficient compliance processes. Data analysis can compare a range of scenarios to reveal the impact of tax decisions. The detailed focus that it allows helps reduce complicated situations to the core issues so that more tactical and strategic decisions can be made.

Our VAT Analytics tool, for example, can give an organization a clear picture of where it can improve its VAT position. Data analytics and, in particular, predictive analytics can be used to optimize the fiscal valuation of inventories in the retail sector. Another example is VPB Analytics, which we developed last year. This tool box analyzes the data available from the accounts so that we can quickly and efficiently provide comprehensive insight into a company's tax position. We are working hard on the development of more data tools for Tax, including one that can prepare statutory accounts that comply with various accounting standards. With these developments the tax function's focus is expanding from technical reporting, compliance and tax planning to technology and digital tax and tax-related risk management and business-enabled tax planning.

Advisory concentrates on helping clients develop and implement innovation and digitization strategies. In a fast-paced world, doing this efficiently and comprehensively is a major challenge for many organizations. EY has invested in developing automated solutions to facilitate this process, and support organizations in an agile and fast-paced way. We advise clients on how to use data analysis tools to interpret big data and teach them how to use the findings strategically. The accompanying challenges demand a comprehensive digital strategy and a reconsideration of business and operational models.

### **Tax in the Boardroom**

Corporate tax policy is increasingly becoming a public and a boardroom topic. Politicians, media, non-governmental organizations and other stakeholders are taking a more critical stance on the tax contribution companies make to society (paying a fair share). Companies are being pushed to make their tax payments more transparent and to be held accountable for their tax policies. As part of EYInnovate, a team of EY specialists developed an IT assessment tool to visualize individual corporate tax policies based on a number of clearly-defined KPIs. The model is funded on the pillars of the organization's own tax policy on the one hand and communication and governance on the other. As more information on corporate tax policies is included in the model, peer group comparisons can be made. The model should become operational later this year following extensive testing.

EY tax advisers will use the tool to enter into dialogue with clients and help them answer questions from stakeholders and other parties about their tax policies and arrangements. It will supplement our tax reputational risk management service to analyze a company's tax footprint and help our clients further improve their governance and controls around tax matters. It is becoming increasingly important that companies think about how they plan their tax arrangements with a view to a broad stakeholder group.

# Markets - Winning in the market

## Investing in innovation

We help our clients through the transformation process by developing innovative digital business models that can achieve substantial cost savings. For EY, leading the way toward business optimization through data analytics means working closely with our clients to develop new business propositions by sharing, perfecting and applying new approaches, tools and services.

We are also increasingly putting major established companies into contact with startups. Many successful startups have a digital background and use digital platforms for the management and acceleration of innovation. Another important intellectual property acquisition was a revenue assurance analytical tool that enables clients to make fast analyses of the potential to bill unbilled work.

Transaction Advisory Services for example, gathers and analyzes significant volumes of data and applies predictive analytics and forecasting techniques to quantify a transaction's risks and opportunities, understand key business cycles and employ a decision-making framework based on data science to reach an objective view of a strategic portfolio. Data analytics can also be used to identify potential synergies and dissynergies by utilizing larger data sets.

### **Strength of a global organization: investing together**

As EY, we have the advantage of being a highly integrated, global organization that can draw on a rich, international vein of expertise. Together we can make the necessary investments to implement a powerful digital strategy. Our global strength underpins our ability to participate in the latest developments, to innovate and to deliver new services to meet our clients' changing demands.

### **Distinctive integrated service through multidisciplinary digital approach**

'Digital' is a continuous form of disruption to existing (or new) business models, products, services or experiences, enabled by industry-wide data and technological advances. Digital trends are affecting industries in ever more fundamental ways, as technologies are increasingly impactful, abundant and mutually reinforcing. In the early stages, companies primarily focused on creating stand-alone solutions - e.g., pilots, apps, websites, digital processes - but we are now entering the second stage of connectivity and integration. Organizations are reviewing their existing business models, and digitization serves as a catalyst to review optimization.

EY stands out for its global multidisciplinary approach, which provides its clients with overall insight into such themes as risk and cybersecurity, finance, legal and tax, and people and organization, linking them to a digital strategy and helping to make companies more future-proof.

# Markets - Winning in the market

## Investing in innovation

### New partners in data analytics

Cooperation with other businesses by merging their specific technologies into our services is becoming a more important aspect of our growth strategy. As the pace of change accelerates, alliances with the world's top organizations give clients access to new, innovative capabilities - quickly and when they are needed most. Alliances to fill competency gaps provide new approaches to address emerging business issues and allow us to bring diverse teams of leading professionals to the table. These alliances foster innovation through exposure to new people, tools and processes. Moreover, by aligning with powerful organizations we can leverage our respective relationships and deliver the benefits to even more organizations.

With Proctor & Gamble, for example, we have combined our knowledge and skills with their expertise in supply chains. Together we are developing software to optimize production processes that we will bring to market as a joint offering. We have also formed a new strategic alliance with GE Digital to develop and provide Industrial Internet of Things (IIoT) services to help industrial companies achieve increased productivity from capital assets and processes linked in the cloud. EY and GE Digital will develop and deliver industry-specific services based on GE's Predix® cloud-based operating system. These can help companies reduce operating expenses and increase revenue through improved machine uptime and streamlined industrial workflows.

FSO is working with the insurance technology company Guidewire and at global level we are working with market leaders in data analytics.

Our global alliance network also includes Oracle, Pega, Adobe, EMC2, Hortonworks, IBM, LinkedIn, Microsoft, SAP, SAS, and Yourencore.

### EYnovation™

EYnovation™ is our roadmap to a sustainable startup and scale-up support system. Access to our high-quality services, know-how and worldwide network smooths the way for fast-growing startups and scale-ups. Our comprehensive selection of subscription-based services give ambitious, innovative entrepreneurs first-line financial, fiscal and legal support and advisory services. EYnovation™ brings benefits all round: businesses enjoy easy access to our services and EY's international network, while our staff's entrepreneurial skills are refined and their professional development accelerated. We expanded our teams further during the year, and about 100 EY specialists are now directly involved in fast-tracking startups and scale-ups.

### Engaging our network to accelerate entrepreneurship

We support startup ecosystems in a variety of disciplines and in all major regions of the Netherlands: Amsterdam (ACE Venturelab, StartupAmsterdam, FinTech), Delft (Yes!Delft, high tech), Eindhoven (HighTechXL, high tech), Maastricht (Brightland, smart materials) and Rotterdam (PortXL, maritime and logistics).

Creating a platform for startups and corporates is beneficial to both parties: startups gain access to people at the right level in the corporates, using our workshops and network events to approach the right investors and potential customers, while corporates see how they can profit from innovative ideas and concepts.



[Read the interview with entrepreneurs and EY professionals.](#)

# Markets - Winning in the market

## Investing in innovation

One such platform is the Launchpad Meetups we co-organize with TheNextWeb and StartupAmsterdam, connecting corporates to [innovative startups](#). We have also formed an alliance with the Get In The Ring Foundation, a global nonprofit organization that puts startups in touch with capital, talent and expertise by means of worldwide challenges and events.

At Startup Fest Europe we organized several events to introduce disruptive startups to leading Amsterdam companies and support them in their growth to market leadership. We are also taking part in the Eindhoven Startup Alliance formed in May 2016. Its goal is to help the HighTechXL startup accelerator achieve its mission of creating at least 20 rapidly expanding hardware companies by the end of the decade.

### **Innovate EY**

Working with high-potential startups nourishes our own capacity for innovation, enhances our internal processes and stimulates new product development. Drawing on what we have learned in working with startups, scale-ups and accelerators, in 2016 we designed and launched a program to promote innovation and entrepreneurship within our own organization: Innovate EY. Seventy-five of our people took part in this pilot project, testing the feasibility of their ideas and discovering how they could select the right teams to realize the ideas. Experience shows that innovation projects stand or fall on the composition of the team. Six teams, three internal and three external, were selected to become our very own startups. The internal teams worked out their ideas and demonstrated that they could make a real contribution to innovation within EY.

### **FinTech**

Digital technology is fundamentally transforming the financial services industry. Client expectations are changing faster than financial institutions are used to. Digitization is a major focus for the institutions and the sector as a whole, with a particular emphasis on such areas as customer experience, digital privacy, cybersecurity and financial technology (FinTech). An end-to-end digital transformation is required to fully adapt to this new and fast-moving world. The FSO market is concerned chiefly with cyber and digital issues, while FinTech is often linked with financial inclusion and client-centric finance.

EY plays an active role advising clients on FinTech and bringing parties together. We see FinTech as fundamental to the future of the financial services industry, and it is driving many of the innovations we are witnessing. It can increase financial inclusion, improve productivity and mobilize dormant capital for the benefit of the wider economy. In May 2016 EY organized the [FinTech Summit 2016](#) and put 24 international FinTech companies into contact with decision-makers in banking, insurance, pensions and asset management. The summit is a great opportunity for organizations to gain insights into innovative developments and make valuable contacts. FinTech organizations and financial service firms learn from each other during the event, laying the foundations for a bright working future.

# Markets - Winning in the market

## Investing in innovation

The external teams were admitted to business accelerator HighTechXL and are developing several projects relating to EY's core activities:

- ▶ A validation and management information tool for banks and insurance companies to ensure compliance and provide insights into their regulatory reporting to supervisory bodies.
- ▶ An integrated reporting solution for the record-to-report process to eliminate the duplication of work when preparing tax, statutory and group financial reports.
- ▶ An online platform that supports startups and scale-ups in planning how to raise funding and then manage it: the online CFO for startups.

Going through the entire cycle from idea to startup puts us in a better position to help our own clients. We bring the innovative concepts developed in collaboration with HighTechXL to market for the benefit of our clients.

### Social entrepreneurship

Social enterprises are financially self-sustaining vehicles that deliver innovative solutions to social, ecological and economic challenges. Collaboration is a catalyst for innovation and increases the likelihood of optimum results. EY works closely with Impact Hub Amsterdam and Social Impact Factory to bring financially driven and impact driven entrepreneurs together. Through EYnovation, our Climate Change and Sustainability Services directly support social entrepreneurs in their endeavors - from business case development to financial management and impact measurement advisory services. We have advised over 25 social enterprises and the number is still growing.

### Generating a social return with the social impact bond

One of the first large-scale social impact bonds in the Netherlands was launched in 2016: Buzinezzclub Utrecht. The Buzinezzclub lifts young people out of income support and guides them to education, work or their own business. Together with investors, it offers a pay-for-success package: when the municipality makes a saving on income support payments, it passes on some of the saving to cover the cost of investments incurred by the partners and the young people themselves.

EY has been selected to evaluate this social impact bond in the coming years.

### Rewarding entrepreneurship

The EY Entrepreneur Of The Year program places legacy builders in the spotlight every year. It rewards entrepreneurs who break with tradition and prove, with their passion, leadership and personality, that innovation is the new standard. The EY Entrepreneur Of The Year award is an international program that celebrates the important contribution that entrepreneurs make to their communities, their countries and the global economy. It features three categories for businesses in different phases of their life cycle:

- ▶ Emerging EY Entrepreneur Of The Year (entrepreneurs who have been active for less than ten years)
- ▶ Accelerating EY Entrepreneur Of The Year (growth accelerators)
- ▶ Master EY Entrepreneur Of The Year (established companies).

The winner of the Master category goes on to compete for the EY World Entrepreneur Of The Year title.

In FY 2015/2016 the winners in the Netherlands were:

- ▶ Emerging category: Henk Jan Beltman of Tony Chocoloney
- ▶ Accelerating category: Jordy Kool of Infotheek
- ▶ Master category: Marco van Zijverden of Dutch Flower Group



# Markets - Winning in the market

## Brand

Vision 2020 calls for us to be the best brand among professional services organizations. Building a better working world is the key message distinguishing the EY brand. In the first phase of brand activation we created a unifying brand idea to unlock the meaning and emotional resonance of EY's purpose, Building a better working world. In March 2016 we ran our first global media campaign to raise brand awareness and build on the momentum around our purpose, increase our distinctiveness and awareness of our breadth of services and inspire pride among our people. From the early metrics we can see that our campaign is working and helping us build the brand. We are confident that the results of the campaign will be confirmed in our Brand Survey in September/October 2016. Due to the success of the campaign, EY will follow it up in 2017.

**Brand score**  
**2014/2015**

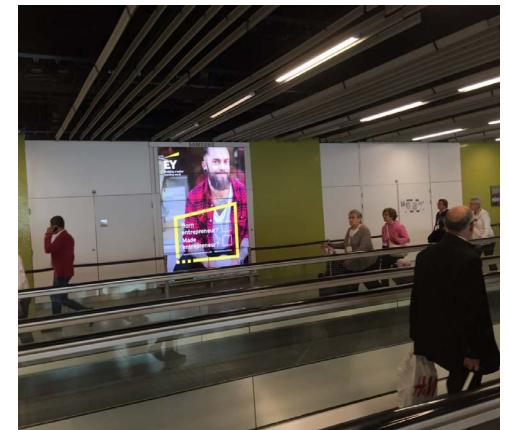
2012/2013



We measure our brand recognition by carrying out a brand survey every two years. The Global Brand Survey 2014/2015, based on a representative sample of client and non-client interviews, was conducted by the market research agency Kantar, part of the WPP group. This biannual survey showed EY making strong gains in brand health since 2012/2013.

We take first place in the Audit, Tax and Governance, Risk, Investigations and Compliance categories. We have an overall lead in awareness and maintained our number-two position in favorability and distinctiveness among the Big 4. In fact, EY leads across almost all brand attributes: 11 out of 15. Our strongest areas are: best mix of talent, knowledge and skills, strongly recognized for technical quality, industry and sector expertise, globally connected and consistent, diverse teams and culture, expertise in disruptive forces and support for entrepreneurs. The next brand survey will take place in 2017.

We will continue to fight for the number-one spot in delivering exceptional client service, questions and challenges, and thought-provoking points of view - and for overall brand leadership in the Netherlands.



EY campaign at Schiphol airport

# Markets - Winning in the market

## Responsible citizenship

The desire to build a better working world extends far beyond our day jobs. We see societal challenges everywhere and feel a responsibility to help address them and demonstrate that business is part of the solution. In our view, a global company like EY can only be successful if we proactively participate in the societies in which we are present. We embrace this responsibility as an employer, a knowledge institution, a high-end client service provider and a good neighbor in the urban communities where our offices are located. In consultation with our stakeholders we have set goals that reflect our ambition of responsible citizenship.

- We want to maintain and establish positive and strong relationships with all our stakeholders.
- We aim to strengthen our position in the public debate.
- We strive to transfer and leverage our intellectual capital to society at large and add value to the world around us by our community investment program.
- We continuously minimize our own environmental impact across operations (see section Sustainability in operations).

### Stakeholder engagement

We are committed to forging positive and strong bonds with our stakeholders. We believe that bringing the right business and policy insights to the table and asking the right purpose-driven questions is just as important as being connected, responsive and insightful.

We make an active contribution to the public debate and are eager to learn what is happening in our communities, which issues are important and what challenges have to be addressed. We initiate discussion and actively engage in dialogue to gain insights into specific problems and seek solutions. We recognize the importance of creating added value by sharing our expert knowledge and our understanding of trends and their drivers.

We plan and structure a large part of our stakeholder engagement through our Stakeholder Dialogue Steering Committee. Our annual stakeholder engagement plan identifies the groups we approach, the participants from EY and the themes we will discuss. We organized several roundtables and events to discuss current issues in FY 2015/2016. Examples include:

- Our Board members were involved in roundtables with investors and analysts during the year to discuss reporting and auditing in 2025 and major developments in the past year, such as the impact of mandatory audit firm rotation, the segregation of audit and non-audit work and the consequences of introducing a Supervisory Board for EY's auditors. The outcomes of these roundtables have been summarized in a [white paper](#).
- With Eumedion (independent representative of institutional investors) we held a roundtable discussion about the new auditor's opinion and communication with the auditor.
- A debate with students, in the context of our EYXperience business course, to learn what they thought of the audit profession and what questions or considerations they had regarding the public debate around auditing.
- Regular roundtables with Supervisory Board members. These are an important feature of our stakeholder engagement. In 2015 we organized six roundtables for 56 supervisory directors of large corporates to discuss various themes that concern us at EY and that we encounter in our professional practice, not only at Assurance but also at Tax and Advisory. These included the internal audit function, executive pay and the role of Supervisory Boards in mergers and acquisitions (M&A). The outcomes of these roundtables have been summarized in a [white paper](#).

# Markets - Winning in the market

## Responsible citizenship

- ▶ Several roundtables with Supervisory Board members in specific sectors such as Health and Finance and with board members of smaller companies.
- ▶ Talks with tax administrators, government officials and other stakeholders about specific tax issues and the impact of policy decisions. At the request of the House of Representatives, for example, we advised it on new proposals to reform the tax regime in 2017.
- ▶ Roundtable with politicians to discuss capital gains tax, and the issue of tax policy in meetings with tax directors and at boardroom level.

For a more detailed overview of our engagement with stakeholders, see [GRI G4 Content Index 2015/2016](#).

### Stakeholder engagement score

We foster solid relationships with our stakeholders. In April 2015 we asked them to rate the quality of our stakeholder engagement in terms of its frequency, quality and outcomes. This first-time measurement of our performance yielded a stakeholder score of 'Average'. We will repeat the exercise every two years. We will ask stakeholders to rate us again next year and we aim to improve on this score going forward to 'Good'.

### Community investments

Our goal is to add value to the world around us. We make our most significant impact on society by concentrating our efforts on the areas where society's needs intersect with our business strategy and the distinctive skills, services and experience of our people. Our community investment programs also stimulate the personal development of our employees, and allow them to gain new and valuable experiences.

### Kids Counsel thinks about the future of EY

EY established Kids Counsel in November in alliance with the Missing Chapter Foundation (MCF) and UNICEF Nederland. Its mission is to give children a say in their own future and to stimulate decision-makers with the fresh perspectives of their young stakeholders to arrive at new, more sustainable solutions. EY's Board of Directors entered into discussion with junior school pupils from Rotterdam. The children were asked to tell us how they thought auditors could regain public trust. After visiting our offices and talking with our people, they presented their findings to the Board of Directors and the Supervisory Board. One of their recommendations was that auditors should admit to their errors and apologize. As one of the pupils said, 'If you say you're sorry, you'll be respected because at least you're being honest.'

EY has taken global megatrends and existing Corporate Responsibility (CR) priorities into account to renew its community investment strategy and focus on three pillars: youth employment, inclusiveness, and sustainable energy. Our overriding goal is to support organizations that enable us to have a positive societal impact in the urban environment. Our employees make a difference by taking up a variety of roles, ranging from local ambassadors to coaches of young entrepreneurs. With our renewed focus and ambition, we engage in strategic partnerships that benefit EY and the partner organizations equally and mutually.

We prioritized a sharp increase in community investment hours. We worked closely with both existing and new partnerships on this and set up multiple employee engagement programs to encourage our people to participate.



# Markets - Winning in the market

## Responsible citizenship

As a result we leveraged our intellectual capital and invested 7,372 hours of pro bono advisory, skills-based volunteering and corporate responsibility staff hours in FY 2015/2016. We support social organizations that contribute to a better urban environment with initiatives in the areas of Youth Employment, Inclusiveness and Sustainable Energy.

De Nederlandse Uitdaging contributes to Inclusiveness by fostering cooperation between business, civil initiatives and the government to drive social change. One of our strategic partnerships in this area, [De Normaalste Zaak](#), is building a network of employers that aim to make the job market more accessible and transparent to people who are at a distance from it.

EY is one of the founding partners of the Social Impact Factory, a platform that connects social entrepreneurs with partners in the public and private sector to co-create solutions to societal challenges. EY employees proactively contribute their time and knowledge to the activities of the Social Impact Factory and scale up the impact.

Aiming for a fast transition to a sustainable society with a circular economy, [Urgenda's](#) mission clearly matches our Sustainable Energy pillar. Moreover, we entered our sixth year of partnering the [Business in Development Network](#) (BID), as it strives to increase economic development in emerging markets by providing small and medium-sized enterprises with access to capital and knowledge.

### Community investments hours

Number of man hours

2015/2016

2014/2015



### Increasing youth employment by boosting confidence through role play

Together with other professionals from the business community, our colleagues at EY taught students from ROC Amsterdam and ROC Amsterdam Zuidoost the ins and outs of applying for a job in about 75 minutes. Their aim was to prepare the students to find the right work placement or job. Some of the students wrote job application letters as a source of inspiration for the role plays and their classmates could watch them perform. Students were eager to learn and really got in the game! According to one of the students, "this was the best class of the whole year". Another student was so excited about the fact that his letter of motivation was approved that "I'll send it to the company straight away!"

# Markets - Winning in the market

## Responsible citizenship

Sport sponsorship also plays a prominent role in our community engagement. Passion for sport is in our genes and complements what we stand for: supporting our staff and clients in their development so that they realize their full potential. Our sports sponsorship goes beyond a financial relationship. Since 1997 EY has been one the Partners in Sport of NOC\*NSF. We also contribute our advice and let our employees and customers benefit from the experience of coaches. In FY 2015/2016 we spent €1.7 million on sponsoring sport.

### Thought leadership

We invest not only in the professional know-how and quality of our people but also in market-leading intelligence. Our global organization gives us a strong competitive edge, enabling us to draw on a rich international vein of expertise, any time, any place. We actively stimulate sustainable entrepreneurship. By integrating corporate responsibility into our services, we extend the scope of financial results to the added value that businesses create. We are a partner of, for example, De Groene Zaak, the platform for leaders in sustainable business.

We conduct many national and international studies and publish newsletters, reports and white papers on a variety of issues. We actively share our knowledge with our clients and other stakeholders, in part by issuing thought leadership publications and organizing seminars, courses, lunch meetings and workshops. We also play a role in research and education with a view to developing and disseminating knowledge. We encourage our staff to affiliate themselves to 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, Nyenrode Business University, Tilburg University and the University of Groningen.

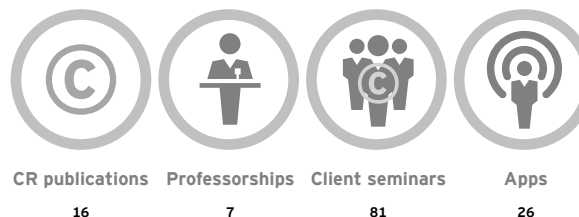
### Olympic legacy volunteer program

EY professionals from the Americas, Belgium and the Netherlands also supported and advised six non-governmental organizations in Brazil on a pro bono basis for three months. The program began with a preliminary project in which EY teams worked in virtual space with the NGOs. During the Games, the professionals went to Rio to work with the NGOs and visit the Games.

EY is using these Olympic sponsorships to help create a legacy for Brazil and a better world for future generations. [www.ey.nl/Olvp](http://www.ey.nl/Olvp)

We believe it is crucial that students combine their academic knowledge with practical experience, and welcome students as interns and trainees on an ongoing basis. In FY 2015/2016 a total of seven EY partners/managers held chairs at universities in the Netherlands and abroad in the fields of assurance, tax and corporate finance.

### Thought leadership 2015/2016



# Markets - Winning in the market

## Responsible citizenship

### EXTERNAL INITIATIVES

As a global organization, EY engages with a number of groups and initiatives at global, regional and local levels, including:

#### **International Corporate Governance Network (ICGN)**

EY is active member of the ICGN. Member firms participate in a number of investor groups in different countries.

#### **International Integrated Reporting Council (IIRC)**

EY is among a select group of organizations supporting the IIRC by participating in the Board, the Council, working groups and secondments (with an EY professional serving as deputy to the CEO).

#### **Transparency International**

EY participates in and contributes funding to Global Corporations for Transparency International initiatives.

#### **United Nations Global Compact (UNGC)**

EY is a proud member of the UNGC. At a global level, EY annually communicates its progress on upholding the UNGC's Ten Principles.

#### **United Nations Women's Empowerment (WEP)**

EY is a signatory of UN WEP.

#### **World Economic Forum Partnering Against Corruption Initiative (PACI)**

EY is a signatory to PACI, the leading anti-corruption initiative in the world.

EY's Global Chairman and CEO is a member of the PACI Board.

#### **World Economic Forum (WEF)**

EY has been a strategic supporter of the WEF for 15 years. Its involvement in the WEF enables EY to help shape future economic development and share its insights with the world's most influential business leaders, politicians, academics and the global media.





**How can  
worldwide talent  
always be in the  
right place?**

■ ■ ■ The better the question. The better the answer. The better the world works.



# Talent - Creating highest performing teams

A better working world nurtures a highly qualified, diverse and flexible workforce. That is why our second strategic pillar, creating the highest-performing teams - attracting, cherishing and inspiring a diversity of people with different backgrounds and promoting a culture that supports them in working together - is central to EY's Vision 2020.

We gave high priority to three aspects of the strategy during the year:

- Teaming
- Talent recruitment and development
- Diversity and inclusiveness

A flexible and vital work experience complements our strategy.

## **EY Experience: a lifelong relationship**

Our promise to our people is simple: whenever you join and however long you stay, the exceptional EY experience lasts a lifetime. We strive to provide them with the best training to develop their skills, a diverse workplace, flexibility and choice, and a framework to guide their career development and create an environment where talent from every background can flourish. We give talent the opportunity to work on complex issues, enjoy a wide range of training and gain rich experience, both inside and outside the Netherlands. The insights and expertise they accumulate will benefit them throughout their careers. If and when people decide to leave, they will be welcomed as lifelong members of the [EY alumni network](#).

We invested a great deal in talent recruitment during the year. Assurance welcomed 589 new people due to the sharp increase in work brought about by mandatory audit rotation and investments in its Financial Accounting Advisory Services (FAAS) business. Our Tax, Advisory and TAS operating service lines also attracted more newcomers than in the previous year, 291, 144 and 38 respectively. In CBS, our corporate business support service line, we welcomed 56 new hires.

In total we welcomed 1,118 new colleagues, thus strengthening the EY experience. We made sure that newcomers quickly felt at home and rolled out the Personal Career Design program across the organization. It comprises a variety of courses and career paths tailored to individual needs and wishes, not only for new staff but also for people who have been with us for some time. And with our Workplace of the Future and Vitality programs we empower our people to achieve a satisfying work-life balance and keep in good shape.

The number of people who left the firm was 792, resulting in a turnover of 20%. This is in line with the previous year and typical for our business. At the end of FY 2015/2016 we employed 4,284 people including 246 partners, in comparison with 3,958 people, including 233 partners, in 2014/2015.

More detailed information about our headcount and FTE developments by category, service line, age and gender can be found in appendices 5, 6 and 7 of the [GRI G4 Content index](#).

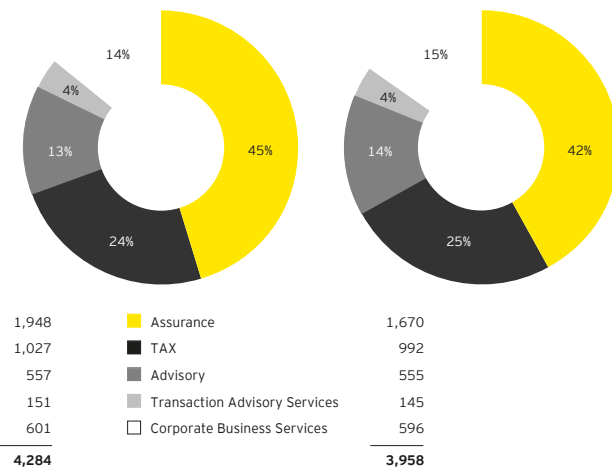
# Talent - Creating highest performing teams

## Teaming

### Headcount by service lines

2015/2016

2014/2015



Coaching someone's personal development takes account not only of the individual but also of the composition of the team. During the year we focused on our teams' skills and characteristics. Human resource managers, for example, looked at the composition of the teams and the personal development of their individual members in order to optimize their composition. We also took a fresh look at our events and training programs and organized master classes to promote teaming among young talents. We paid special attention to communication.

Clear internal communication is key to our corporate culture and teaming, and to our flexible teams. Our ambition is to have a harmonious workforce, made up of people who feel at home at work,

give their best every day and know how they can contribute to our Vision 2020 ambitions. They must therefore know not only what we expect of them but also what makes them proud.

Counseling Family Trees play an important part in our teaming. A Counseling Family is a group of professionals in a service line or industry who guide, mentor and encourage each other on performance, career management, compensation, learning and other vital issues. In this way staff should gain a better understanding. They know how to find each other quickly, are more willing to lend a helping hand and encourage each other to improve. This in turn leads to more effective teams and higher service quality. Moreover, staff gain a better understanding of their own positions within EY's strategy and how they can contribute to it.

### Retention rate

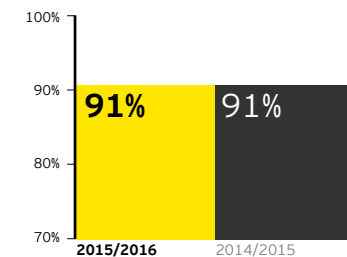
#### Good score as an employer

Our retention rates are a measure of our attractiveness as an employer. We succeeded in retaining 91% of our top talents last year. This is in line with our 2014/2015 score.

This success was confirmed by our staff satisfaction survey. Last year we had an engagement score of 78% favorable, and in the mid-year People Pulse we scored 77%. External surveys also confirmed that people enjoy working for us and appreciate us as an employer. A survey quoted in the career magazine Careerwise and a survey by Universum acclaimed EY as the most attractive employer among the Big 4 in the Netherlands.

EY was named the world's most attractive professional services employer in [Universum's World's Most Attractive Employer](#) rankings. We are number three among all employers worldwide, behind Google and Apple.

### Retention rate top talents



# Talent - Creating highest performing teams

## Talent recruitment and development

In our vision, the best-performing teams are made up of people with different but complementary competences, educational backgrounds and cultures. Our EY Personal Career Design program is designed to optimize all these different backgrounds, competences and experiences, characters, ambitions and life stages so that our people can fulfill their potential and get the most out of themselves. Together with the large inflow of young people, this approach is accelerating the required cultural change within EY.

### **Personal Career Design**

'One size fits all' is history. Our Personal Career Design program offers talents personalized assistance and coaching. It helps the great variety of people we welcome quickly find their feet. Our offer takes account of the talents' previous education and their characters, backgrounds, goals and work-life balance. In consultation with them, we map out a personal development path. Exceptional talents can now fulfill their career paths and personal development more quickly.

Every year we invite a select group of third-year bachelor and master students to make multiday visits to our national and international offices so that they can get to know EY at the very beginning of their careers. We organized two of these EY experiences during the year, one for Assurance and one for Transaction Advisory Services and Advisory. We also organized 'content days' for students to introduce themselves to EY.

All new employees - from recent graduates to seasoned professionals - have to feel at home with us as quickly as possible. We think this is so important that we prioritized onboarding during the year. Before new members of staff join us they can familiarize themselves with our organization online, getting a taste of the atmosphere and what it means to work for EY. Once they join, they are assigned a counselor to discuss their work and performance.

### **Lifelong learning**

Helping our people learn, develop and lead is fundamental to creating value for our employees and clients. That's why we create opportunities for our people to develop themselves, not only when they join but throughout their entire careers: a lasting EY experience. Assurance gave priority to attracting new talent, while the other service lines focused on high potentials and specific target groups such as millennials and senior managers. In consultation with the competence leaders and counselors, personal learning plans are drawn up for all employees every year. The contents are determined by the employee's career phase, goals, personal skills and professional wishes.

Transaction Advisory Services, for example, invests in the 10 degrees program. The 10 degrees program is EY's new career development framework, which is designed to accelerate the performance and drive the career value of our consultants. Clear objectives and expectations, supported by ongoing coaching/feedback discussions, are key elements of the program.

There are two aspects to all the training courses we offer: participants widen and refresh their professional knowledge but also work on their soft skills.

# Talent - Creating highest performing teams

## Talent recruitment and development

Account management, relationship management, team leadership and similar skills are at least as important to their careers - and actually become more important as they progress. All managers and senior managers are therefore appraised when they are promoted so that we can assess their personal development and offer them appropriate training.

To strengthen the EY experience we encourage our top talent to widen and deepen their experience across service lines, sectors and geographical locations at home and abroad. Our high potentials are given extensive training so that they can work in an array of different areas and draw on a wealth of knowledge from many disciplines. This has the added benefit of making the work even more attractive. Working in a variety of disciplines and gaining wide experience abroad turns our people into better professionals, which in turn has a positive impact on their interaction with clients.

Our worldwide training program offers thousands courses, many in the form of blended learning: a combination of contact learning and technology-enhanced learning, e.g., e-learning. This is an excellent means to strike a better work-study-life balance.

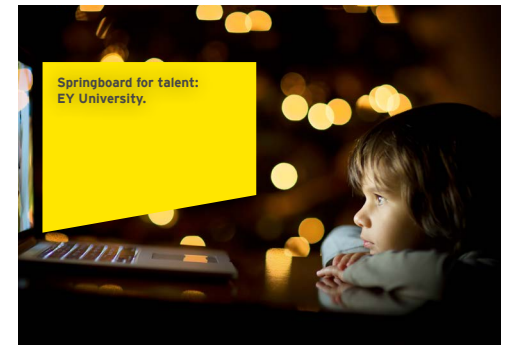
Learning and development expenses increased by 14% to €13.5 million during the year (€3,342 per FTE, up 7%). Around 1,200 courses were organized locally. In addition, international courses were taken in the EMEA region. The average number of hours spent on learning and development was 101 per FTE (up 13%); the total number of hours was 408,009 (up 22 %).

### Professional development

EYU, our global career development framework, focuses on learning, experiences and coaching. It encourages our people to take ownership of their own potential, whether social, emotional or professional, and of their own personal wellbeing. 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.

### Assurance launches EY University for people with a different background

EY University is the new internal training program for the financial discipline within Assurance. It is targeted at people with a wide interest in financial and business issues who do not yet know which department or direction is best suited to them. The program attracted 45 participants during the year. Once every two weeks, they attended a lecture given by our own EY people that provides an insight into the technical side of the various departments at EY Assurance and into soft skills such as client focus, problem-solving and teaming. At the end of a year, students can opt to take a second or third year at EY University. They can then specialize in a variety of traineeships or sectors. After one, two or three years they can also decide to specialize as an audit expert and become a chartered accountant or continue as a trusted advisor within one of our advisory practices. Another option is to take a post-master course.



[Read the interview with EY University trainers and students.](#)

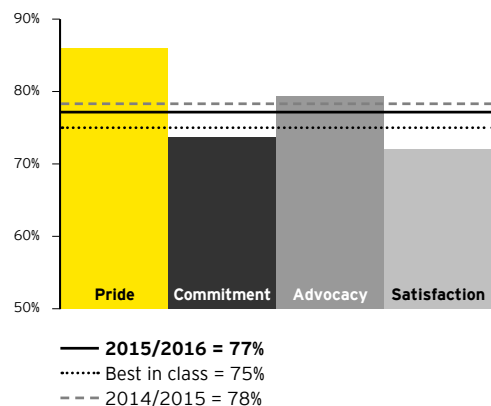


# Talent - Creating highest performing teams

## Engagement score

Employee engagement is all about how our people think, act and feel about their work and EY. It includes pride, commitment, advocacy and satisfaction. Our Global People Survey (GPS) that is held every other year is one of the ways we listen to our people. It helps us understand where we are getting it right and where we need to try harder. At the beginning of 2016 we conducted a People Pulse survey, the shorter version of the GPS. It provides a progress update on our engagement score and a select number of important items, including the three global priorities identified after GPS 2015, and reveals how well we are connecting our people to Vision 2020. Some 78% of all employees took part in this staff satisfaction survey - an unprecedentedly high percentage that says a lot about our people's engagement. The most improved item in GPS-Pulse 2016, with an increase of 11%-pts, was "I have a good understanding of how my job contributes to EY executing its strategy for Vision 2020."

### People pulse: engagement score



### Results of the People Pulse

At EY, we define and measure engagement through four survey items in the People Pulse:

**Pride:** "I am proud to work for EY" (86%).

**Commitment:** "I would prefer to remain with EY even if a comparable job were available at another company" (73%).

**Advocacy:** "I would recommend EY as a great place to work" (79%).

**Satisfaction:** "Overall, I'm extremely satisfied with EY as a place to work" (72%).

We have made progress on all three global priority actions.

### Bring our purpose to life

"EY's purpose of building a better working world motivates me" 6%-pts compared to 2015.

### Have authentic and meaningful interactions

"At EY there is open, honest two-way communication" 1%-pts compared to 2015.

### Make work even more fulfilling

"My work gives me a sense of personal accomplishment" 8%-pts compared to 2015.

# Talent - Creating highest performing teams

## Diversity and inclusiveness

We see cross-cultural strengths and individual differences as strategic advantages and key success factors. We work hard to build a culture that encourages diversity and makes the mix work. We are convinced that an organization with people with a wealth of backgrounds and characteristics contributes to a better world and underpins our own success. Teams with mixed backgrounds, cultures and genders are a source of enrichment and renewal, helping us see the world from a broader perspective.

EY diversity and inclusiveness (D&I) is thus a business imperative that is embedded in all business and talent processes. We equip our people with the skills and confidence they need to team and lead inclusively, so that all our professionals are able to maximize their contributions, regardless of their differences. EY leaders are accountable for mentoring, sponsoring and advancing diverse talent and are recognized for teaming and leading inclusively.

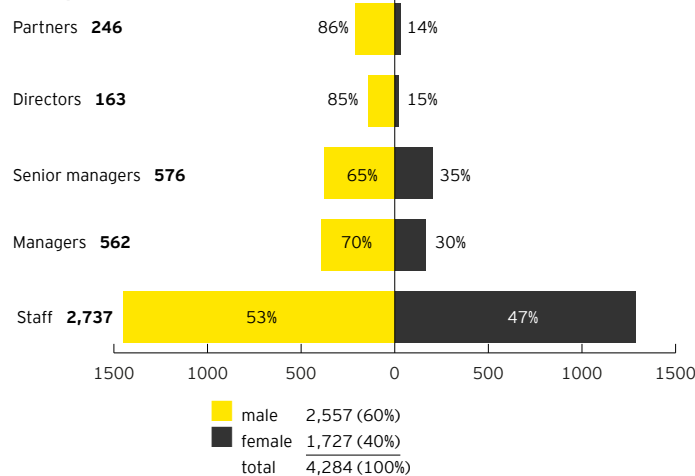
We have set hard targets to achieve our goals in this area. By 2020/2021, we want at least 50% of our new recruits to be women and at least 25% to be from a non-western ethnic background with a bachelor or master's degree or comparable educational attainment. On average, women must be appraised at least as highly as men. They must also be promoted as often as their male colleagues. In other words, if women make up a third of a department, a third of the promotions must on average be given to women. These targets will improve the career paths of women (and other minority groups) and create a more diverse organization. They are difficult to measure, however, the provision of cultural and other personal information is voluntary.

To underline the importance of this strategy, we have started publishing a special magazine on diversity and inclusiveness, '[Verschil moet er zijn](#)' and have circulated several newsletters.

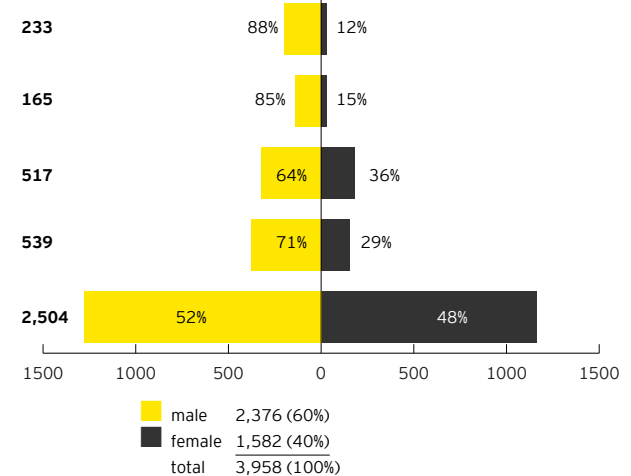
In the past fiscal year our gender imbalance marginally narrowed to 59.7% men and 40.3% women versus 60.0% man and 40.0% women in 2014/2015. The small increase was driven by improvements at partner and manager rank in particular. The absolute number of women increased by 145 to 1,727.

### Headcount by rank and gender

2015/2016



2014/2015



# Talent - Creating highest performing teams

## Diversity and inclusiveness

### Diversity and inclusiveness programs

We have developed several programs in recent years to increase diversity and inclusiveness, both internally and externally.

To promote the recruitment and promotion of culturally diverse talent:

- Co-founder of Agora, a business alliance to promote the recruitment and promotion of culturally diverse talent
- Support for the Foundation for Refugee Students (UAF)
- Internal workshops: multicultural professionalism and web-based learning (EY Globesmart): awareness of the impact of cultural differences in the workplace
- Internal: career watch

To promote the recruitment and promotion of female talent:

- Signatory of Talent at the Top
- Opportunity in Business
- Women in Financial Services
- Tax Matters: 'Women in Tax'
- Internal: training courses on female leadership at various levels - EY Navigator (for senior staff and new managers), Female Leadership (for managers and higher)
- Internal: Career Watch
- Internal: Top Parents (for mothers and fathers with young children)
- Internal: EverYWomen, the women's network with an extensive digital training program

To promote the recruitment and promotion of LGBT (Lesbian, Gay, Bisexual and Transgender) talent:

- Sponsor of Workplace Pride
- Internal: Being an LGBT Ally at EY

To promote the recruitment and promotion of female talent (external/better working world):

- Sponsor of Professional Boards Forum
- Women Fast Forward



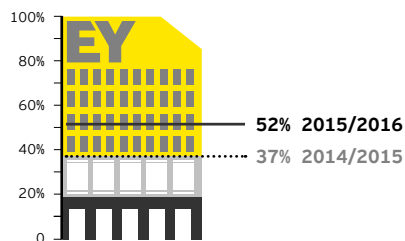
[Read the interview with Innovate EY initiators.](#)

# Talent - Creating highest performing teams

## Flexible and vital work experience

Business ideas don't wait until we are in the office. That's why we take a flexible approach to work. We launched our Workplace of the Future program to create a trust-based, work-anywhere environment that supports the delivery of exceptional client service and helps attract and retain the best talent. Through this program, EY is investing in offices that are designed for the way people work, state-of-the-art IT and new ways of working that center on flexibility and a good work-life balance. Our offices in Groningen, Leeuwarden, Rotterdam and Utrecht are already up and running as Workplaces of the Future. Last year we started the refurbishing of our office in Amsterdam. With an implementation rate of 52%, we comfortably achieved our target.

### Workplace of the Future implementation



The People Pulse found that 75% of our employees felt they had the flexibility they needed to achieve their personal and professional goals.

## Vitality

We believe in the power of healthy and active people, which is why we invest in dedicated programs to foster a healthy, dynamic and safe environment and to support the vitality of our teams.

The backbone of our vitality strategy consists of four programs tailored to different target groups and aimed at making a lasting contribution to a healthy work-life balance. Since their launch, more than 1,300 people have joined these programs. We now apply the expertise they generate in our firm-wide learning programs. These programs, which are provided mainly in the summer months, can reach even more people and convince them of the importance of wellbeing. Our people have primary responsibility for their own wellbeing, but we enjoy helping them. We have introduced an online self-help tool (GRIP) to measure energy and stress levels at work and advise on how to improve them. As a next step in the Fit4theJob program, we have created a Social Brain course as part of the Brain2Sustain track. Participants learn more about the basics of the brain and its processes in relation to energy and stress.

The Vitality program and other efforts to optimize working conditions kept absenteeism down to 3.0%, well in line with the previous year (3.2% in 2014/2015).



**Can you understand  
the full picture  
without seeing what  
lies beneath?**



The better the question. The better the answer. The better the world works.

# Operations – Strengthen global, empower local

## Our financial contribution

Our third strategic pillar – strengthen global, empower local – balances the global and local aspects of our business. At EY, globalization means using our global footprint wisely to serve global clients better, while creating operational efficiencies within our network to generate incremental earnings and investment capacity. But we are clear that globalization must not mean sapping the energy and entrepreneurialism from what happens on the ground every day in every one of our local market segments around the world. That's why we operate through regions and approach the market through local market segments. Strength at local level is essential for superior results – the revenues we need to invest in building a leading global professional services organization and to deliver competitive earnings and pay to our people to attract and retain world-class talent.

We present the combined income statement of Ernst & Young Nederland LLP and Holland Van Gijzen Advocaten en Notarissen LLP for the year ended June 30, 2016.

### Combined income statement (€ million)

Assurance  
Tax  
Advisory  
Transaction Advisory Services

Rendering of services  
Corporate Business Services

#### Revenue

Purchased services  
Employee expenses  
Depreciation and amortization  
Other operating expenses

#### Operating expenses

#### Operating profit

Finance income and expenses

#### Profit before tax

Income tax expenses

#### Profit for the fiscal year

Exceptional and undistributable items and interest on capital

#### Income available for distribution

	2015/2016	Δ	2014/2015
Assurance	303	2%	297
Tax	255	1%	253
Advisory	98	1%	97
Transaction Advisory Services	39	7%	37
Rendering of services	695	2%	684
Corporate Business Services	32	24%	26
<b>Revenue</b>	<b>727</b>	<b>2%</b>	<b>710</b>
Purchased services	88	3%	86
Employee expenses	322	7%	301
Depreciation and amortization	5	-17%	6
Other operating expenses	171	5%	163
<b>Operating expenses</b>	<b>586</b>	<b>5%</b>	<b>556</b>
<b>Operating profit</b>	<b>141</b>	<b>-8%</b>	<b>154</b>
Finance income and expenses	-6	-13%	-7
<b>Profit before tax</b>	<b>135</b>	<b>-8%</b>	<b>147</b>
Income tax expenses	-	-	-
<b>Profit for the fiscal year</b>	<b>135</b>	<b>-8%</b>	<b>147</b>
Exceptional and undistributable items and interest on capital	-20	-16%	-24
<b>Income available for distribution</b>	<b>115</b>	<b>-6%</b>	<b>123</b>

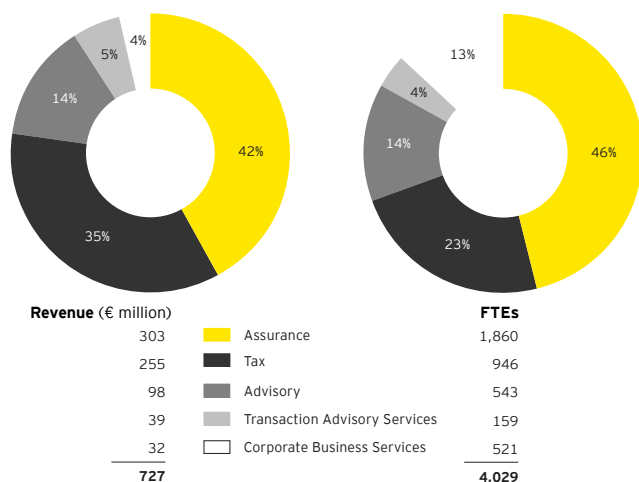


# Operations – Strengthen global, empower local

## Our financial contribution

Revenue from our core operating activities - Assurance, Tax, Advisory and TAS - increased by €11 million (2%) to €695 million. Our Corporate Business Services reported €6 million (23%) revenue growth to €32 million. As a result, overall revenue grew by €17 million (2%) to €727 million.

### Revenue and FTEs by service line 2015/2016



The former reflects the impact of mandatory audit rotation (e.g., transition of audit and non-audit engagements in addition to first year audits), investments in new tools, the continued rise in non-billable quality engagement hours, particularly in our audit business, and persistent fierce competition and pressure on prices.

Lower productivity was due mainly to the fact that the year had one production week less than in the previous year (which counted 53 production weeks). As a consequence, overall production revenue per client-serving professional was lower and so was our margin. This was manifest in Assurance, to a lesser extent in Advisory and only marginally in Tax. However, TAS reported a higher number and margin.

The average work force, partners included, increased from 3,731 FTEs to 4,029 in FY 2015/2016.

Our revenue growth of 2% did not keep pace with the substantial increase in client serving professionals of 9%. Weaker trading and productivity conditions compared to the previous year were the main causes of the decline.

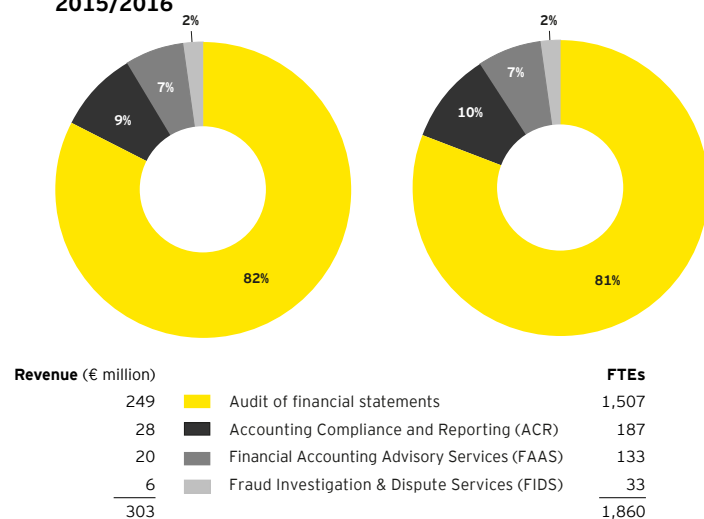
# Operations – Strengthen global, empower local

## Our financial contribution

### Assurance

Assurance achieved revenue of €303 million in FY 2015/2016, up €6 million (2%) on the year-earlier figures, and remained our biggest service line in terms of revenue.

### Assurance revenue and FTEs 2015/2016



Our audit practice reported €2 million (1%) revenue growth to €249 million. Mandatory audit rotation boosted the number of new engagements in our audit business.

In particular, we strengthened our position among listed companies and improved the portfolio balance and the spread across sectors. The associated transition costs and first-year audit investments had a marked impact on our results for the year. The number of hours was higher but so were client-serving professional numbers. The margin was tighter, chiefly because of the unbillable transition costs and the substantial investment of time and capacity required during an audit's first year.

Overall, we continued to prioritize investments in audit quality and spent more time on all of our engagements. Substantial investments were also made in digitization and data analytics to further improve the audit.

Assurance's non-audit activities had a solid year. We invested heavily in new services. FAAS, our specialized advisory service for complex accounting and reporting issues and annual closing processes, realized strong growth by enhancing its data analytics, treasury and risk management offering following the acquisition of i3 and Montesquieu. It also expanded its corporate governance consultancy practice. Revenue increased by €2 million (15%) to €20 million. We expect a further growth spurt in the years ahead. Fraud Investigation and Dispute Services (FIDS) saw its revenue increase by €1 million (15%) to €6 million and revenue at Accounting Compliance and Reporting (ACR) slightly increased by €1 million to €28 million.

The average workforce grew by 14% to 1,860 in FY 2015/2016.



# Operations – Strengthen global, empower local

## Our financial contribution

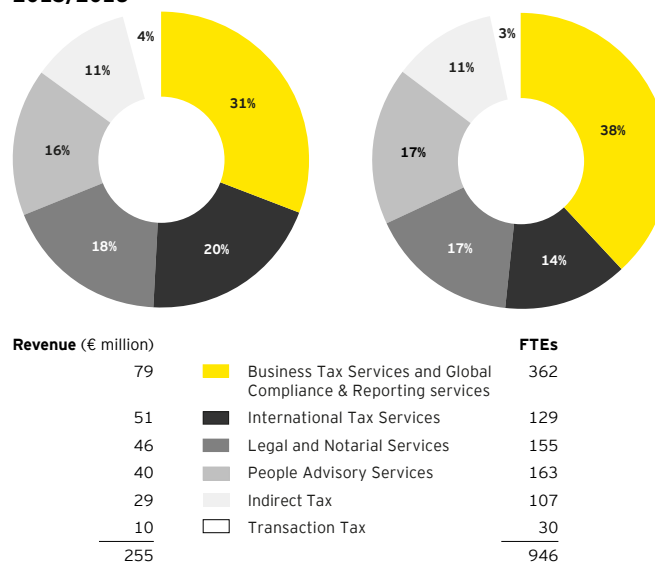
### Tax

The performance of our Tax practice was stable. Mandatory audit rotation and new independence regulations led to a significant loss of business but this was offset by some great wins and new service offerings. As a result, revenue was slightly higher. This is testament to the broad-based strength of our tax consultancy services. Revenue rose by €2 million (1%) to €255 million on a slight increase in hours and rates.

Our International Tax Advisory practice had a solid year with revenue of €51 million. Tax transparency and documentation projects increased during the year as a consequence of the Base Erosion and Profit Shifting (BEPS) rules. Last year we developed an innovative country-by-country reporting tool which shows at a glance how a business's income, revenues, financial performance, employees and income tax are distributed across the world. Many aspects of BEPS are concerned with transparency, and this tool enables more strategic discussions with clients about tax strategy, tax operations, tax risk management and even business operations that are influenced by tax.

Our Global Compliance & Reporting practice achieved further growth in global engagements. Multinationals are giving ever higher priority to compliance and are increasingly opting for a global rather than a national service provider to standardize their compliance processes. In recent years, increased automation has triggered a shift in the practice away from filing single tax returns towards the delivery of global tax compliance services.

**Tax revenue and FTEs  
2015/2016**



Transaction Tax had an excellent year in a firmer transaction market and reported €3 million (38%) growth and broke the €10 million revenue barrier.

Indirect Tax remained flat at €29 million and Business Tax Services saw a contraction triggered in part by an increase in the insourcing of tax work by our clients. The contraction was only partially offset by more work for government bodies following the introduction of corporate income tax for municipalities, provinces, water authorities and other public bodies as from 1 January 2016.

# Operations – Strengthen global, empower local

## Our financial contribution

Human Capital had an excellent year. Despite the loss of business due to mandatory audit rotation for public interest entities, it generated growth by acquiring new business. We merged our Human Capital activities with Advisory's People & Organizational Change services during the year to create People Advisory Services (PAS). We can now offer a proposition that seamlessly integrates global mobility, workplace effectiveness and talent and remuneration. PAS reported solid growth of €3 million (9%), lifting its revenue to €40 million.

Our long-term strategic alliance with Holland Van Gijzen Advocaten en Notarissen LLP turned in a solid performance, following strong growth in 2014/2015. Revenue in the Law practice was stable at €46 million.

The total average workforce at Tax increased from 910 FTEs to 946.

# Operations – Strengthen global, empower local

## Our financial contribution

### Advisory

Advisory's overall business revenue rose by €1 million (1%) to €98 million. In our performance improvement business, the combination of an industry-focused strategy, strong development of competences and a client-centric approach is working very well. Revenue increased by €3 million (10%) to €35 million mainly due to better trading conditions. With our big bets we are gaining strong ground in cyber, in digital and analytics. We have introduced a new suite of digital tools to market, published our global information security survey and continued to build our brand presence in analytics through media, events and partnerships.

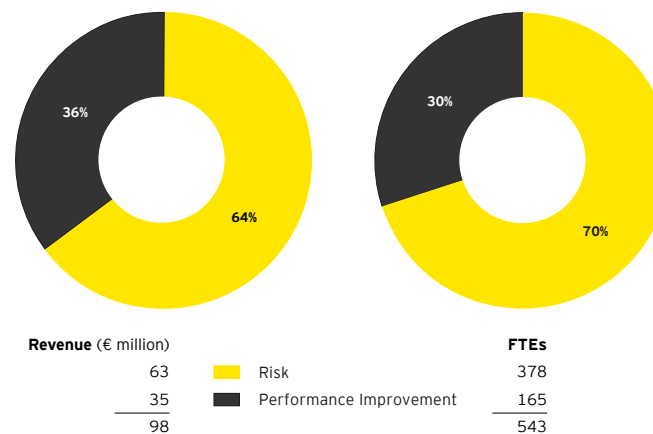
In August 2015 we completed the acquisition of Integrc to strengthen our governance, risk and compliance services and we continued to build our presence in business intelligence, digital and disruptive technology.

The number of multidisciplinary transformation engagements backed up by business intelligence, data analytics and ICT increased sharply. Information security again showed further growth.

Our risk advisory business decreased by €2 million (-3%). Transition and first-year audits impacted the results of our risk business adversely.

The Advisory workforce in FY 2015/2016 was 4% higher, increasing from 523 FTEs to 543.

**Advisory revenue and FTEs  
2015/2016**



# Operations – Strengthen global, empower local

## Our financial contribution

### Transaction Advisory Services (TAS)

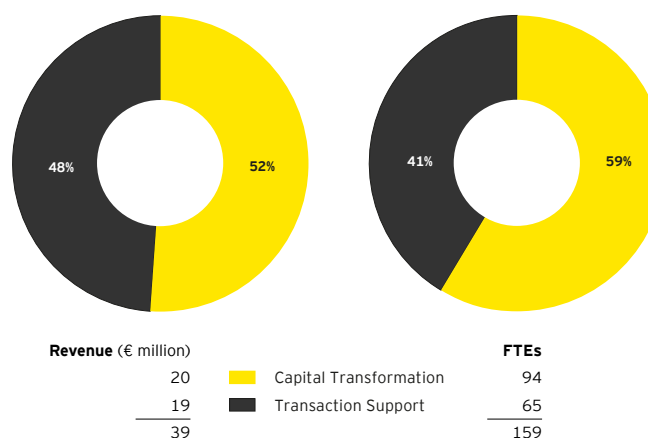
TAS can look back on an overall solid performance. On balance, TAS's revenue was €2 million (7%) higher at €39 million. The merger and acquisition market picked up in response to the economic recovery in Western Europe, continued low interest rates, high valuations, and the strong interest shown by private equity firms. The market was negatively impacted during the year, however, by weaker oil prices and market uncertainties.

In addition, investments made in recent years to strengthen and widen the quality of the services and to attract and retain talent, in combination with a sharper market focus, are bearing fruit. Companies are using M&A and capital allocation strategies to secure competitive advantage. In this context, TAS helps its clients develop and implement growth, portfolio and transaction strategies. By taking a more integrated approach to our services in accordance with our capital agenda, we have further strengthened our position in the market. The [capital agenda](#) played a key part in this improvement by helping clients take more balanced and better-reasoned decisions on capital management and transactions in a changing world.

The private equity market will boost TAS's revenue in the current year as a consequence of the acquisition of OC&C Strategy Consultants Benelux, which was completed on September 1, 2016.

The average workforce increased by 9% from 146 FTEs to 159.

### Transaction Advisory Services revenue and FTEs 2015/2016



# Operations – Strengthen global, empower local

## Our financial contribution

### **Higher expenses on the back of investments in new and experienced hires**

Operating expenses were 5% higher, as purchased services, employee expenses and other operating expenses all rose. The substantial investment in new and experienced hires was a main driver in this respect. The rise is reflected in the 10% increase in the average number of client-serving staff to 3,263 FTEs. The average number of support staff, however, fell slightly by 1% to 521 in line with our policy to grow our business with basically the same number of support staff. Higher staff numbers increased employee expenses and other operating expenses, including education and training, accommodation and IT costs.

### **Lower profitability**

In weaker trading and productivity conditions, revenue increased by only 2%, compared with a 5% increase in operating expenses. On balance, operating profit decreased by €13 million (-8%) to €141 million. Finance income and expenses improved by €1 million to €6 million negative. As a result, profit for the year fell by €12 million (-8%) to €135 million.

### **Income available for distribution**

The profit for the year is distributed to the partners' B.V.s after settling exceptional and undistributable items, such as pension obligations for retired partners, onerous contracts and interest on capital. These items amounted to €20 million in 2015/2016 (2014/2015: €24 million). As a consequence, income available for distribution to partners amounted to €115 million (2014/2015: €123 million).

### **Prospects**

We have managed to build a balanced portfolio in both audit and non-audit services. We will continue to invest in people, innovation and technology coupled with unabated improvements in service quality. We will keep a tight grip on prices, margins and costs in order to improve the size and quality of our profit.

In 2016/2017 our highest priority remains consolidating and optimizing our new portfolio and established accounts, with a view to achieving our 2020 Vision ambitions. The challenges will remain the same but our starting position has been improved by our experiences in the past year and the fact that we have moved into the second year of the transition. New audits will start in 2016/2017 and revenue from last year's acquisitions and the acquisition of OC&C Strategy Consultants Benelux will contribute to our top line, too. On the whole, we expect revenue in 2016/2017 to exceed last year's level. Our target is a 5% growth.

# Operations – Strengthen global, empower local

## Partner performance & remuneration

The remuneration criteria for partners and other professionals 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 and executive directors 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 the cornerstone of the evaluation process to document partners' goals and performance.

The remuneration criteria recognize different market values for different skills and roles and are designed to attract and retain high-performing individuals. The following factors are considered to determine the partners' contribution level: seniority, role and responsibility, long-term potential and mobility.

Partners are assessed annually on global goals: quality and effective risk management, people engagement and teaming, exceptional client service and quantitative metrics: revenue, sales/pipeline and margin. The overall rating scale runs from 1 (lowest) to 5 (highest). There is a cap on the overall rating if the assessment of either the quality and effective risk management or the people engagement and teaming metric is 'did not meet expectations'.

This means that a partner cannot receive an overall rating higher than 3 if the quality assessment is 'did not meet expectations' (and may be considered for a 2 rating depending on the circumstances that gave rise to the particular assessment).

Quality rating data is recorded in the EMEIA Quality Measurement Tool leading to a 3-point rating scale (did not meet expectations, met expectations and exceeded expectations).

Specific quality rating measures have been developed to account for (amongst other things):

- Technical excellence
- Living the EY values as demonstrated by behavior and attitude
- Demonstrating knowledge of, and leadership in, quality and risk management
- Compliance with policies and procedures
- Compliance with laws, regulations and professional obligations
- Contributing to protecting and enhancing the EY Brand.

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 separation from our firm.

The overall rating determines the partner reward. The partner reward includes a base reward and the possibility of a performance award. The system was changed during the fiscal year. The total base reward increased to 98% or more of the distributable income, while the total performance award pool was reduced to 2% or less of the distributable income. Also, the number of partners eligible for a performance reward was reduced to 10% or less of the partner population to confirm our policy of a modest bonus reward. To qualify for an performance reward entrepreneurship, quality of services, teaming and people engagement are important factors, whereas the quality and people rating should be at least: 'met expectations'.

# Operations – Strengthen global, empower local

## Partner performance & remuneration

More specific information on the remuneration policy of Ernst & Young Accountants LLP in the Netherlands, can be found in the [Transparency Report 2016](#).

The Board of Directors of Ernst & Young Nederland LLP receive their remuneration through their private limited liability companies (Besloten Vennootschap met beperkte aansprakelijkheid, B.V.). Information about their remuneration is included in the [Financial Statements 2015/2016 of Ernst & Young Nederland LLP](#).

Income available for distribution amounted to €115 million (2014/2015: €123 million). Average income for 245 partners (2014/2015: 229 partners) therefore amounted to €470k (2014/2015: €537k). Partner income covers such items as salary, pension, business expenses, depreciation, insurance premiums, wage tax, social security, income tax, dividend tax and the B.V.s' own corporate income tax liability.



[Transparency Report 2016](#)

# Operations – Strengthen global, empower local

## Sustainability in operations

As our business is driven mainly by the capabilities and skills of our people, the implications of climate change are limited and indirect. EY believes the biggest contribution we can make to promoting sustainable business is to support our clients and the market in moving toward a more responsible economy.

At EY we are also challenging ourselves to work more sustainably and taking measurable actions to further reduce our carbon footprint and waste stream. Our ecological footprint is due almost entirely to staff mobility (commuting and traveling to client sites) and office energy consumption.

Our flexible Workplace of the Future concept gives our people more choice between working at home or another location and calls for a fresh approach to mobility, for both private and business travel. Against this background, we have developed a concept for integrated, smart, sustainable mobility which rests on three pillars: fewer, more efficient and cleaner journeys.

A mobility portal has been set up to provide all our people with information on all aspects of the mobility policy. It guides staff entitled to a car lease through the mobility package selection process and also gives access to the booking system for the e-share facilities. A number of our clients have shown an interest in our mobility concept. This is yet another challenge for us to help build a better working world.

In the area of office accommodation, we pay particular attention to energy consumption, office certification, video conferencing facilities, new heating and cooling systems and green electricity, in addition to our Workplace of the Future program.

Sustainability criteria are active elements in our procurement policy and a theme in our dialogue with suppliers.

In total, we still reduced our CO<sub>2</sub> impact by 25% compared with our 2008/2009 baseline of 25,985 tCO<sub>2</sub> to 19,510 tCO<sub>2</sub> (see [appendix 11](#)), but compared with the previous year there was an increase of 6%. Travel by car and train, next to office energy consumption, drove the growth. The 8% increase in the number of our people compared with 2014/2015 was also an important driver of the rise. Per FTE the emission reduced by 2% to 4.8 tCO<sub>2</sub>.

### Greenhouse Gas Emission

Emission in tCO <sub>2</sub>	2015/2016	2014/2015
Car travel	11,892	11,647
Air travel	4,197	3,940
Train travel	43	32
<b>Total travel</b>	<b>16,132</b>	<b>15,619</b>
Paper usage	170	169
Waste	392	348
Office energy consumption	2,816	2,321
<b>Total</b>	<b>19,510</b>	<b>18,457</b>
<b>tCO<sub>2</sub> per FTE</b>	<b>4.8</b>	<b>4.9</b>



# Operations – Strengthen global, empower local

## Sustainability in operations

### Travel

The 245 tCO<sub>2</sub> increase (2%) caused by car travel compared with last year was due to the growth of our workforce and consequently of our car fleet by 10%. Carbon emission per car however was 4.5% lower. The carbon emission of flights increased on the previous year by 6.5% due to a 6.7% increase in flight kilometers. CO<sub>2</sub> emissions from train travel increased by 34% compared to the previous year. EY employees made more use of their train business cards.

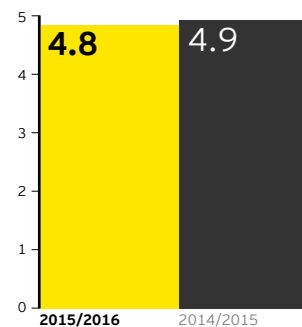
### Paper and waste

Paper consumption and waste increased from 585 tCO<sub>2</sub> in FY 2014/2015 to 649 tCO<sub>2</sub> in FY 2015/2016 (11%). The increase was due mainly to the one-off refurbishment of the office in Amsterdam.

### Office energy consumption

The office energy usage shows the largest CO<sub>2</sub> reduction (67%) compared with baseline year 2008/2009. This is due to office space reductions and all the sustainability actions mentioned above. The increase compared to FY 2014/2015 (495 tCO<sub>2</sub>) is disappointing although a technical reason (one-time lower use of certificates) explains a major part of the increase. Nevertheless, we should improve next year.

### Emission in tCO<sub>2</sub> per FTE



# Operations – Strengthen global, empower local

## Quality management

Quality and risk management are key elements of Vision 2020. Our policy framework underpins this, starting with our Values:

- 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.

These values are the basis for our Global Code of Conduct, which provides a clear set of standards and behaviors that guide our actions as well as our interaction with society and our business conduct. In addition, we have various policies in place, including specific confidentiality, anti-bribery and insider trading policies.

The responsibility for delivering quality and managing quality control programs lies with the service lines. Our central Risk Management function oversees the application of policies and practices that are aimed at managing risk on the one hand, and safeguarding and improving quality as well as independence on the other hand.

### Quality management

Striving to provide exceptional client service means the delivery of professional and globally-consistent high quality services, based on objectivity, integrity, professional skepticism and adherence to rules, regulations and policies, as well as to EY and professional standards.

Setting the right tone at the top in this respect is a key responsibility of our combined Regional Leadership Team. We tell our people that quality and professional responsibility start with them. Both aspects are the most important elements of their work on a daily basis.

Through various forms of communication, senior management regularly reiterates the importance of delivering quality work and complying with rules and regulations, as well as professional standards and policies.

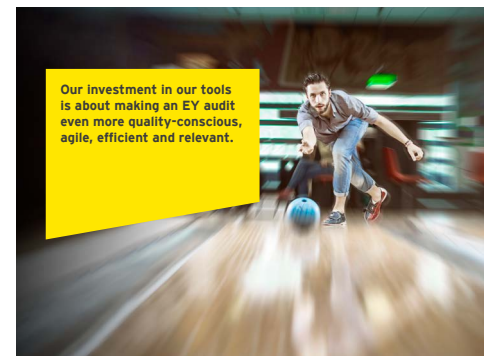
In line with this, quality of professional service is assessed as a key metric to evaluate and reward our professionals.

Our service lines are accountable for the delivery of quality in their engagements, including managing quality reviews and real-time quality assurance, which measures compliance with rules and regulations, professional standards and EY policies. The quality management system relevant to our audit practice is described in detail in the [Transparency Report 2016](#) issued by Ernst & Young Accountants LLP. This description relates only to the Assurance service line, but similar quality and risk management systems are in operation within the other service lines.

The main quality management processes include quality control programs, client and engagement acceptance as well as 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.



[Read the interview with Nout van Es.](#)

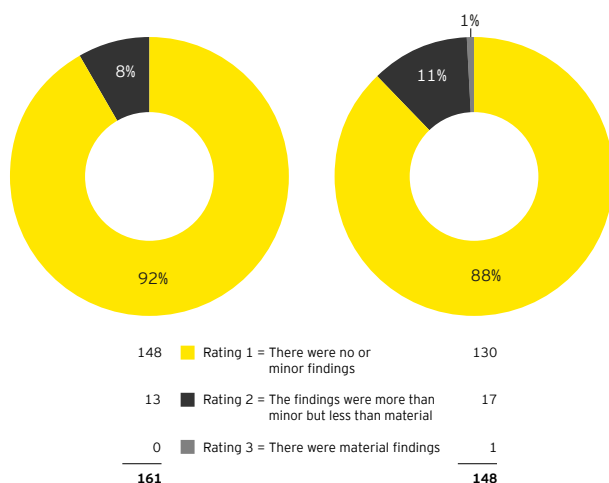
# Operations – Strengthen global, empower local

## Quality management

### Quality review engagements

2015/2016

2014/2015



The control programs are executed annually by the service lines, with engagements being selected for according to their inherent risk profile. The aim is to review the engagements of approximately one-third of our partners each year.

The programs' results are evaluated and communicated so that quality improvements can be made. 161 engagements were reviewed last year, with no engagements receiving a rating 3. The target remains to have no rating 3 engagements and to increase the percentage of rating 1 engagements.

### Client and engagement acceptance and continuance

EY's client and engagement acceptance and continuance policy sets out the principles used to determine whether we accept or continue with a client or engagement. The acceptance procedure 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 through the acceptance and continuance requirements step by step. In FY 2015/2016 17,849 assessments were processed.

# Operations – Strengthen global, empower local

## Quality management

### Independence

We consider and evaluate independence from several perspectives, including our financial relationships and those of our people, employment relationships, business relationships, the permissibility of the non-audit services we provide to audit clients, partner rotation, fee arrangements, audit committee preapproval, where applicable, and partner remuneration and compensation.

We have implemented EY's global applications, augmented for our local Dutch requirements, tools and processes to support our compliance with independence policies:

- ▶ The EY Global Independence Policy contains the independence requirements for member firms, professionals and other personnel. It is a robust policy predicated on the IESBA Code of Ethics, supplemented with more stringent requirements based on the ViO (Auditor Independence Regulations) and has incorporated the new requirements arising from the EU audit reform. The EY Global Independence Policy is readily accessible and easily searchable through EY's intranet. The Dutch Independence Supplement explains the specific Dutch statutory requirements for all EY professionals ([see also Transparency Report 2016](#)).
- ▶ The Global Independence System (GIS) is an intranet-based tool that helps our professionals identify the listed entities from which independence is required and the independence restrictions that apply. The tool includes family-tree data relating to affiliates of listed audit clients and is updated by client-serving engagement teams. We intensively reviewed both existing audit clients and other significant public entities as part of our readiness process for mandatory audit firm rotations. We currently track Dutch PIEs to assess the expected rotation date, and have developed internal screening and decision protocols to assess our independence well ahead of the expected request for proposal dates.
- ▶ The Global Monitoring System (GMS) is another important global tool that helps identify proscribed securities and other impermissible financial interests. Professionals in managerial and higher positions are required to record in the GMS any securities they or their immediate family hold. When a person records a proscribed security or if a security they hold becomes proscribed, they receive a notice and are either required to dispose of the security or to confirm their independence from the issuer. Similarly, employees are immediately notified when they charge hours on client engagements where they also hold any securities. Identified exceptions are reported through the Global Independence Incident Reporting System (GIIRS) for regulatory matters. The GMS also facilitates annual and quarterly confirmation of compliance with independence policies as described below.
- ▶ EY has established a number of procedures and programs to monitor the compliance of all member firms and their people with independence requirements. These include timely and accurate completion of annual and quarterly independence confirmations by all partners. All other EY professionals are required to confirm compliance with independence policies and procedures at least once a year. Also annually, EY in the Netherlands is included in an Area-wide process to confirm compliance with the Global Independence Policy and requirements and to report identified exceptions. We assess and monitor our portfolio of services on an ongoing basis to confirm that they are permitted by law and professional standards, and to make sure that EY has the right methodologies, procedures and processes in place as new service offerings are developed. EY restricts the provision of services that could present undue independence or other risks.

# Operations – Strengthen global, empower local

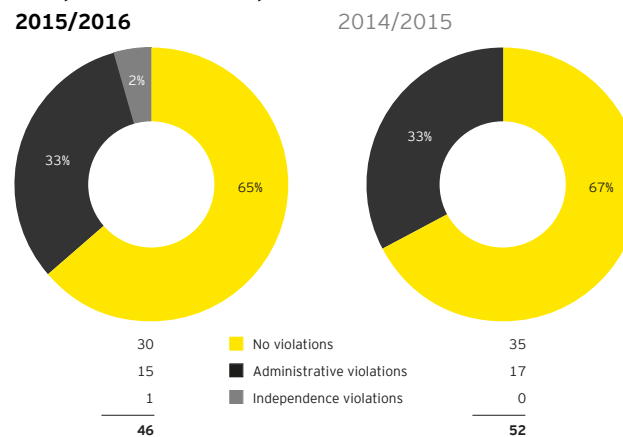
## Quality management

- ▶ The Service Offering Reference Tool (SORT) provides EY people with information about EY's service offerings. It includes guidance about which services can be delivered to audit and non-audit clients, as well as about independence and other risk management issues. Compliance is the primary responsibility of our partners, and through a number of monitoring programs we check that violations of Global and Dutch rules do not go undetected.
- ▶ The Business Relationship Evaluation Tool (BRET) helps support our business relationships' compliance with independence requirements. Our people are required to use BRET in many circumstances to evaluate and obtain advance approval of potential business relationships with an audit client.
- ▶ EY Global Internal Audit (GIA) conducts a number of tests and visits to assess member firms' compliance with independence requirements. The most recent GIA review took place during visits in 2014. In addition, our processes are reviewed by external supervisory bodies such as the AFM and the PCAOB.

Each year, a program to test compliance with personal independence requirements is executed through our Personal Independence Compliance Testing (PICT) program. In the FY 2015/2016 testing cycle, 46 partners and directors were tested. The outcomes are shown in the independence review table.

The number of regulatory violations was limited to just one case in FY 2015/2016. Nevertheless, our goal is to have no such exceptions. The number of administrative violations is deemed too high. Our goal is to achieve a significant reduction. Therefore, a dedicated remediation plan has been developed for upcoming years aimed at, among other things, more training and intensified compliance testing.

### Independence review partners



\* Data covering other ranks can be found in the [Transparency Report 2016](#).

# Operations – Strengthen global, empower local

## Risk management

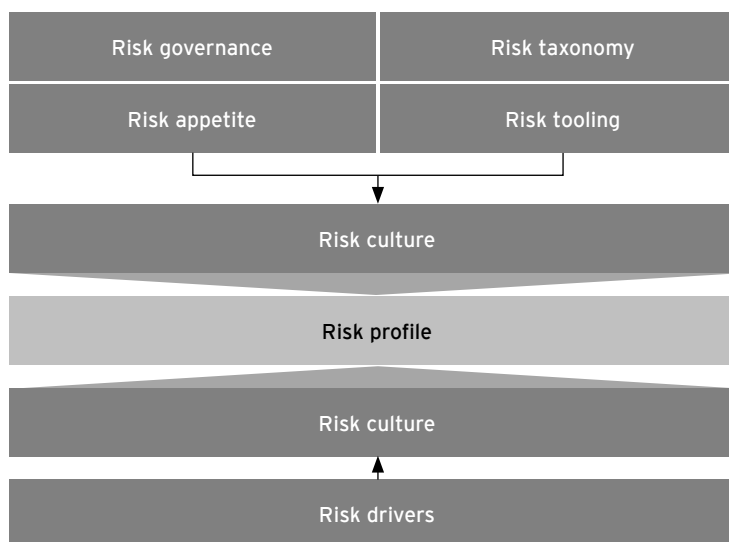
### Risk approach

Adapting to changes in a volatile business and social environment, risk management is key for our sustainable success. Trends in the environment in which we operate require a structured risk approach. Main trends that impact our business activities and ask for a risk response are changing public opinions and views, increasing regulation, geo political developments, new technologies and delivery models, disruption, cybercrime and sustainability.

EY is committed to doing its part in building a better working world. This commitment drives our business values that underpin our belief to conduct all of our business activities in conformity with the highest ethical standards. Our risk management approach is tied in with our values and Vision 2020 to identify, assess and pro-actively manage risks and opportunities. The main objectives in our risk approach are diversification and focus on our portfolio management, trustworthy stakeholder management, sustainable client relationships and business operations.

### Risk profile

Our risk profile is based on an enterprise-wide risk management framework owned by the EY Global Risk Management function. In our framework, all risk types are identified to provide an integrated view on EY's risk profile. The Board of Directors of Ernst & Young Nederland LLP, through the combined Regional Leadership Team of Belgium and the Netherlands, has overall responsibility to review and address EY's risk profile. Main elements for assessing EY's risk profile and to understand our risk drivers are our risk taxonomy, risk governance, risk appetite and risk tooling. Our risk profile is embedded in a risk culture by means of communication and awareness.



### Risk taxonomy

Our risk taxonomy is the classification of the risks to which EY is exposed into different risk types. In FY 2015/2016 EY initiated a program to further enhance this risk classification and risk assessment methodology. A formalized risk management strategic assessment approach across all service lines was introduced, including a focus on internal and external factors, in order to provide full coverage of the organization and its major risk exposures.

# Operations – Strengthen global, empower local

## Risk management

In FY 2016/2017 we will continue our work on the risk taxonomy in order to provide a common risk language and to further increase our risk analysis capabilities and to consistently aggregate risks across our organization.

### **Risk governance**

Our risk management governance starts with clear risk ownership. Whilst enterprise-wide risk management is under the responsibility of the risk management function at corporate level, risk management is the responsibility of every professional. This responsibility includes acting in conformity with external and internal regulations, policies and standards whilst carrying out our professional duties, and to always consult and live our values.

The risk management function is positioned at corporate level under the leadership of the BeNe Risk Management Leader who is a member of the combined Regional Leadership Team. A three lines of defense model provides a clear division of responsibilities regarding risk ownership (all partners and employees responsible for professional services execution and support), risk control (functions responsible for policy setting, risk monitoring and reporting and ensuring that all professionals take risk ownership) and risk assurance (evaluating the effectiveness of risk controls both at the level of governance as well as in underlying processes by means of quality reviews and through the activities of Global Internal Audit).

1 <sup>st</sup> Line of defense: Professionals and professional support	<ul style="list-style-type: none"><li>▸ Execution professional activities in conformity with policies, rules and regulations</li><li>▸ Make decisions in line with risk appetite</li><li>▸ Risk ownership</li><li>▸ Evaluate risks and check internal controls</li></ul>
2 <sup>nd</sup> Line of defense: Risk & control functions	<ul style="list-style-type: none"><li>▸ Setting risk policies, risk methodology and framework</li><li>▸ Approval of levels of risk taking</li><li>▸ Risk support, education and advice</li><li>▸ Ensure 1st line takes risk ownership</li><li>▸ Risk oversight (monitoring and reporting)</li></ul>
3 <sup>rd</sup> Line of defense: Quality reviews and Global Internal Audit	<ul style="list-style-type: none"><li>▸ Review 1<sup>st</sup> and 2<sup>nd</sup> lines</li><li>▸ Independent assessment</li></ul>



# Operations – Strengthen global, empower local

## Risk management

### Risk appetite

Our risk appetite determines the level and nature of risk EY is willing to take to achieve our strategic objectives taking into account stakeholders considerations and the nature of our business activities. Depending on the nature of the risks, more critical tolerances apply. For certain risks, such as integrity risk, we have a zero tolerance approach as these directly impact our license to operate. For other types we apply a more calculated risk approach.

Important elements that influence our risk appetite are

- The role of EY in society where trust is our most valuable asset
- Social attitudes and values
- Rules and regulations including independence requirements
- Professional and know-how requirements
- Sector concentration
- No surprise culture
- EY global and local policies

Although our risk appetite so far has been an integral part of our strategy, EY acknowledged the need for a structural approach towards the development of formalized risk appetite statements at the level of EY NL and for the different service lines going forward.

### Risk tooling

Risk identification, measurement, mitigation, monitoring and reporting mechanisms are established through our risk management framework consisting of a set of policies, procedures and processes covering all aspects and stages of our business activities such as client and engagement acceptance and continuance policies and procedures, independence checks, consultation processes and quality reviews.

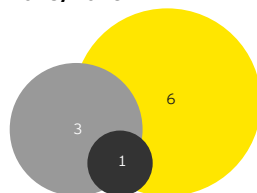
### Risk culture

We foster a risk culture in which all of our people understand the risks associated with their professional activities and know how to act accordingly. Our stance consistently is that no single client and no single partner is more important than professional reputation – the reputation of EY NL and the reputation of our individual professionals. Partners and employees are expected to understand the risk drivers that influence our risk profile and to take firm ownership of these risks whilst executing their professional activities. We aim to continuously improve our risk awareness by means of learning initiatives and by evaluation mechanisms.

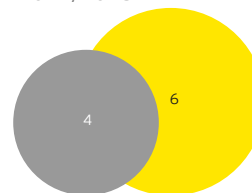
### Proceedings

Legal and contractual restrictions apply to the level of transparency regarding proceedings. In this report we share the comparative number of proceedings, for more detail we refer to the [Transparency report](#).

#### Proceedings 2015/2016



#### 2014/2015



- Civil proceedings
- Disciplinary proceedings
- Administrative proceedings

The main risks that our company faces at EY NL level and that could threaten the achievement of our strategic objectives are summarized below as well as the mitigating actions that have been identified to manage following risks:

Strategy	Strategic priorities	Risks that matter	Risk mitigation
<b>Markets</b>  Focus on winning in the market	<ul style="list-style-type: none"> <li>▶ Deliver exceptional client service</li> <li>▶ Grow revenue</li> <li>▶ Invest in brand</li> <li>▶ Foster stakeholder relationships</li> <li>▶ Invest in innovation</li> </ul>	<ul style="list-style-type: none"> <li>▶ Not exceeding client expectations</li> <li>▶ Ability to continue entrepreneurship in a highly dynamic environment with increased regulation</li> <li>▶ Sufficient technology leverage in our service offerings</li> </ul>	<ul style="list-style-type: none"> <li>▶ Exceptional Client Service framework</li> <li>▶ Gain full insight into sectors and markets</li> <li>▶ Account management framework</li> <li>▶ Quality and risk management</li> <li>▶ Go to market strategy based on market segments</li> <li>▶ Corporate branding</li> <li>▶ Stakeholder management</li> <li>▶ Culture change and quality improvement programs</li> <li>▶ Innovative services, e.g., EYnovation</li> <li>▶ Innovation initiatives, e.g., Innovate EY</li> <li>▶ Acquisitions and alliances with technology partners</li> </ul>
<b>Talent</b>  Create highest performing teams	<ul style="list-style-type: none"> <li>▶ Execute teaming programs</li> <li>▶ Accelerate diversity and inclusiveness</li> <li>▶ Implement workplace of the Future</li> <li>▶ Invest in talent recruitment, retention and development</li> </ul>	<ul style="list-style-type: none"> <li>▶ Actively coach our people on the job</li> <li>▶ Achieve a healthy work/life balance</li> <li>▶ Obtain diversity at all levels</li> <li>▶ Protect the attractiveness of the profession</li> </ul>	<ul style="list-style-type: none"> <li>▶ 360° feedback and coaching initiatives</li> <li>▶ New ways of working</li> <li>▶ Diversity initiatives and targets</li> <li>▶ Counseling family trees</li> <li>▶ Personal career design</li> <li>▶ Learning and development programs</li> <li>▶ Future oriented and contemporary recruitment approaches</li> <li>▶ EY Experience for life</li> <li>▶ Vitality programs</li> </ul>
<b>Operations</b>  Strengthen global, empower local	<ul style="list-style-type: none"> <li>▶ Maintain operational excellence</li> <li>▶ Promote culture of quality and integrity</li> <li>▶ Focus on personal independence compliance</li> <li>▶ Minimize carbon in operations</li> </ul>	<ul style="list-style-type: none"> <li>▶ Protect our margin and efficiently execute our services</li> <li>▶ Adapt the global IT systems in an agile way and meet local requirements</li> <li>▶ Ability to meet expectations of the society at large</li> </ul>	<ul style="list-style-type: none"> <li>▶ Deal review process</li> <li>▶ Operational excellence programs</li> <li>▶ Business control framework</li> <li>▶ Global and local tooling, data privacy and security systems</li> <li>▶ ISO certification</li> <li>▶ Quality and risk management</li> <li>▶ Values and Global Code of Conduct</li> <li>▶ Culture change and quality improvement programs</li> <li>▶ Embed desired behavior</li> <li>▶ Stakeholder management</li> <li>▶ Sustainability in operations program</li> </ul>

# Operations – Strengthen global, empower local

## Risk management

### **In control statement**

The Board of Directors of Ernst & Young Nederland LLP has final responsibility for designing and operating effective risk management and internal control systems. This includes a broad range of policies and procedures, processes and guiding people's behavior in such a way that the firm can achieve its objectives. Measures regarding the general control environment such as the Global Code of Conduct, the firm's risk management principles, authority schedules as well as client acceptance and continuance procedures are important elements in our system of controls.

The Board of Directors acknowledges the importance of risk management and internal control systems and has initiated the establishment of a more comprehensive insight in internal control effectiveness by means of a phased implementation of an internal control framework based on the COSO model.

The risk management and control systems are designed to provide reasonable but not absolute assurance that the significant risks to which the firm is exposed are managed.

Due to its inherent limitations, these systems do not provide complete assurance on the realization of business objectives and cannot at all times prevent inaccuracies, fraud and non-compliance with rules and regulations.

In the course of this review of effectiveness of internal controls we have not identified any significant weaknesses. However we have identified actions which we believe will further strengthen controls to mitigate EY's significant risks. Cognizant of the limitations above, the Board concluded that there was reasonable assurance regarding the operational effectiveness of the internal control framework and that the financial statements FY 2015/2016 do not contain any material misstatements.

The evaluation of the adequacy of the risk management and control systems and actions identified to improve these systems are discussed with the Supervisory Board.

Rotterdam, September 28, 2016

Coen Boogaart  
Michèle Hagers  
Jeroen Davidson

# 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 have been considered in this report and below we provide a high level overview of our governance model. The separately issued Transparency Report 2016 provides detailed insight into the structure, organization, management, quality control system and performance of Ernst & Young Accountants LLP.

### Structure

#### Global

EY refers collectively to the global network of member firms of Ernst & Young Global Limited (EYG). EY's central entity, EYG, coordinates the member firms and promotes cooperation among them. EYG does not provide services; its objectives include promoting the provision of exceptional, high-quality client service by its member firms worldwide. Each member firm is a legally distinct entity. The member firms' obligations and responsibilities are governed by the regulations of EYG and various other agreements. In July 2013, EY streamlined its operating model by creating the Executive and the Regions. The Executive includes the Global Executive (GE), its committees and teams, and the leadership of four Areas. This streamlined structure allows EY to further enhance its global scale and delivery of consistent exceptional client service worldwide, with the Executive responsible for one global approach to strategy, quality, risk management, business planning, investments and priorities. At the same time, this operating model allows for greater stakeholder focus in the 28 Regions, permitting member firms to build stronger relationships with clients and others in each country and to be more responsive to local needs.

The GE brings together EY's leadership functions, services and geographies. It is chaired by the Chairman and CEO of EYG and includes its Global Managing Partners of Client Service and Business Enablement; the Area Managing Partners; the global functional leadership for Talent and Finance; the leaders of the global service lines - Assurance, Advisory, Tax and Transaction Advisory Services; the Global Leader for Public Policy; and one EYG member firm partner on rotation. The GE also includes the Chair of the Global Accounts Committee and the Chair of the Emerging Markets Committee, as well as a representative from the emerging markets practices.

EY member firms are grouped into 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 section of those firms.

#### Global Governance Council and Independent non-executives

The Global Governance Council (GGC) is the main oversight body of EYG. It comprises one or more representatives from each Region, other member firm partners acting as representatives at-large, and six Independent Non-executives (INEs). The Regional representatives, who otherwise do not hold senior management roles, are elected by their Regional Partner Forums (RPFs) for a three-year term, with provisions for one successive re-appointment. The GGC advises EYG on policies, strategies and the public interest aspects of their decision-making. The approval of the GGC is required for a number of significant matters that could affect EY. Herman de Ruijter, chairman of our RPF, is a member of this council. INEs are appointed from outside EY and bring the global organization, and the GGC, the significant benefit of their varied perspectives and views.

# Governance

## Corporate governance

The INEs also form a majority of the Public Interest Sub-Committee of the GGC, which addresses public interest matters including stakeholder dialogue. The INEs are nominated by a dedicated committee.

### **EMEIA Area**

EY's activities in the Netherlands are part of the EMEIA Area. The EMEIA Area consists of 99 countries divided into 11 geographical Regions and an EMEIA Financial Services Organization Region (EMEIA FSO), which facilitates all services provided to the financial sector in the EMEIA Area. Together with Belgium, the Netherlands forms the BeNe Region. This Region does not include the financial sectors in both countries, as these industry sectors are part of the EMEIA FSO Region. Dutch partners are allocated to either the BeNe Region or the EMEIA FSO Region.

Ernst & Young (EMEIA) Limited (EMEIA Limited), an English company limited by guarantee, is the principal coordinating 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, has no financial operations and does not provide any professional services.

In Europe, a holding entity, Ernst & Young Europe LLP (EY Europe) was formed in conjunction with EMEIA Limited. EY Europe is an English limited liability partnership, owned by partners of the EYG member firms in Europe. It is an audit firm registered with the Institute of Chartered Accountants in England and Wales (ICAEW), 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 voting 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.

### *Europe Operating Executive*

The Europe Operating Executive (EOE) operates as the board of EY Europe. It has authority and accountability for strategy execution and management of EY Europe's operations. The EOE comprises: the Europe Managing Partner; the leaders for Accounts, Talent and Risk Management; the service line leaders for Assurance, Advisory, Transaction Advisory Services and Tax; and all European Regional Managing Partners.

### *Europe Governance Sub-Committee*

EY Europe has the Europe Governance Sub-Committee, which includes one representative from each Region in Europe. It serves in an advisory role to the EOE on policies, strategies and other matters, and its approval is required for a number of significant matters, e.g., the appointment of the Europe Managing Partner, approval of the financial reports of EY Europe and material transactions.

### **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 LLP are also co-owners of Ernst & Young Nederland LLP.

Ernst & Young Accountants LLP is licensed by the Netherlands Authority for the Financial Markets to carry out statutory audits (including audits of public interest entities).

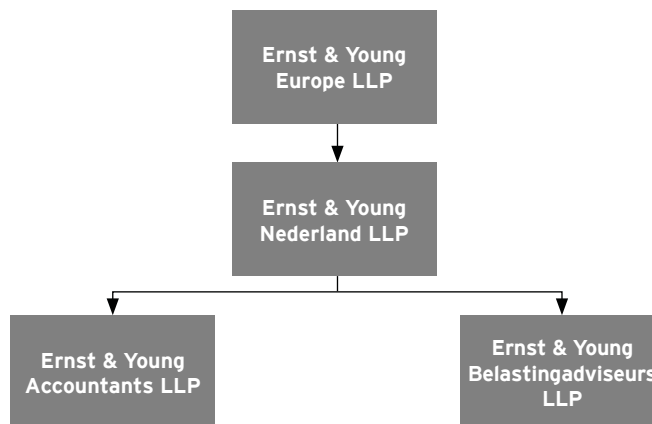
# Governance

## Corporate governance

The EY network operates from 16 offices in the Netherlands and in 2015/2016 consisted of:

- ▶ Ernst & Young Nederland LLP
- ▶ Ernst & Young Accountants LLP
- ▶ Ernst & Young Belastingadviseurs LLP
- ▶ Ernst & Young Actuarissen B.V.
- ▶ Ernst & Young CertifyPoint B.V. - independent and impartial certification institute
- ▶ Ernst & Young VAT Rep B.V. - VAT representation services
- ▶ Ernst & Young Real Estate Advisory Services B.V. - real estate investment advisory and valuations
- ▶ Stichting Ernst & Young Foundation - supports sustainability and environmental initiatives by non-profit organizations
- ▶ Centre B.V. - provides Enterprise Performance Management (EPM) services
- ▶ CFORS B.V. - development of software solutions for banks and insurers, enabling them to comply with new reporting standards, such as Solvency II, CRD IV and IFRS 4
- ▶ Parthenon-EY B.V. - global strategy consulting
- ▶ Integrc Netherlands B.V. - advice regarding SAP systems, specifically SAP GRC
- ▶ EY Intelligence in Information B.V.
- ▶ EY Montesquieu Finance B.V.
- ▶ EY Montesquieu Institutional Risk Management B.V.

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 to partners of Ernst & Young Nederland LLP.

Ernst & Young Europe LLP has no controlling interest in Ernst & Young Nederland LLP.

# Governance

## Corporate governance

### Board of Directors

Ernst & Young Nederland LLP is governed by a Board of Directors elected by Ernst & Young Europe LLP and approved by the Supervisory Board of EY NL. In fiscal year 2015/2016 the Board members were Marcel van Loo (Chair, Country Managing Partner in the Netherlands), Michèle Hagers (Chair of Ernst & Young Accountants LLP) and Jeroen Davidson (Chair of Ernst & Young Belastingadviseurs LLP). Board members are appointed for an indefinite period of time. Marcel van Loo resigned as Country Managing Partner and Chairman and was succeeded by Coen Boogaart as of July 1, 2016.

Responsibility	Name	Joined EY in	Member since	Diversity	
				Gender	Nationality
Country Managing Partner	Coen Boogaart	1985	01-07-2016	Male	NL
Assurance Leader	Michèle Hagers	1989	01-07-2014	Female	NL
Tax Leader	Jeroen Davidson	1990	01-07-2013	Male	NL

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 receive their remuneration for their roles as Directors through their respective practice firms. The Board is responsible for the commercial and financial policies and reputational standing of EY.



# Governance

## Corporate governance

### Regional Leadership Team

In addition to the legal structure for the Netherlands, depicted before we operate our non-Financial Services Organization in Belgium and the Netherlands (BeNe) through the current combined Regional Leadership Team:

Responsibility	Name	Joined EY in	Member since	Diversity	
				Gender	Nationality
Regional Managing Partner	Rudi Braes	1990	01-07-2011	Male	B
Country Managing Partner	Coen Boogaart*	1985	01-07-2016	Male	NL
Assurance	Michèle Hagers	1989	01-07-2014	Female	NL
Tax	Jeroen Davidson	1990	01-07-2013	Male	NL
Advisory	Thomas Sileghem	1999	01-01-2013	Male	B
TAS	Marc Guns	1985	01-07-2008	Male	B
Markets	Bea Haring	1990	01-07-2008	Female	NL
Talent	Lorenzo van Wieringen	2015	01-09-2015	Male	NL
Risk	Patrick Rottiers**	1988	01-07-2016	Male	B
Operations	Erik Kamphuis	2002	01-07-2012	Male	NL

\* As of July 1, 2016, Marcel van Loo (joined EY in 1989, member since 01-07-2013) was succeeded by Coen Boogaart as Country Managing Partner the Netherlands.

\*\*As of July 1, 2016, Herman Schepers was succeeded by Patrick Rottiers as BeNe Risk Management Leader.

# Governance

## Corporate governance

The Financial Services Organization in the Netherlands is led by:

Responsibility	Name	Joined EY in	Member since	Diversity	
				Gender	Nationality
Managing Partner	André ten Damme	2013	01-07-2015	Male	NL

### Supervisory Board

On July 24, 2015 EY announced the composition of its newly incorporated Supervisory Board. This Board currently consists of three external members and one non-independent member from EY's international organization. A fifth member is being sought. Members have been appointed for a four-year period. EY's Supervisory Board began exercising its supervision with effect from 2015/2016, which commenced on July 1, 2015.

Name		Member since	Independent member	Diversity	
				Gender	Nationality
Pauline van der Meer Mohr	Chair	01-07-2015	Yes	Female	NL
Steven van Eijck		01-07-2015	Yes	Male	NL
Monique Maarsen		01-07-2015	Yes	Female	NL
Jean-Yves Jégourel		01-07-2015	No	Male	FR

# Governance

## Corporate governance

### **Regional Partner Forum (RPF)**

The RPF is an advisory body for the combined Regional Leadership Team acting on behalf of the partners. It convenes on a regular basis to discuss matters of strategy and operations and advises and serves as a sounding board for the combined Regional Leadership Team. It also provides input to the Global Governance Council.

### **Corporate Responsibility Working Group**

In the past fiscal year, we integrated the structures in place for Corporate Responsibility and the EY Foundation. The Foundation Board and the former CR Steering Committee have been combined in a newly composed Corporate Responsibility Working Group. This working group initiates corporate responsibility measures, advises the combined Regional Leadership Team and monitors responsible citizenship goals and the CR program of activities. The CR Working Group consists of a representative of all EY service lines and the Markets, Talent, Operations and Brand Marketing & Communications leaders. The CR Working Group is chaired by the CMP and meets 2-3 times a year.

### **Stakeholder Dialogue Steering Committee**

In 2013/2014, EY established a Stakeholder Dialogue Steering Committee to manage its stakeholder engagement in the Netherlands.

### **Code of Conduct**

Our organization is built on strong internal structures and frameworks. They include policies, checks and balances that form the foundations for our organization. They guide the behavior of each EY individual, help us limit risk, ensure independence and support anti-corruption and similar measures. Our Global Code of Conduct provides a clear set of standards to guide our actions and our business conduct.

Organized into five categories, the Code contains principles that are to be followed by everyone within EY. And we ask everyone at EY, no matter where they are in the world, to make a personal commitment to abide by our Global Code of Conduct, specifically with regard to:

- Working with one another
- Working with clients and others
- Acting with professional integrity
- Maintaining our objectivity and independence
- Respecting intellectual capital

### **Regulations**

EY has various regulations in place that set the frameworks for the performance of its constituent bodies or implement the rules applicable within EY. They include:

- Anti-bribery and insider trading policies
- Confidentiality policy
- Client acceptance and continuance policy
- Conflicts of interest policy
- Data privacy regulations
- Document retention regulations
- Fundamental rules
- Global Code of Conduct
- Independence policy
- Members' agreement
- 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.

# Governance

## Corporate governance

### Board of Directors



**Coen Boogaart (1960)** is presently Country Managing Partner and Chair of Ernst & Young Nederland LLP. He joined the EY organization in 1985 and has over 30 years' experience, mainly in managing the audit of global corporate clients and coordinating global audit teams. He has also acted as Global Client Service Partner and worked as Senior Advisory Partner for these clients with a special focus on financial services, technology, and health sciences. Coen has been Chairman of the Board of Ernst & Young Accountants in the Netherlands, and of EY's Global Governance Council, EY's Global Financial Services Committee and EY's Global Accounts Advisory Group.



**Michèle Hagers (1966)** has been a member of our Assurance Management Team since February 2011 and Chair since July 2014. Michèle joined EY in 1989 and became partner in 2000. In recent years Michèle was, amongst other roles, Managing Partner of our Amsterdam office. Michèle is specialized in Asset Management and her client experience lies mainly in the fashion and retail industry and the health sector. Michèle has served various multinational clients and helped solve significant, complex audit and accounting issues. She has also worked with clients facing complex organizational changes.



**Jeroen Davidson (1963)** joined EY in 1990 and was made partner at the firm in 2000. Since 2013 he has been responsible for our Tax and Law practices in the Netherlands and Belgium. His responsibilities include market growth, human resources development, quality and service line operations. Jeroen has broad experience in advising multinational clients on reorganizations and international planning. His primary focus is on Dutch and international taxation of financial institutions, mainly banks and other multinationals, in the Netherlands.

# Governance

## Corporate governance

### Supervisory Board



**Pauline van der Meer Mohr (1960, Chair)**

Pauline van der Meer Mohr was appointed as Chair of the Supervisory Board on 1 July 2015. She has extensive legal and human resources experience across a number of different sectors, together with valuable experience of contributing to the Dutch Banking Code Monitoring Commission.

Ms van der Meer Mohr is a member of the supervisory boards of ASML, DSM and independent non-executive Director at HSBC Holdings. She serves on several other supervisory and advisory boards, including being Chair of the Supervisory Board of Nederlands Dans Theater.

Her former appointments include: member of the Dutch Banking Code Monitoring Commission, President of the Executive Board of Erasmus University Rotterdam, Senior Executive Vice President and Head of Group Human Resources at ABN AMRO, Group Human Resources Director at TNT and several director positions at Shell.

Ms van der Meer Mohr holds a master's degree in law from Erasmus University Rotterdam as well as a master's degree in Dispute Resolution from the University of Amsterdam.



**Steven van Eijck, PhD (1959, Vice-chair)**

Steven van Eijck was appointed as Vice-chair of the Supervisory Board on 1 July 2015, after having been Chair of EY's Public Interest Committee from 2013 till 2015. Mr. van Eijck has extensive experience in academics, politics, business and philanthropy.

Among other posts, he is currently Chair of the Major Alliance and President of RAI Association which is responsible for the Dutch mobility industry.

He was State Secretary at the Ministry of Finance and served as Government Commissioner on policies regarding adolescents. Until joining government, Mr Van Eijck was a senior associate professor in various areas of finance and fiscal policy at Erasmus University Rotterdam. In addition, and over the years, he has founded various companies.

Mr Van Eijck holds a master's degree in Fiscal Economics and a PhD at Erasmus University Rotterdam.

# Supervisory Board

**Monique Maarsen (1968)**

Monique Maarsen was appointed to the Supervisory Board on 1 July 2015.

Ms Maarsen is Managing Director and owner of Maarsen Groep, bearing general ultimate responsibility for the group's operational and investment activities with a specialization in initiating developmental activities. She is Chair of the Supervisory Board of Stichting KiKa as well as fulfilling various advisory roles.

She started her career as an International Consultant at Nestlé in Switzerland and has been Investment Broker at DTZ Zadelhoff in London and Commercial Director at Maarsen Groep.

Ms Maarsen holds a master's degree in Business Administration and Management at Groningen University.

**Jean-Yves Jégourel (1961)**

Jean-Yves Jégourel has been appointed to the Supervisory Board at 1 July 2015. He has extensive experience on financial, M & A and cross-border transactions serving large multinationals across Europe and the United States.

As a member of the Board of Directors of EY EMEIA (Europe, Middle East, India, Africa) mr Jégourel is responsible for the Assurance practice.

He joined EY France in 1984 as an auditor and was appointed as audit partner in 1995. He has been member of the board of EY France and Luxembourg and Professional Practice Group Leader of EY in EMEIA. Before joining the board of EY EMEIA he was Vice-chair Quality and Risk Management for EY in the United States.

Mr Jégourel has graduated from the Brest Business School and holds a DEC (chartered accountant) degree.

# Report of the Supervisory Board

We were appointed to the Supervisory Board of Ernst & Young Nederland LLP (EY NL) on July 1, 2015. This first report provides an insight into the issues that occupied our Board in its capacity as supervisor of and advisor to the Board of Directors. Our activities during the year were guided by the principles of effective supervision, good governance and good operational management in the public interest.

## Duties and powers

The Supervisory Board has the general duty and corresponding powers to:

1. supervise the Board of Directors of EY NL, the firm's overall performance and that of the professional practices associated with it in the Netherlands;
2. supervise the policies of Ernst & Young Accountants NL LLP Executive Board, the overall performance of EYA and that of its audit practice;
3. supervise the Board of Directors insofar as the supervision relates to the policy and overall performance of professional practices other than EYA insofar as such policies and overall performance influence the quality of audits, the way in which the audit organization serves the public interest and the procedures to comply with the independence regulations and other professional codes of conduct (including codes of ethics) within EY NL.

Its roles and responsibilities are laid down in the Charter of the Supervisory Board ("*Reglement Raad van Commissarissen*") as adopted on June 27, 2016.

The Supervisory Board's mandate, composition and procedures are based on the Dutch Corporate Governance Code (DCGC), with some differences between EY NL's and the DCGC's envisaged target group on account of the specific legal and organizational aspects of EY NL.

The personal and financial independence of the members of the Supervisory Board are monitored by the Independence Officer of EY NL.

## Activities in 2015/2016

The members of the Supervisory Board participated in an introduction program following their appointment. The program covered, among other things, general financial and legal matters, financial reporting, quality, protection of the public interest and independence. The Supervisory Board also adopted the Charter laying down its duties and powers. The Charter can be read at <http://www.ey.com/NL/nl/About-us/EY-raad-van-commissarissen>

During its first year, the Supervisory Board held ten meetings (including four meetings by conference call). Besides these meetings, most of which were attended by all members of the Supervisory Board, several additional meetings were to discuss the onboarding program and meetings with internal and external stakeholders.

To fulfill its responsibilities, the Supervisory Board discussed matters relating to the protection of the public interest, audit quality control and the results of inspections. More information on issues relating specifically to the audit organization is provided in the Report of the Supervisory Board included in the Transparency Report of Ernst & Young Accountants LLP.



# Report of the Supervisory Board

Other topics considered during the meetings included:

- A norm for the time spent by directors and policy makers on management activities and audit activities, respectively;
- The regulations on private investments;
- The profiles of the members of the Board of Directors and the succession of the Country Managing Partner Marcel van Loo;
- KPIs and the remuneration policy for the Board of Directors and the individual members of the Board of Directors of EY NL. Each year, the Supervisory Board will evaluate the Board of Directors' performance in the previous year and set its remuneration for the current year;
- Appointments of partners in the audit practice;
- Proposals to amend the Fundamental Rules and Regulations of the Partnership;
- The claw-back regulation for the partners of Ernst & Young Accountants LLP, and the related amendment of the Fundamental Rules and Regulations of EY NL.

The Supervisory Board also discussed: strategy, the design and operation of internal risk management and control systems, acquisitions, including the approval of the acquisition of OC&C Strategy Consultants Benelux, and the findings of the branding survey and the labor market ratings.

No transactions or situations arose during the year that involved conflicts of interest.

In our opinion, the Board of Directors has taken good initiatives to improve quality and has made progress disciplining the internal organization and the decision-making process.

The Supervisory Board discussed and adopted its profile and composition and the supervision themes for the coming year and the resultant agenda for the year at a meeting not attended by the Board of Directors.

## **Financial Statements**

The 2015/2016 Integrated Annual Review and Financial Statements of EY NL have been prepared by the Board of Directors. The Financial Statements of EY NL have been audited by BDO LLP, the external auditors. Its findings were discussed with the Supervisory Board in the presence of the Board of Directors. The Supervisory Board has approved the Financial Statements of EY NL.

## **Composition and independence of the Supervisory Board**

The Supervisory Board is made up of a diverse team of members selected from many backgrounds.

On June 30, 2016 the Supervisory Board consisted of three external members and one non-independent member. The members were appointed as of July 1, 2015 for a period of four years. The retirement roster can lead to earlier reappointment.

### **Pauline van der Meer Mohr, Chair (b. 1960)**

Nationality: Dutch

Appointment: July 1, 2015 as independent member

Previous positions: President Executive Board, Erasmus University, various management positions at Shell, TNT and ABN AMRO

Other supervisory directorships: member of the Supervisory Boards of ASML and DSM, non-executive director of HSBC Holdings and Chair of the Supervisory Board of Nederlands Dans Theater.

# Report of the Supervisory Board

## **Steven van Eijck, Vice-chair (b. 1959)**

Nationality: Dutch

Appointment: July 1, 2015 as independent member

Previous positions: Chair of the Public Interest Committee of Ernst & Young Accountants, Chair of the Dutch Association of General Practitioners, State Secretary for Finance

Other positions: Chair of Major Alliance, President of the RAI Association for the Mobility Industry and of Stichting Verantwoord Alcoholgebruik (STIVA).

## **Monique Maarsen (b. 1968)**

Nationality: Dutch

Appointment: July 1, 2015 as independent member

Position: Managing Director and owner of real estate investment company the Maarsen Groep

Previous positions: various management positions at Nestlé International and DTZ Debenham Thorpe. Other supervisory directorships: Chair of the Supervisory Committee of Stichting KiKa  
Other positions: commercial and social advisory roles at Amsterdam and Rotterdam municipalities; the TheNextWomen platform and TEDx Amsterdam Women 2016.

## **Jean-Yves Jégourel (b. 1961)**

Nationality: French

Appointment: July 1, 2015 as non-independent member

Position: Member of EY Executive for Europe, Middle East, India and Africa since July 2014, leading the Assurance practice; EY partner since 1995

Previous positions: Vice-Chair of Quality and Risk Management for EY in the United States.

## **Supervisory Board vacancy**

There is a vacancy for a fifth member of the Supervisory Board.

The Supervisory Board will seek to fill the vacancy on the basis of the profile adopted on June 27, and intends to add a sixth member during the remainder of 2016/2017.

## **Evaluation of the performance of the Supervisory Board and the Board of Directors**

The Supervisory Board has evaluated its performance in the past fiscal year and adopted supervision themes for the coming year.

The Supervisory Board will evaluate the performance of the Board of Directors and of its individual members in October 2016.

## **In conclusion**

I was a challenging first year. The Supervisory Board looks forward to contributing to EY NL's ambition of building a better working world. We would like to like to express our sincere appreciation for the dedication and commitment of the Board of Directors, partners and employees of EY in the Netherlands.

Rotterdam, September 28, 2016

On behalf of the Supervisory Board,

Pauline van der Meer Mohr, Chair

# About this report

## Scope of this report

This Integrated Annual Review is published by EY in the Netherlands. It relates to the fiscal year ended June 30, 2016. It is designed to bring together material information about our strategy, performance, prospects and governance in a way that reflects the economic, social and environmental context in which we operate. It was prepared in accordance with the framework of the International Integrated Reporting Council (IIRC). We present our financial statements separately.

This review 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., Centre B.V., CFORS B.V., Integrc Netherlands B.V., EY Intelligence in Information B.V., EY Montesquieu Finance B.V., EY Montesquieu Institutional Risk Management B.V., Parthenon-EY 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 review.

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 such as aspire, strive, attempt and aim. These statements are subject to uncertainties, which is why our assurance provider cannot provide assurance on such forward-looking statements.

### **GRI G4 Content Index**

EY bases its Corporate Responsibility reporting on the fourth generation Global Reporting Initiative (G4) guidelines. The topics presented are consistent with our corporate responsibility 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 report has been prepared in accordance with the Comprehensive criteria. This report, including the GRI G4 Content Index, but excluding the in-control statement, was fully subject to both an internal audit by EY's auditors 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. XBRL is a standardized means to communicate and exchange business information between business systems.

### **Transparency report**

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](http://www.ey.com/nl).

# About this report

## Scope of this report

### **Materiality determination process**

We enhance transparency by disclosing our main issues and impacts in our Integrated Annual Review. In the previous year we had conducted an extensive stakeholder consultation in order to identify our material topics. Last year's process elaborated on the analysis we had made in the previous year, and we decided to update, complement and sharpen our material topics. The process comprised the following four steps:

1. Conduct desk research (internal and external documentation and meetings).
2. Take FY 2014/2015 material topics as the basis and update in accordance with outcome of desk research.
3. Finalize and validate with Board of Directors.
4. Determine FY 2015/2016 materiality.

### **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 relevant area.

# About this report

## Scope of this report

### EY NL at a glance - reporting principles

KPI	SCOPE	MEASUREMENT
Finance	Combined	Total revenue: sum of revenues as disclosed in the financial statements Operating cost ratio: operating expenses as disclosed in the financial statements as percentage of revenue Profit for the fiscal year: Profit for the year as disclosed in the financial statements Revenue by service line: allocation of revenues to service lines Revenue by industry market segment: allocation of revenues to industry market segment
Headcount by service lines	Combined	Year-end headcount
Headcount by rank and gender (ratio)	Combined	Year-end headcount
Headcount by age		Age per headcount at year end
People survey: engagement score	EYNL	Global People Pulse survey conducted by external party (IBM) across a range of topics relevant to our organization and our employees.
Retention rate top talent	Combined	Retention of people at end of financial year with personal performance scores of 4 and 5 over the previous financial year (on a scale of 1 to 5).
Value of our human capital	EYNL	We measured and monetized the following three aspects of Human capital: 1. The shared value of the human capital between EY and its personnel, calculated as the net spending of EY on salary and education costs of the employees. 2. The value of human capital to future employers, calculated as the net present value of the estimated margin that our alumni generate for their future employers. For this calculation, we assumed that the value of the human capital of our alumni is attributable to the learning at EY. This effect diminishes over time, hence we discounted the net present value by the depreciation rate of education. 3. The annual contribution to the government of EY's human capital, calculated as the taxes paid on the salary of employees in FY16.
Assessment of Service Quality (ASQ)	EYNL	% recommendation score $\geq 7$ of 196 clients headquartered or located in the Netherlands, on a scale of 1 (never) to 10 (always)
Quality Review engagements	EYNL	Internal reviews of engagements selected on the basis of risk, focusing on clients that are large, complex or of significant public interest. Primary goal of the review is to determine compliance with quality control systems, policies and procedures, professional standards, and regulatory standards. Is one of the remuneration criteria for partners.
Independence review partners	EYNL	Outcome of our yearly Personal Independence Compliance Testing (PICT) program This program tests compliance with personal independence confirmation requirements. In the FY 2015/2016 testing cycle, 46 partners and directors were tested.
Community engagement hours	EYNL	Community engagement hours consist of pro bono advisory, skills-based volunteering and CR staff hours.
Emission in tCO <sub>2</sub> per FTE	EYNL	Total emission in tCO <sub>2</sub> divided by the average total FTE including partners. For the 2015/2016 figures the latest known conversionfactors have been used. The comparable figures have been restated using the conversionfactors of 2015/2016.
Value of our natural capital	EYNL	We monetized our car travel, office energy consumption and air, train travel and waste using a Social Cost of Carbon (SCC), which we calculated based on literature of scientific organizations and institutions.

**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 reasonable assurance engagement of the Integrated Annual Review 2015/2016 (hereafter 'Integrated Report') of Ernst & Young Nederland LLP (hereafter 'EY') for the year ended 30 June 2016. The separate Appendix to the Integrated Report, the GRI G4 Content Index 2015/2016 (hereafter 'the GRI Index 2015/2016'), falls within the scope of this engagement. The references in the Integrated Report (to [www.ey.com/nl](http://www.ey.com/nl), external websites and other documents) are excluded from our engagement, with exception of the GRI-index 2015/2016.

## **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, including the identification of stakeholders and the selection of material topics.

The choices made by management regarding the scope of the non-financial information and the reporting policy are set out in the GRI reporting tables in the website version of the 2015/2016 Audit.

Management is also responsible for 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 an opinion on the Integrated Report based on the evidence we have obtained. We conducted our assurance engagement in accordance with Dutch Law, including the Dutch standard on auditing 3810N 'Assurance-opdrachten inzake maatschappelijke verslagen'. This requires that we comply with ethical requirements and that we plan and perform the assurance engagement to obtain reasonable assurance about whether the Integrated Report is free of material misstatements.

A reasonable assurance engagement in accordance with Dutch Standard of auditing 3810N 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. In order to get reasonable assurance on the Integrated Report, we performed substantive procedures to determine the correctness and completeness of the reported information.

# Assurance report of the independent auditor

To: Ernst & Young Nederland LLP

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

## **Opinion with respect to the Integrated Report**

In our opinion, the Integrated Report 2015/2016 for the year ended 30 June 2016 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, 28 September 2016

For and on behalf of BDO Audit & Assurance B.V.  
W.A. de Jong RA

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