



Annual Review 2021/2022

Ernst & Young Nederland LLP



Building a better
working world

Our mission

At EY, our purpose is *Building a better working world*. The insights and quality services we provide help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients, and for our communities. We believe a better working world is one where economic growth is sustainable and inclusive. We work continuously to improve the quality of all our services, investing in our people and innovation. And we are proud to work with others - from our clients to wider stakeholders - to use our knowledge, skills, and experience to help fulfill our purpose and create positive change.

For more information about our service lines, please visit the 'Services' section of our corporate website.

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Foreword

Social relevance, that is what matters

When I took the reins as CEO of EY Netherlands one year ago, I thought that the worst of COVID-19 was behind us and my first year would be easy in that respect. How different things can turn out sometimes. Again, we had our share of lockdowns and other restrictions that resulted in us only being able to visit the office sporadically and barely seeing each other in person until March. And then, after the worst of the COVID-19 crisis had passed, a war broke out in Europe; one that has caused immense human suffering in Ukraine and disrupted life socially and economically on the continent and around the world.

To call this a difficult and challenging period would be an understatement. However, we can congratulate ourselves on our performance. I can proudly look back on a successful year, in which we further shaped our role in society, and in which we satisfactorily served our clients in often turbulent times for them as well, dealing with, for instance, rising prices and uncertainty in the economy and labor market. Our professionals of all our service lines - Assurance, Tax, Strategy and Transactions, and Consulting - were at their side in times of all kinds of transitions, triggered or not by the consequences of the pandemic. That paid off, both for our clients and for us. All the while we could rely on the continuous support from our colleagues of Core Business Services (CBS). They form the fundament for our service delivery.

Unwavering dedication

For EY Netherlands' success first and foremost I must thank our people, who have continually adapted to exceptional circumstances and maintained a high standard of service with unwavering dedication. I realize that working from home and hybrid working has made great demands on them.

This is one of the reasons why we have made the mental and physical wellbeing of our people a priority.

For example, in our flexible working program our people have a high degree of control over whether and when to work from home or at the office. Everyone can participate in our 'Better Me Check In' initiative, in which we offer our employees sessions with an external coach. And overall, to show our appreciation (and help our people absorb the high inflation), we granted everyone an equal interim pay raise.

All of this chimes with the NextWave strategy, which EY is pursuing worldwide. People value is one of the four central pillars of this strategy, in addition to client value, social value and financial value. We are obviously pleased with our financial results this year, but we can only achieve such outcome because we create value for our people, our clients and society. I'm convinced we are succeeding. In previous years, we put extra emphasis on the quality of our services and processes, whereas now, we are also looking out more. We interact more with the world around us. Social relevance, that is what matters.

ESG high on agenda

ESG (environmental, social, governance) issues are high on our clients' agendas. We advise our clients on these issues and help them report on non-financial topics. At the same time, we believe it is important to practice what we preach, which is why we have increased our internal focus on sustainability and corporate responsibility considerably. We promote this and report measurable results.

“

We interact more
with the world
around us

As far as carbon is concerned, we have set a clear target: we want to achieve net-zero carbon emissions by 2025. During the COVID-19 pandemic, our emissions fell significantly as we traveled less, and we intend to remain at least 35% below previous levels. We only travel when necessary and we minimize air travel when we do. Journeys abroad up to 400 kilometers are generally made by train. By the end of 2025, all our company cars will be electric, and we are already well on our way to meeting that target, as in the year under review 45% of our fleet already complies with this objective.

EY Netherlands is also working thoroughly and with great conviction on its diversity, equity, and inclusiveness policy: we have set up a dedicated task force for this, with the direct involvement of the board. We put our plans into action - ideas and targets alone are not enough. Networks within EY that promote cultural and gender diversity and that are committed to LGBTIQ+, get budget and support. EY aims to provide a safe environment. Furthermore, diversity enriches our workplace.

Our corporate responsibility program shows what and who we are and the values we stand for. For example, over 1,400 employees participated in one of the 'EY Ripples' community activities last year. Their knowledge and expertise are enabling them to make a positive impact on other people's lives and on society.

Sponsoring arts and sports

Personally, I am very happy that we have been able to establish a culture fund. We are supporting the cultural sector, which was hit hard by the pandemic, with targeted financial contributions. This is another way for us to be socially relevant. Art and culture should be cherished; they offer us a different, more versatile view of the world. We also have become the main sponsor of KNLTB padel. We are thus lending our name to an upcoming sport that appeals to the younger generations.

That suits our organization. We need the younger generations: the shortage within the labor market is noticeable everywhere, and competition for talents is fierce. But as a dynamic, attractive employer, we manage



The shortage within the labor market is noticeable everywhere

to bring them in, including professional groups that are relatively new to our field, such as data specialists, technicians and also ESG specialists. Our sustainability campaign 'Sustainability, in concrete terms' is clearly resonating.

Together we are a knowledge organization, and we share our knowledge as much as we can, for instance by allowing our people to combine their regular work with activities at universities, where they carry out academic research and teach unimpeded. Without any reservation we recognize scientific independence. For us, it's important that young people get enthusiastic about our professions, also by learning from people with field experience.

The appeal of the profession and the quality of services is also being determined by the business climate in the Netherlands. It is key that multinationals stay in the Netherlands or choose to set up business here. Not only do these large companies create the ecosystem for many smaller businesses to thrive, but they are major drivers for talent development too as the experience people gain by working, for example, on the audit of a large multinational is invaluable. We must not lose this ecosystem: it is up to us all to convince multinationals to commit to the Netherlands. It is not so much about how high or low the tax rates are; it is about clarity. The business climate must be reliable and predictable.

Despite numerous challenges, EY Netherlands is doing well. We can report a growth in revenue of 9% this fiscal year, from €900 million in 2020/2021 to €983 million in

2021/2022. Partly due to the impact of the pandemic – especially less travel – our spending is still lower than in pre-COVID-19 times. Consulting stood out with a recorded growth of nearly 30%. Our other service lines performed outstanding as well with solid growth: Assurance, as in other years, achieved a stable growth of almost 6%, as did Tax with an increase of 7%. Strategy and Transactions shows a plus of more than 4%.

Creating two distinct organizations

This marked difference in growth is happening worldwide at EY. It is therefore not surprising that EY Global has taken the first steps towards separating the company into two distinct multidisciplinary organizations. I believe in this strategic choice, in view of increasing regulation and the direction in which consulting practices in particular are developing. This is where our industry is heading. It is in the public interest.

Continuing with two separate organizations, with the consulting firm possibly becoming a listed company, offers, in my view, a wealth of opportunities and growth potential for everyone. As our Global Chairman Carmine Di Sibio said to the EY community: “We believe this will create greater opportunities for you, strengthen audit quality, increase choice for clients and create value for all stakeholders.”

Such a rigorous change does not happen overnight. Much still needs to be worked out in the coming months. The partners in the Netherlands are expected to vote on the plan early 2023. In the meantime, in addition to our partners and employees, we are also taking along our other important stakeholders, including regulators, our clients and, of course, the Works Council.

In my second year as chair of the board, this will obviously be an important item on the agenda, if not the most important. It will determine the future of our organization and our employees, as well as the relationship with our clients and other stakeholders.

140 years EY in the Netherlands

We can safely call this a milestone in EY's history. In January 2023 we will celebrate, as one organization, 140 years of EY in the Netherlands. It's a proof of our long term contribution to Dutch society.

I have no doubt that EY, in whatever capacity, will be active in the Netherlands for many years to come. I have seen how agile we are and how well we can adapt to new challenges. We can be proud of that. I visited many employees in our offices, from Maastricht to Groningen, spoke with clients frequently, and had positive and constructive sessions with both the Board of Directors and the Supervisory Board.

As such, again, I cannot thank our employees enough, nor my colleagues on the Board of Directors and the operating committee, for their flexibility, effort and commitment, and our Supervisory Board for their challenge and advice. I would also like to thank our many partners and suppliers, who are helping us to grow. And, of course, our clients for the trust they continue to place in us. Every day – now and in a future full of new challenges – we will prove that we deserve that trust.

Jeroen Davidson

Chair of the Board of Directors
Ernst & Young Netherlands LLP
16 December 2022

EY Netherlands at a glance

Who we are and what we do

EY is a worldwide services provider in Assurance, Consulting, Strategy and Transactions, and Tax, with over 700 offices in over 150 countries. With almost 4,800 people across 14 locations, EY Netherlands supports and helps shape EY's global vision and NextWave strategy. At the same time, we have our own country-specific responsibilities to carry out.

Through our four integrated service lines and our deep sector knowledge, we help our clients to capitalize on new opportunities and assess and manage risks to deliver responsible growth. Our multidisciplinary teams help them fulfill regulatory requirements, keep investors informed and meet stakeholder needs. In doing so, we play a critical role in *Building a better working world* for our people, for our clients and for our communities.

EY Netherlands' partners (244 at the end of the fiscal year) bear ultimate responsibility for the quality of the services our professionals provide to clients and for developing our people. Each partner manages part of the client portfolio.

EY's clients range from government agencies and listed companies of various sizes to NGOs, schools, hospitals and individuals. They operate in numerous market segments, including financial services, technology, media and telecom, consumer products and retail, energy and resources, healthcare and life sciences, government and public, real estate, hospitality, construction and private equity.

We serve clients in their own market segment and sector. Our strength is that we have knowledge of their business environment and the sectors they operate in and bring extensive experience to the table. This enables us to

Assurance Tax Strategy and Transactions Consulting

Service lines

4,504 244

Employees EY Netherlands

Partners

14

Locations

understand the business in detail and respond to new developments. We help our clients provide reliable and clear information to investors and other stakeholders.

Our services are multidisciplinary: depending on the needs of our clients, we assemble teams with specialists from our various service lines. Non-financial advice, especially in the areas of sustainability and corporate responsibility, is taking on an increasingly important role in our work. We help clients and other stakeholders create environmental, social and economic value -as an integrated part of their strategy.

Our people lead and inspire others and bring our purpose to life in the work they do every day. We believe diversity, equity and inclusiveness means growth. The ability to invite, leverage and learn from different perspectives is key to creating value for our clients.

EY's 365,000+ employees and one million alumni across the globe form a powerful network. EY is a knowledge organization. We share our knowledge and expertise, and put it to work for society wherever possible. We participate in the public debate on issues that are important to our clients and other stakeholders.

For more information on our service lines and market segments, please visit the 'Services' section and the 'Industry reimaged' section on our corporate website.

Revenue growth

(%)

9%

2021/2022

-1%

2020/2021

Operating profit margin

(% of total revenue)

23%

2021/2022

20%

2020/2021

People value

Employee experience

EY people say their experience with EY is 'exceptional'

72.3%

2021/2022

72%

2020/2021

Client value

Client experience

Customer satisfaction score (% of clients who indicate that the relationship has improved)

64%

2021/2022

57%

2020/2021

Social value

Planet impact reduce carbon footprint

Total tCO₂e

8,986

2021/2022

7,795

2020/2021

Total tCO₂e per FTE

1.9

2021/2022

1.7

2020/2021

Internal Quality Review score

Assurance

Consulting

97.7%

2021/2022

100%

2021/2022

SaT

Tax

n/a

2021/2022

95%

2021/2022

* For EY Nederland at a glance - reporting standards and data compilation, see page 59. Ernst & Young Belastingadviseurs LLP ('EY Tax') has a strategic alliance with HVG Law LLP. In connection with this strategic alliance, the key figures of HVG Law LLP have been incorporated in the key figures of EY Tax. However, as no 'control' can be exercised over the activities of HVG Law LLP, the figures of HVG Law LLP have not been included in the (consolidated) financial statements.

Report of the Board of Directors



Danny Oosterhoff



Jeroen Davidson



Saskia van der Zande



Stephan Lauers



Patrick Gabriëls

Introduction

In this annual review, we broadly outline the main points of our strategy, our results and findings and, of course, how we dealt with the exceptional circumstances in which we and our clients have had to work. We also explain how we create value in the short and long term, for all our stakeholders.

The Annual Review 2021/2022 contains the most relevant information in a condensed format. For more detailed information on the various topics, please consult the reports or explanatory information on our corporate website via ey.nl/jaarverslag. This also applies to the financial statements, which are published separately on the annual review website. The most important financial statements can be found in this review.

We adhere to the Value Reporting Foundation principles and guidelines of the <IR> framework for integrated annual reporting.

Key figures

Key figures ¹	2021/ 2022	Δ	2020/ 2021	Δ	2019/ 2020	Δ	2018/ 2019	Δ	2017/ 2018	Δ
Finance (in millions of euros)										
Assurance	359	5.8%	339	-1.0%	343	1.2%	339	-0.4%	340	6.7%
Tax	314	7.0%	294	-1.0%	297	3.4%	287	4.9%	273	2.9%
Consulting	187	29.7%	144	-5.4%	152	3.2%	147	16.4%	127	1.7%
Strategy and Transactions	90	4.5%	86	16.5%	74	-1.8%	75	14.0%	66	22.2%
Rendering of services	950	10.0%	863	-0.3%	866	2.0%	848	5.2%	806	5.6%
Core Business Services (Other income)	33	-9.2%	37	-5.6%	39	33.9%	29	-6.8%	31	2.8%
Total	983	9.3%	900	-0.5%	905	3.1%	877	4.8%	837	5.0%
Financial results										
Profit for the fiscal year	221	30.0%	170	10.9%	153	-4.8%	161	3.8%	155	4.9%
Income available for distribution	191	31.5%	145	14.9%	126	-7.9%	137	3.9%	132	4.6%
Average partner income (in thousands of euros)	768	31.4%	584	17.8%	496	-4.5%	519	1.3%	513	5.8%
Average number of FTE staff and partners										
Client serving staff	3,833	1.3%	3,784	-4.2%	3,950	1.3%	3,899	7.9%	3,614	3.2%
Support staff	529	-0.2%	530	-1.5%	538	0.2%	537	5.9%	507	-3.2%
Total staff	4,362	1.1%	4,314	-3.9%	4,488	1.2%	4,436	7.6%	4,121	2.4%
Partners	249	0.1%	248	-2.5%	255	-3.5%	264	2.6%	257	-1.4%
Total	4,611	1.1%	4,562	-3.8%	4,743	0.9%	4,700	7.4%	4,378	2.1%

¹ Ernst & Young Belastingadviseurs LLP ('EY Tax') has a strategic alliance with HVG Law LLP. In connection with this strategic alliance, the key figures of HVG Law LLP have been incorporated in the key figures of EY Tax. However, as no 'control' can be exercised over the activities of HVG Law LLP, the figures of HVG Law LLP have not been included in the (consolidated) financial statements.

Developments and challenges

A different world

EY Netherlands is continuously adapting to external risks and embracing new opportunities. We closely monitor developments and trends when developing our strategy to ensure we continue to deliver our purpose *Building a better working world*: regardless of the circumstances, we want to help organizations function better and build a more reliable financial climate.

There is so much more happening, certainly at this juncture, that we must, and want, to respond to. For example, last year we were still in the midst of the COVID-19 crisis, and we still cannot be sure what awaits us in that respect in the coming years. And there is a war in Europe. Aside from the immense humanitarian consequences for Ukrainians in particular, this war is leaving its mark on the whole of society and has sent a shockwave through the world. Against this backdrop, economic challenges, such as a tight labor market, suddenly seem less acute, but we have to take these into account as well.

In a rapidly changing world, the needs of our stakeholders are constantly evolving. Innovation and agility have become top priorities. The new business and social challenges call for different pathways to growth. To best meet the needs of our clients now, and in the medium and long term, we need to be agile and inventive. And to remain in constant dialogue with all our stakeholders – external and internal.

COVID-19

We are still managing the impact of COVID-19. This major, life-threatening crisis has put the healthcare system under pressure and led to many deaths, illnesses and disruptive lockdowns. It seems to be behind us now, though we are acutely aware that the threat has not gone away

completely. While we are better prepared if the pandemic were to flare up again, it will never be business as usual again.

Like many other organizations, EY Netherlands has embraced some of the 'gains' from the COVID-19 pandemic: working from home has become part of our work routine; hybrid working has become the norm. As a result, we have a different approach to organizing meetings with clients now. We travel less and have adapted our training and recruitment activities, for example. With this in mind, we must simultaneously find a balance between meeting each other enough in person, which can result in inspiring collaboration. Another concern is the wellbeing of our employees and clients: if we see each other less in person, can we still have a real sense of how they are doing?

Innovation is key

An important focus of our services is innovation. Technology is at the center of business change, enabling organizations to transform their business and operating models and respond nimbly to competitive threats. Innovative insight, business perspective, change expertise and appropriate consideration of relevant regulatory frameworks are needed to drive growth, save costs and invest in tomorrow. Technology plays a critical role.

Economy: growth and uncertainty

For the time being, the economy continues to grow, and the fear of a huge wave of (delayed) bankruptcies following the COVID-19 crisis and the end of government support seems to be unfounded. The number of bankruptcies in the Netherlands is at its lowest level since 1999. However, uncertainty continues to hang over the market, due to factors such as the war in Ukraine and COVID-19, as well as high energy prices, inflation and consumer confidence.

Tension in the labor market

An important issue for companies is the tension in the labor market. There is a substantial shortage of qualified personnel. The hunt for talent is fierce and we also have to work hard to find the best people. Whereas in recent years it was mainly IT-trained and experienced people who were in demand, today there are recruitment challenges for many positions. We are also stepping up our efforts to keep talent on board; we are more alert to our employees' needs. Wellbeing is an important issue.

Corporate responsibility: ESG

This exceptional period during the pandemic has prompted many companies in our line of business to reorient themselves. Corporate responsibility is often a high priority on the agenda. The focus on ESG (environmental, social and governance) has become a license to operate – and, for an increasing number of clients, these issues are a license to grow. Responsible business, with an eye for the environment, people and society, is the only way forward.

The focus on sustainability is likely to grow in the coming years. As part of the action plan to achieve the EU's sustainability ambitions, the European Commission has introduced new regulations. Currently, the most important regulatory initiatives on our horizon are the Taxonomy Regulation and the Corporate Sustainability Reporting Directive (CSRD).

The EU Taxonomy, part of which came into effect on 1 January 2022, is a classification system that sets six environmental goals. The 'list' serves as a guide for investments in sustainability and makes it clear which activities may or may not be called sustainable, based on scientific review. This regulation is already affecting companies and therefore EY's clients. From 2022 onward, they must disclose how and to what extent their business activities are aligned with the Taxonomy, qualitatively and through a number of related KPIs.

Closely related to this, companies will also need to comply with the CSRD, which will replace the Non-Financial Reporting Directive (NFRD), seemingly in 2024. The new CSRD directive is expected to include mandatory limited assurance of sustainability data and reporting on mandatory qualitative and quantitative indicators. This marks a stark change to the scope and content of disclosure requirements. Companies should already be preparing for this.

In short, companies must now ensure that they report robust ESG data. EY will meet these demands: we are tailoring our integrated services and training our employees accordingly.

Our own ESG record

We are also taking a close look at our own record in ESG performance. EY Netherlands wants to keep improving when it comes to corporate responsibility. One of our focus areas is our own environmental footprint. A key element is the new mobility plan, which we implemented in early 2022: we only travel when necessary and we minimize air travel. Another focus is diversity, equity and inclusiveness. The Board of Directors has made this one of its top priorities.

International tax agreement

Multinationals, many of which are EY clients, will likely face a major change in tax legislation as of 2023. At the end of October 2021, the leaders of the world's biggest economies reached an agreement at the G20 summit on a minimum global tax rate of 15%. The aim of the arrangement is to make tax havens impossible. However, it remains to be seen when, how and even if this deal comes into effect since legislators on both sides of the Atlantic are struggling to pass bills on this matter. EY is working closely with different stakeholders on the impact and importance of global tax reform.

EY and the war in Ukraine

The war in Ukraine is having, first and foremost, a major impact on the people of Ukraine. The suffering that is taking place there touches us all. However, as EY Netherlands, we must also look at other consequences too: the war is having a significant effect on society and the global economy. At the same time, it is both literally and figuratively close to home: it is taking place here in Europe, and many organizations and companies have connections with Ukraine or Russia in one way or another.

This means that EY Netherlands has to take into account the (potential) impact that the war is having, or may still have, on our colleagues in the countries in question (Ukraine, Russia and Belarus), our clients and our services. We have set up a task force to address issues impacting our services. On a human level, EY Netherlands is doing everything in its power to look after colleagues from Ukraine or Russia, while our employees are also supporting a wide range of humanitarian initiatives.

We endorse the statement made by EY Global Chairman and CEO Carmine Di Sibio in early March 2022: “We denounce the war in Ukraine and condemn the violation of international law. We are deeply concerned by the humanitarian catastrophe unfolding in Ukraine. The Russian military invasion in Ukraine is in direct opposition to the values that are core to our organization. It has and will continue to cause a great deal of suffering across Ukraine, Eastern Europe, Russia and elsewhere. We urge all parties to work towards a peaceful resolution.”

In his statement, Mr. Di Sibio also describes EY’s main concern as an organization: “From the outset of the crisis, we have primarily been focused on the safety of our EY people in Ukraine and our colleagues outside of Ukraine. We have been determined to bring the full support an organization such as ours can bring – to help those who want to leave and as well as those who have had to, or have chosen to, stay.”

We are following the lead of EY Global. In addition, our service lines make their own assessments of the situation. The main focus is on the sanctions packages that have been announced, their significance and the impact they are having on our services to our clients. We do not operate on our own in this respect; we seek advice and are in close contact with, among others, the Dutch Authority for the Financial Markets (AFM) and the Royal Netherlands Institute of Chartered Accountants (NBA). We pay specific attention to the NBA’s Alert 45: *Consequences of the war in Ukraine and the sanctions legislation for accountants*. If needed, we also consult with De Nederlandsche Bank (DNB) and the Ministry of Economic Affairs.

Ukraine Task Force

To address issues that affect our services, we established the Ukraine Task Force in late February. It includes representatives from different departments who oversee various areas of work, both in the Netherlands and abroad (EY Europe West). These include the Anti-Money Laundering Office, Legal, Risk Management, Assurance Support, Accounting Support and Regulatory Office/ Public Policy.

The task force focuses on the impact the war in Ukraine is having, or could potentially have, on our clients and our services. Compliance plays a crucial role in this: our clients, as well as our organization, must comply with the sanctions imposed by the EU. We also monitor where increased risks may arise in the audit of financial statements. The task force ensures that the teams in question receive sufficient support and information. If necessary, it examines whether services are still permitted or desired, or whether to terminate the relationship with a specific client.

According to the task force, few clients have been directly sanctioned (or have a sanctioned Ultimate Beneficial Owner). More often, clients need to investigate which activities can be continued and which cannot (for example, which goods may still be exported). Depending on the outcome, EY will determine whether the services can be

continued or not. In general, companies are aware of possible issues, according to the task force, and seek advice where necessary.

Indirect effects also play a role. These include price increases, for example in energy and raw materials. As in other matters, we support our clients in this regard.

Solidarity

In terms of humanitarian response, it wasn't just EY as an organisation that responded; many of our employees took the initiative themselves. This solidarity comes in different forms: some are providing Ukrainians with shelter, while others are making their holiday homes available. Many others are donating clothes and other items. EY donated laptops to Ukrainian children in the Netherlands so they could continue their school lessons online.

Our Rotterdam office has launched a remarkable support initiative: a river cruise boat is moored outside the office that serves as a shelter for the Salvation Army. On board are approximately 100 Ukrainians, among them many with special needs, including some 30 children. In consultation with the Salvation Army, colleagues organized activities for the refugees. Adults were invited to an information session about life in Rotterdam, and children were welcomed twice a week to the EY canteen, which temporarily served as a play area.

EY Netherlands supports the selfless efforts of its employees and provides assistance where necessary and possible. Internally, these initiatives are documented and shared on two websites.

Our strategy: NextWave

At EY, we believe in stakeholder capitalism: that businesses should create value for their clients, employees, suppliers, communities and other stakeholders. We believe that when organizations align their aims with society's, they will be more valuable and viable in the long-term, and we will all be closer to addressing some of the world's greatest challenges.

We believe our focus on creating, protecting and measuring long-term value has been critical to purposeful growth, with *Building a better working world* as our guide. It is through this lens that we conduct audits, provide results, reshape strategy, enable innovation and transformation, and help companies address tax and regulatory requirements. It keeps us focused on developing the services and solutions that help clients deliver better outcomes for their stakeholders; investing in EY people in ways that help them acquire new skills; and giving back to the communities in which we live and work. It keeps us aligned and focused on our stakeholders' needs during these challenging times, and beyond.

EY shaped NextWave, our purpose-led strategy and ambition to create long-term value for EY, our clients, people and society. This strategy has been used to catalyze our own transformation agenda. Over the course of this year, the Board of Directors committed to EY Global's long-term value ambitions by defining our contribution to these global targets. As we make long-term commitments, measuring improvement and action plan results to achieve these commitments is critical. It is only by measuring that we can benchmark progress, improve decision-making and accountability, and increase trust.

We are proud of our long-term value commitments, which will demonstrate our progress in relation to our efforts in this report. We have identified a number of material topics to focus our efforts on the activities that are most likely to contribute to the envisioned long-term value. We classify topics as material if we believe they have a substantial impact on our business, our stakeholders and society.

That is why our stakeholders play a key role in identifying these material themes (see Annex 2 for more on our stakeholder dialogue, material themes and how the performance on these topics connects to our long-term value targets and performance).

Our value creation model

Our value creation model shows how, given the trends and developments society and our clients are facing, we add value for our stakeholders. It shows how EY Netherlands' core activities and sustainability commitments contribute to EY's ambitions to create long-term client, people, social and financial value.

Our long-term value creation ambitions are:

- ▶ To help clients grow, optimize and protect value.
- ▶ To create an exceptional experience for EY people.
- ▶ To build trust in the capital market and have a positive impact on communities and the planet.
- ▶ To be a long-term growth leader.

The value creation model shows how our strategy generates output and, in turn, contributes to the value we create. In the short term, our efforts generate non-financial and financial output every year. We quantify the progress via a set of KPIs related to these material themes, which we present in this Integrated Annual Review (see 'Our performance in 2021/2022').

The aggregated effects of our value creation are what ultimately generate our long-term impact on society. We define and monitor these using the UN Sustainable Development Goals (SDGs) and targets. We analyzed all 17 SDGs and relevant 169 sub-targets and KPIs that relate to our business model and core activities.

In accordance with our long-term value creation ambitions and our core professional service activities, we identified the greatest potential to make a positive impact through the following SDGs:

- ▶ 4. Quality education.
- ▶ 8. Decent work and economic growth.
- ▶ 12. Responsible consumption and production.
- ▶ 16. Peace, justice and strong institutions.

OUR RESOURCES

- Exceptional, talented and diverse people
- Local reach, being close to customers
- EY global knowledge and experience
- Powerful network
- Strong brand

BUSINESS MODEL

PURPOSE

Building a Better Working World

CORE ACTIVITIES

- Assurance
- Tax
- Consulting
- Strategy & Transactions

STRATEGY

How we create long term value:

- Drive client centricity
- Engage exceptional and diverse people
- Transform our business through data and technology
- Accelerate global integration and teaming

AMBITION

Create long-term value as the world's most trusted, distinctive professional service organization

OUR VALUES

- We demonstrate integrity, respect, teaming and inclusiveness
- We do this with energy, enthusiasm and the courage to lead
- We build relationships on doing the right thing

How we safeguard value

- Governance
- Culture
- Compliance
- Risk

OUR PERFORMANCE ON MATERIAL TOPICS

Exceptional work environment

Service innovation & quality of our service

Sustainable and responsible operations

Stable financial results

LONG TERM VALUE

People

To create an exceptional experience for EY people

Clients

To help clients grow, optimize, and protect value

Social

To build trust in capital markets and have a positive impact on communities and the planet

Financial

To be the long term growth leader

IMPACT

Confidence in and credibility of the capital markets

Employment and labor force participation

Sustainable development and innovation

Economic and social activity

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Our performance in 2021/2022

People value

An exceptional experience for EY people

Our people are our most important asset. That is why they play a vital role in EY's NextWave strategy. We aim to empower our people with the right mindset and skills to navigate the future, become the transformative leaders the world needs, pursue unique careers and build their own exceptional EY experiences. This exceptional experience (which we monitor by looking at how EY employees rate their own experience at EY and employee engagement) is pursued by focusing on the most material topics. These are employee wellbeing, talented employees, and diversity, equity and inclusiveness. These are the areas in which we aim to create value for our people now and in the future, both at EY and potentially at other organizations as well. We want to give talented people an exceptional journey, during which ambition, growth, personal happiness, wellbeing and satisfaction go hand in hand.

Employee engagement

Our EY People Pulse is an important tool to monitor our people's engagement. Last year, we adapted the survey, transitioning it from an annual measurement into a more compact survey that is sent to employees several times

a year. It shows that employee engagement scores increased from 71% to 72% over the past year. In addition, we must continue to listen carefully to our people, especially now that we have different work situations. Our 'Fit for the Future' program addresses this issue: it uses our employees' feedback and experiences, as well as their talents and innovative ideas, to create an optimal working environment.

Mental and physical wellbeing

Although we are ending the fiscal year with the sense that the worst of COVID-19 is past, we have had to deal with constraining circumstances for much of the year. We even found ourselves in a new general lockdown halfway through the year. By that time, we had learned how to anticipate the measures but also how to keep our focus on our employees' wellbeing. Our first priority was to ensure that our people, as well as our clients and suppliers, could work safely.

Despite the fact that working from home and online meetings had long since become the norm, this year we made the transition to real hybrid working: a combination of working from home and meeting at the office, which

Next Wave People Value

	Result 2021/2022	Target 2021/2022	Target 2025
Employee experience			
EY people say their experience with EY is 'exceptional'	72.3%	71%	>75%
Employee engagement			
People pulse engagement score	72%	72%	>75%
EY people would recommend EY as a great place to work	78.5%	75%	>75%

meant we could again talk with and inspire each other. We entrusted the responsibility and choices to our people and their teams.

We had already taken hybrid working into account when we renovated our office in The Hague last year. The spaces are now primarily designed for meetings and gatherings, though there are also workstations for our people. In our Amsterdam office, part of the first floor now also has been rearranged with the same idea in mind. We are keeping a close eye on the home-working situation. We see it as our duty to enable our people to work from home in comfort by providing them with desks and equipment that meet the same requirements as in the office.

We have continued our vitality program, which includes a 'Vitality Check'. This year, 510 employees participated in the check. Those who felt the need were offered a follow-up coaching session with a professional. 16 people made use of this opportunity. Furthermore, we have developed a 'Better Me Check In', in which we offer our employees up to two virtual personal coaching conversations with an external coach. These sessions can help shaping the journey of our employees.

Despite the effort to address challenges related to changing working conditions, working alone at home as opposed to in the office with other people makes considerable demands on everyone's adaptability. Employees are challenged with having to navigate the boundary between work and private life: finding a new balance and learning to organize schedules efficiently in the new hybrid work week.

While the percentage of sick leave before the pandemic was just under 4%, this year, it increased from 4.11% in the previous year to 4.48%.

We are keeping a close eye on overtime to monitor and facilitate our employees in this regard. The gradual decline in the overtime rate we saw in recent years has not continued; the rate rose from 3.5% (2020/2021) to 3.9% in the year under review.

Retaining, developing and recruiting talented employees

The tension in the labor market can be felt at EY Netherlands. Attracting the right people is a significant challenge. We need to differentiate ourselves from those fishing in the same pond as us. We do our utmost to retain talented people; we do not want to lose their knowledge and expertise. We emphasize the exceptional journey that we offer our employees. After COVID-19, gaining international experience will be an option again as well.

In particular, we want new employees, as well as those who have been working for us for a short time, to experience what it means to work for EY during normal circumstances. We hope they can experience what it is like to work with so many colleagues in our organization – face to face – who have different backgrounds, expertise and knowledge.

The recruitment events we held online during COVID-19 were a success. In the year under review, 14% of the people we hired came from these recruitment events. Our target was to keep this percentage at least the same, which we succeeded in doing, as the year before we were at 13%. Despite the fact that we can organize physical events again, we have noticed that students still have a need for online events.

Society's focus on ESG is reflected in EY's work and therefore in our recruitment and talent attraction strategy. We also train our people in these areas to ensure they remain relevant partners and consultants to our clients. Furthermore, digitalization continues unabated. The synergy between digitalization and future-oriented, value-driven business models has led us to focus particularly on recruiting technically skilled talent this year, as well as people specialized in ESG.

Despite the challenging labor market, we have succeeded in recruiting and retaining talent. We welcomed a total of 1,086 new colleagues this year, up from 649 the year before. We managed to retain most of our top talent: our top talent retention rate fell slightly from 91% to 88%.

The total headcount at the end of the year under review was 4,748 compared with 4,582 in 2020/2021.

To show our gratitude for our employees' efforts in extremely challenging times and because of the sharp rise in prices, EY in the Netherlands has increased all salaries by €2,600 gross a year as of June 1, 2022.

Training

Encouraging internal mobility to help our people further develop is an important focus for training and retaining our top talent. All EY Netherlands employees can take (online) courses or participate in training sessions through our e-learning portal. This fiscal year, we spent 473,000 hours on training, compared with 428,000 hours in 2020/2021. The spending on this still falls well below the pre-COVID-19 numbers: €10.5 million, compared with €8.2 million in the previous year under review and €15.8 million in 2019/2020. Our online approach enabled us to save considerably on travel and accommodation costs, for example.

The sessions of the High-Performing Teams (HPT), in which top teams work towards optimal performances, also continued largely online. HPTs take full advantage of the extensive task-related knowledge of their members in order to satisfy the needs of clients. The number of participants in the HPT sessions decreased from 2,033 to 1,714, taking part in 125 sessions.

We are examining which training activities and other meetings to continue online and which ones lend themselves best to a physical setting.

Transformative Leadership

We continued to implement our 'Transformative Leadership' program, the leadership model from our NextWave strategy introduced in 2020. The model, which focuses on a culture of inclusiveness, mutual cooperation, integrity and quality, proved to work well in a home-working situation. This fiscal year, we were able to see the model in action in hybrid working. We held several sessions with managers and partners, for example. The emphasis this year has been on the benefits of group



We view differences between people as an enrichment

feeling, wellbeing, cooperation and flexibility. The goal of Transformative Leadership is continuous improvement and growth: of people and of teams. Leaders encourage people to keep improving themselves and to keep learning. The idea is that being a 'better me' leads to a 'better us'.

Diversity, equity and inclusiveness

We strongly believe that a diverse composition of teams, including management, contributes to a better world and to sustainable success. We view differences between people as an enrichment. We want to create an environment where all our people feel and are valued, where they can take their differences with them to work every day, encouraging them to bring out the best in themselves.

This year, EY Global honed its vision for diversity and inclusiveness by adding equity. Equity is about recognizing that everyone has different needs and comes from different starting points. At EY, we will remove barriers, and will proactively address environments that do not support an inclusive experience. We have set up a Diversity, equity and inclusiveness (DE&I) task force, in which the Board of Directors has strong representation. The task force will translate our policy into concrete plans.

We do our utmost to provide equal opportunities for all regardless of gender, cultural background, sexual orientation or work restriction. We monitor career and remuneration pathways to ensure that equal opportunities are offered to all and to prevent unjustified differences. We are alert to potential (unconscious) bias in employees.

We also carry out visible activities and organize events that support our DE&I policy. The aim is to raise awareness about diversity, equity and inclusiveness throughout the organization.

Being an organization where all employees feel at home means looking beyond the usual Dutch agenda in terms of cultural expression. In 2022, the Board of Directors approved a DE&I Celebration Calendar, which includes holidays and days of commemoration that belong to the multitude of traditions honored by people in the EY family. Examples include the Day against Discrimination and Racism, Eid al-Fitr (Festival of Breaking the Fast), the International Day against Homophobia, Transphobia and Biphobia, Diwali and Christmas. We will honor these days with various activities.

We have active employee resource groups like Sheconnects (a network for women), Unity NL (a network for LGBT+ professionals), and AcrossCultures (a multicultural network). Young professionals are represented through the Young Professionals Board, which meets regularly with the Board of Directors, for example.

In terms of external networks, EY Netherlands is part of the incubator network organized by Women Inc., an organization dedicated to improving the position of women in society. We are also a partner of Wrokko, a platform that focuses on the development of talented people with bicultural backgrounds.

Male-female ratio

Despite a diverse composition of teams, women are still underrepresented. That is why we believe it is important to keep our talented women on board, and facilitate and encourage them to continue their careers at EY. This is one of the reasons why we offered women at the senior level a mentor, for example. The project ended in January 2022: 30 mentees and 30 mentors participated and the reactions from both sides were positive. This initiative will be followed up.

We are paying attention to the combination of work and raising children. We held a discussion, with young parents and a member of the Board of Directors, around how EY can help its employees to strike a better balance between tasks at home and at work. On the International Day of Parents (1 June) we broadcasted a summary of this meeting. We actively support men and women who want to make use of birth leave and parental leave.

In addition to retaining our talented women, we aim to hire more women. When recruiting new employees, we aim for an equal balance between women and men. In the year under review, we achieved 46%, compared with 44% in the previous year under review. The overall male/female ratio is improving: if we look at the entire workforce, we are now at 43% women and 57% men (previous fiscal year 42% women). It should be noted, however, that in the Core Business Services (CBS), the support services, women are well in the majority. If we do not include CBS, the number is approximately 40% women. The percentage of women among the (associate) partners has risen slightly to 20% (2020/2021: 18%).

#MeToo

EY does not tolerate inappropriate behavior from anyone. Everyone should feel safe here, and abusing one's position of power in the workplace has no place at EY. The public #MeToo debate, which intensified in early 2022 with revelations about suspected abuses on the TV show *The Voice*, has made us even more alert to inappropriate (sexual) behavior. EY has taken several steps to increase the awareness of the importance of this topic and to reinforce the message that inappropriate behavior will not be tolerated.

Client value

Help clients grow, optimize and protect value

Our NextWave strategy helps our clients to grow, optimize and protect value so they can address today’s challenges and be ready for tomorrow’s technological and social changes. We place great value on high client satisfaction, one of our KPIs in this area.

To review the quality of our service, we continuously perform quality reviews on engagements, selected on the basis of risk, focusing on clients that are large, complex or of significant public interest. Each quality review assessment gets a rating from one (no or minor findings) to three (material findings). With 97% of our reviews receiving a rating of 1 to 2 this fiscal year, we met our target of rating at least 90% of the reviews with a quality review engagement of 1 and 2.

Service innovation

In the previous year under review, we noticed that companies and other organizations were starting to look to the future again, and this trend has continued with greater intensity. In the current year under review, during which we still had one foot in the pandemic and one foot in recovery, we and our clients focused a great deal on various kinds of transition. The energy transition is a priority, for example, but so are changes in the supply chain, our client approach and HR. There are a variety of reasons for this: clients who are forced to reorganize as a

result of the COVID-19 crisis, the end of government support measures, the release of funds for investment and the war in Ukraine, for instance.

Our starting point is to first listen, then transform. This is certainly true in the exceptional circumstances that have characterized the past few years. EY’s role continues to change: whereas we were traditionally an organization that came to audit, we are increasingly being asked to provide support, guidance and advice to companies on how they can become future-proof.

We work with multidisciplinary teams to better meet clients’ demands for integrated and future-oriented business solutions. One example is the significance of sustainability to our clients, from an accountability or, conversely, a development perspective.

We launched the campaign ‘Duurzaamheid, hard gemaakt’ (Sustainability, in concrete terms). Companies and organizations play a crucial role in meeting the climate goals. To do so, they need hard insights, concrete goals and proven transformation methods, also in anticipation of new regulations and customer expectations. EY helps clients in many ways to make the change and create long-term value. From accounting and benchmarking the impact on people and their environment to a strategy for

Next Wave Client Value

	Result 2021/2022	Target 2021/2022	Target 2025
Client experience			
Customer satisfaction score (% of clients who indicate that the relationship has improved)	64%	61%	75%
Quality of our service			
Quality review engagements 1 and 2	97%	>90%	>90%

sustainable transformation. For the sake of the planet, and for the sake of the business itself.

Due to the growing focus on sustainability and the environment, EY Netherlands' sustainable business community, set up to help clients create long-term value, gained further momentum in 2021/2022. All of our service lines are affected by these developments as they involve strategic, tax, legal and regulatory, financial, transactional and operational issues. Across the board, integrated and innovative solutions are required. Within the service lines, we organized study days in 2021/2022 that were fully dedicated to sustainability. Topics included the value chain and the circular economy. Furthermore, we introduced the EY Sustainability Café, which is a series of online roundtables with stakeholders who address the topic of sustainability from different perspectives.

We believe it is important to represent our clients in the debate on making our society more sustainable. We have prepared a whitepaper with the University of Amsterdam and Royal HaskoningDHV: *Circular use of raw materials: fiscal effects and desirable measures*. The whitepaper identifies the tax hurdles that companies must overcome to achieve the transition to sustainability and recommends that politicians take action in this respect. We see this as a way to make our clients' voices heard in the social debate and in our dialogue with the government. Awareness is essential for removing obstacles, and that holds true for politics as well.

EYnovation

Our EYnovation program focuses on start-ups and scale-ups. We see these companies as an important link in innovation and transition processes. They are ambitious, have innovative power, have barely any legacy yet and are open to new ideas. Many of them have ESG at the core of their business model. We believe these companies add tremendous value to the economy and society as a whole; they are needed to initiate real change.

Selected high-growth companies work with EY at an early stage and receive assistance with strategic, legal, tax and financial matters. We offer the entrepreneurs low-

threshold access to our services, know-how and the global EY network at a rate that suits their stage of development.

We also see ourselves as a connector: we are a link between these innovative technology start-ups and our larger clients. The start-ups and scale-ups can help established companies with their transitions, and conversely, they can get advice on how to grow or survive.

This year, EYnovation once again provided tailor-made services to various start-ups and scale-ups. Examples include Ebusco, which creates communication solutions via various platforms, and Remote.com, a company that focuses on international talent recruitment and HR policy – remotely.

The involvement of EY staff in the development of the start-ups adds to their motivation and pride. They also build long-term relationships with these companies.

Technological innovation

To deliver long-term value to clients, people and society as a whole, we use (new) technology and digitalization wherever possible. Continuous innovation in this field is indispensable. We continue to improve our services and develop new products and services. Examples include online tools, blockchain, data analytics and artificial intelligence.

EY Netherlands has several diverse teams dedicated to rolling out technological innovation across the organization. Although less teams have participated compared to prior year and part of the innovation teams' capacity has been deployed in the Europe West Region, we were still able to invest 8,614 hours in the development of technological innovation this reporting year, compared with 14,823 hours in 2020/2021.

Innovate EY

The Innovate EY team is in charge of EY's bottom-up corporate innovation programs. With this program, which cuts across all service lines, we are committed to building an innovation- and entrepreneurship-driven culture

through our Innovate EY program while turning ideas into business value. The innovations are either internal efficiency boosters or client-facing solutions.

Based on continuous improvement and client centricity, the Innovate EY program involved our clients in developing new solutions and defining innovation challenges for each service line.

One example of a new co-creation involving EY is the Severance Packages tool. This will provide reorganizing companies with a solution for balancing labor law and tax implications, and flagging unfavorable wage and income tax consequences. The tool can be used in real-time during dismissal negotiations.

In 2021/2022, Innovate EY also worked on tools and systems that will benefit our own services. One of them is EY BlindSpot, an online repository of key indicators of our clients. BlindSpot allows us to tap into the already available data of the various internal and licensed systems. The BlindSpot system will automatically match relevant updates to these client profiles, which saves tremendous amounts of valuable time.

Another application EY and its clients will be able to use in the near future is Empower Yourself, which focuses on the mental wellbeing of employees, which is more important than ever in the light of COVID-19. Employees struggling with stress and isolation might not be aware of their unhealthy stress levels or even the possibility of burnout. The Empower Yourself app helps them to prevent stress from getting worse. It tracks the mindset and resilience and shows peer comparisons. Employees can benefit from suggestions for change and are notified when scores suggest a high risk of burnout.

Customer satisfaction

Delivering unsurpassed quality is our key driver: it aligns with our ambition to be the best professional service provider in the markets in which we operate. Ultimately, it is the client who decides how good our work is and whether we succeed in being the world's most trusted advisor: our reputation and success depend on



Ultimately, it is the client who decides how good our work is

maintaining the trust our clients have in us. That is why we continuously test the quality of our services in our Client Experience (CX) program.

This fiscal year, we recorded 408 formal CX feedback moments (2020/2021: 622). Of the respondents, 64% said their relationship with EY Netherlands was better than in the previous fiscal year (2020/2021: 57%). According to 29%, their relationship with EY Netherlands had remained the same (2020/2021: 38%), while 7% of respondents characterized the relationship as being less good than in the previous fiscal year (2020/2021: 5%).

The quality of EY's assurance services in the Netherlands is subject to supervision by the Dutch Authority for the Financial Markets (AFM).

The overall satisfaction score (the percentage of clients who feel that the relationship has improved or remained the same) therefore comes to 93%, compared with 95% in 2020/2021. We not only look at this figure but also monitor what we can improve: how do clients want to work with us, what does the client think of our approach? The interviewed clients praise the professionalism of the EY teams and the capacity that they go out of their way to understand the client's needs and apply the appropriate skills and expertise. Asked for areas for improvement clients stress that stabile teams and smooth onboarding of new team members are very important, which could potentially pose an additional challenge given the tight labour market.

We had fewer formal feedback moments with clients this fiscal year than when we were still fully immersed in the COVID-19 pandemic and contact was almost exclusively remote. One lesson we draw from this is that we should pay closer attention to our 'Listen first' principle.

Entrepreneur Of The Year

Entrepreneur Of The Year is the world's most prestigious business awards program for unstoppable entrepreneurs. It celebrates entrepreneurs through regional and national awards programs in more than 145 cities in over 60 countries. This year's 25th edition winners in The Netherlands included Stijn Nijhuis (Enreach), Milan Daniels (Otrium), familie Heijink (Rensa Family) and Ruben Walker (African Clean Energy).

Social value

Build trust in the capital markets, have a positive impact on society and the planet

With the high-quality services we provide and the transparency we strive for, all EY services help to build trust in capital markets. In this light, we also want to have a positive impact on society and the planet. As a responsible organization, we put our knowledge, skills and experience to use when we – together with our clients – address social challenges and focus on corporate social responsibility and environmentally sustainable and inclusive economic growth. In doing so, we also need to set a good example by practicing what we preach. We have programs that enable our employees to apply their knowledge and skills to benefit local communities. Globally, EY has two bold ambitions: to positively impact one billion lives by 2030, and to be net zero by 2025. We keep a sharp eye on both these ambitions by linking them to measurable KPIs. As for our contribution to a reliable and transparent capital market, we monitor the scores via a series of quality reviews of our clients. Trust is at the heart of all our services.

Building trust in capital markets

EY helps to build trust, whether directly through the work undertaken by our teams or indirectly through what that work allows others to achieve. As for our assurance services, EY is committed to conducting globally consistent, high-quality audits sustained over time. EY audit teams deliver high-quality, analytics-driven audits with independence, integrity, objectivity and professional skepticism to provide third-party assurance over an organization's reporting. Clients can rely on the information available to inform business decisions, and protect and create long-term value.

To review the quality of our service, we continuously perform quality reviews on engagements, selected on the basis of risk, focusing on clients that are large, complex or of significant public interest. Each quality review assessment gets a rating from one (no or minor findings) to three (material findings). For all service lines we met our target of rating at least 90% of the reviews with a quality review engagement of 1 and 2.

Independence in assurance services

Independence is an important element in our Global Code of Conduct. Violations of external or internal independence rules can lead to conflicts of interest and

Next Wave Social Value

	Result 2021/2022	Target 2021/2022	Target 2025
Trust in capital markets			
Internal Quality Review score Assurance	97.7%	>90%	>90%
Internal Quality Review score Consulting	100%	>90%	>90%
Internal Quality Review score SaT	n/a	>90%	>90%
Internal Quality Review score Tax	95%	>90%	>90%
Planet impact reduce carbon footprint			
Total (tCO ₂ e)	8,986	n/a	12,443
Total tCO ₂ eq per FTE	1.9	n/a	n/a

reputational damage. Therefore, we constantly assess whether our services comply with the applicable laws, regulations and professional standards. We refrain from providing services if this would lead to a violation of the independence rules.

Non-assurance services

Both EU regulations and the more restrictive Dutch 'Regulation regarding the Independence of Accountants performing Assurance Engagements' (ViO) prohibit auditors of an OOB/PIE client to provide non-audit services to this client, with very few exceptions. No cases of non-compliance were identified during the fiscal year 2021/2022.

Personal independence

Our professionals must comply with internal and external rules on personal independence. Not only is compliance mandatory, but it is something EY believes is vitally important to sustain our trust in capital markets. Compliance with requirements is monitored through our Personal Independence Compliance Testing (PICT) program, covering partners, directors and managers. 56 partners were tested in the period covered (1 April 2021 to 31 March 2022). This testing resulted in zero independence breaches and seven administrative violations. For one partner, this resulted in a financial penalty, and for five a non-financial sanction (prior period: 72 tests, zero breaches, nine administrative violations, for which three received a penalty).

Furthermore, 87 executives were tested during the period, which resulted in 1 breach and 8 administrative violations. For 7 executives, this resulted in non-financial performance consequences (prior period: 160 tests, 2 breaches, 21 administrative violations, for which 20 received a non-financial performance consequence. In the previous period, additional executives were tested to align with updated global testing cycle requirements. The overall non-compliance rate for partners and executives improved from 13% in 2020/2021 to 11% for the current reporting period.

Reducing our environmental footprint

EY has been carbon negative worldwide since October 2021, which means we remove or offset more carbon than we emit ourselves. This is partly due to the sharp reduction in business travel as a result of COVID-19 but also the implementation of concrete actions to reduce our absolute emissions. In terms of emissions alone, EY Netherlands' fiscal year 2021/2022 came to 1.90 tCO₂ per FTE. In 2020/2021 this number was 1.70 tCO₂.

Compared with the reference year FY19, we will reduce our absolute carbon emissions by 40% in FY25 in Scope 1 (direct emissions from own operations), Scope 2 (indirect emissions from electricity used) and Scope 3 (other indirect emissions)¹. This target is in line with the target to limit the global temperature rise to 1.5 degrees. It is scientifically substantiated and has been approved by the Science Based Targets initiative (SBTi). In line with EY's climate objective, EY Netherlands is committed to reducing other greenhouse gas emissions by the same percentage by FY25. Due to reduced travel during COVID-19 and the hybrid way of working since the start of the pandemic, we are already at a 57% of reduction compared with the reference year FY19 (20,738 tCO₂). Our challenge in the coming years is to stick to these lower amounts and avoid a stark increase in travel by car and plane.

Less traveling

As most of our emissions are caused by air and car travel as well as energy use in our buildings, we have taken specific actions related to these emission categories. An important part of our climate ambition is the new mobility policy, which we introduced in 2022. The policy reflects our new hybrid way of working in a post-COVID-19 world, combining home-working, online meetings and remote collaboration.

¹ For more detailed info on Scopes 1, 2 and 3, see the 'About this report' section.

We aim to have reduced business travel - mainly air travel - in FY25 by at least 35% compared with baseline FY19. We have developed a new travel policy with concrete principles for this. First, we only travel when absolutely necessary; employees must be able to indicate the added value of a personal meeting versus a virtual one. If a trip is necessary, we minimize the use of airplanes and cars running on fossil fuels. If possible, we encourage the use of trains, shared electric scooters, bicycles and electric cars. For trips to Belgium, Germany, France and London, it is compulsory to travel by train if the journey is under four hours or 400 kilometers. For overnight stays, employees must do their best to find hotels within walking distance of the work location and hotels with the Green Key eco-label.

We are also tackling our vehicle fleet. We aim to be using only electric lease cars by the end of 2025. In the year under review, 45% of our fleet of lease cars is electric.

Towards 100% renewable energy

Also in line with EY's global target is to have all our offices running on 100% renewable energy by 2025. Currently, we purchase electricity in the Netherlands from the national grid; 11 offices purchase 100% renewable electricity. Of the total electricity consumed by our offices, around 98,3% now comes from renewable sources. In addition, energy-reduction measures are introduced especially when buildings are renovated or if there is a change of premises.

Waste reduction

We are working toward zero waste and are currently at 251,217 kg of waste (split per category), compared with 279,545 kg in FY21. 54% of our waste is recycled and gets a second life, whereas 46% is recycled at a lower level and used to generate energy. The aim is to increase the percentage of waste that gets a second life.

Community investment

'EY Ripples', our global corporate responsibility program, provides EY employees with opportunities to use their knowledge, skills and experience to positively impact millions of lives by supporting the next generation,



Colleagues are keen to contribute to society as part of their work for EY

working with impact entrepreneurs and accelerating environmental sustainability. By working with these groups, they use their skills to the greatest possible impact, thereby triggering a ripple effect that will impact many millions of people. In the Netherlands we contribute to the global goals of impacting 250 million lives by 2025 and one billion lives by 2030.

The EY organizations in the various countries and regions can search for or set up their own projects with 'EY Ripples' - in partnership with clients and suppliers, but also with NGOs and impact networks.

At EY Netherlands, we continue to roll out new 'Ripples' projects. This year, there were 1,405 participants in activities (2020/2021: 807). The number of hours EY colleagues collectively spent on 'EY Ripples' initiatives came to 19,428, compared with 15,040 hours in 2020/2021 (when many COVID-19 restrictions were still in place). This led to a contribution to the global target to impact lives of 388.296 lives impacted. More and more colleagues are keen to contribute to society as part of their work for EY. An additional benefit is that these efforts also contribute to their personal development and their exceptional experience at EY.

A notable collaboration by EY in the environmental and climate field involved Life Terra. This organization aims to bring people together to plant 500 million trees in Europe, thereby improving the natural carbon capture rate. EY Netherlands aimed to plant a minimum of one tree for

every employee; thanks to our enthusiastic employees, we achieved a total of over 6,000. More than 350 colleagues went out into the field to plant trees. In addition to being inspirational, the tree-planting sessions increased knowledge about climate change and biodiversity, and also presented an opportunity to meet new colleagues and work on team-building.

In June, all Assurance professionals celebrated the first ImpACT Week. The ImpACT week gives colleagues the opportunity to learn about and receive training in the skills needed to provide our services on ESG topics. It also an opportunity to help protect and restore biodiversity. The ImpACT week combined mandatory and optional training sessions with social and environmental 'Ripples' activities and conferences. These ranged from participating in sustainable agriculture and cleanup efforts to language classes for newcomers. 190 colleagues participated in one or more of these ImpACT activities.

Supporting the next generation

This year, we launched a national partnership with JINC. Through this partnership, we are inviting colleagues to participate in multiple projects that range from flash internships to job application training, workshops on digital skills, and guiding students through their career options. JINC envisions a society in which a child's background does not determine a child's future, a society in which every child gets a fair chance. The program introduces children to various professions, allowing them to discover what kind of work suits their talents and how to apply for a job.

In addition to the partnership with JINC, we organized 'Social Impact days' with NL Cares: 480 children between the ages of 10 and 12 from 21 primary schools located in disadvantaged areas visited EY's offices to participate in the program Ondernemers in de dop (Aspiring Entrepreneurs).

In October 2021, the annual EY Entrepreneur of the Year gala presented the Social Impact Award for the first time. Ruben Walker of African Clean Energy (ACE) received the incentive prize. Walker was praised by the jury for the

ecological and social impact his company makes.

ACE supplies hybrid cookers to the people of Lesotho, Cambodia and Uganda. These stoves run on solar energy or biomass. As a result, people no longer have to cook on open fires, often using paraffin or charcoal, which poses a threat to their health. The workforce of ACE consists mostly of locals.

Sponsorships

EY has also become more visible in other areas of society: culture and sports. We have set up a culture fund, into which we have put one million euros to support a sector that has been in dire straits in recent years. An assessment committee selects appealing art and culture projects for this purpose. We are also linking our name to padel, an emerging sport. In January 2022, we entered into a three-year sponsorship contract with KNLTB Padel. This contribution to the sports sector is in line with our focus on the well-being of our employees. All colleagues received a padel gift card for renting a court.

Work for status holders

This year, the Finance Academy – the Refugee Talent Hub project, which we have been supporting together with KPMG and Rabobank since October 2020 – has again provided workshops and is mentoring people who have obtained their residence permits. The Finance Academy aims to give people skills and knowledge and help them find paid employment through mentors.

Scaling up impact entrepreneurs

By working with impact entrepreneurs, we help scale small and growing businesses that are driving progress towards the UN Sustainable Development Goals. One example is the program we run with Impact City to help sustainable start-ups grow their business. The innovation themes of the start-ups focus on energy, health and wellbeing, food and agritech, climate and water. Twenty-eight colleagues participated either as mentors or by facilitating workshops such as Privacy & Cybersecurity, Investor Readiness and Legal Basics.

We also help impact entrepreneurs and social organizations by offering pro-bono services. One example is Emma at Work, which assists young people with physical disabilities to secure an independent future. Among other things, EY Netherlands helped with the application for a Social Entrepreneurship Certificate.

Governing transparently and fairly

EY is committed to creating a responsible value chain with the highest ethical standards. These standards include protecting human rights, upholding international labor standards, protecting the environment and opposing all forms of corruption and bribery. As part of the EY community, we are committed to the United Nations Global Compact, the World Economic Forum International Business Council and the World Business Council for Sustainable Development.

Our commitment to promoting the principles of sustainability and responsibility – including in relation to human and labor rights – extends beyond our own organization. It includes continued efforts to promote the highest ethical standards within the EY supply chain, and to maintain and grow a diverse supplier base that reflects the markets, clients and communities we serve. Procurement is globally organized, and the ESG team is responsible for developing and managing ESG (including supplier diversity) supplier due diligence for global Supply Chain Services suppliers. This year, ESG assessments of key suppliers were conducted, as well as training of buyers and suppliers on how to recognize and ban modern slavery.

In the Netherlands, we have taken sustainability into account as one of the criteria when selecting a new provider. One of the elements of the cooperation is working with Closing the Loop, a company that offers a closed loop service for mobile phones: every new phone an employee hires is compensated for by collecting and recycling a discarded phone in Africa.

EcoVadis Gold Status

EY Netherlands has retained its EcoVadis Gold status, awarded in 2021. This is in recognition of our sustainability efforts. This places EY Netherlands in the top 3% of companies assessed by EcoVadis that operate in the legal and accountancy sectors. We remain committed to improving our scores in all areas that are specifically looked at: environment, labor and human rights, ethics and sustainable procurement.

Every choice matters

Corporate responsibility starts with awareness. We recognize that the business decisions our people make, the choices they make in sourcing materials, and the trips they go on or refrain from going on, have a significant impact on EY's sustainability and environmental performance. Through various initiatives, we are raising awareness of the sustainability of the decisions our people make. For example, we organize town hall meetings, training courses and workshops.

Financial results

Despite challenging macroeconomic and geopolitical circumstances, EY Netherlands had a remarkably good year. After a fiscal year marked by stagnation, during which total revenue remained virtually unchanged, we can report growth of 9.3% for 2021/2022, from €900 million to €983 million.

Revenue from services provided by our four operational service lines amounted to €950 million (2020/2021: €863 million). The outlier was Consulting, which saw growth of 29.7% (€43 million). Assurance and Tax also performed significantly better than in recent years, experiencing growth of 5.8% (€20 million) and 7% (€20 million), respectively. For Strategy and Transactions, revenue increased by 4.5% (€4 million), though excluding revenues from the partly disposed strategy consulting activities in FY22, the underlying growth was 19.1%. Our other revenue fell by just over 9% to €33 million.

Operating expenses increased by 5% in 2021/2022 to €759 million (2020/2021: €723 million). However, this increase must be considered in light of the COVID-19 pandemic too. While the pandemic still gives rise to occasional costs savings (for example, regarding travel,

meetings, events and facility costs), during the fiscal year we continued to invest in audit quality, technology, transformative leadership, wellbeing programs for our employees and setting up home offices for hybrid working.

Operating profit amounted to €224 million (2020/2021: €177 million), a growth of €47 million (26.7%). The operating profit margin was 22.8%, compared with 19.6% in the previous fiscal year. Financing expenses decreased by €4 million (50%), resulting in a pre-tax profit of €221 million (2020/2021: €170 million), representing growth of 30%.

The amount of the profit reserved for undistributable items and interest on capital is €30 million (2020/2021: €25 million). The remaining €191 million (2020/2021: €145 million) is available for distribution as partner earnings.

Solvency and working capital continued to improve, creating a solid base that will help us weather the current economic challenges and safeguard our investment agenda. We remain committed to sustainable growth.

Income statement (in millions of euros) ¹	2021/2022	Δ	2020/2021
Assurance	359	5.8%	339
Tax	314	7.0%	294
Consulting	187	29.7%	144
Strategy and Transactions	90	4.5%	86
Rendering of services	950	10.1%	863
Core Business Services	33	-9.2%	37
Revenue	983	9.3%	900
Purchased services	154	31.1%	118
Employee expenses	400	2.0%	392
Depreciation and impairment	28	-31.8%	40
Other operating expenses	177	2.6%	173
Operating expenses	759	5.0%	723
Operating profit	224	26.7%	177
Finance income and expenses	- 3	-50.0%	- 7
Profit before tax	221	29.7%	170
Income tax expenses	0	-108.1%	- 0
Profit for the fiscal year	221	30.0%	170
Undistributable items and interest on capital	- 30	21.2%	- 25
Income available for distribution	191	31.5%	145

¹ Ernst & Young Belastingadviseurs LLP ('EY Tax') has a strategic alliance with HVG Law LLP. In connection with this strategic alliance, the key figures of HVG Law LLP have been incorporated in the key figures of EY Tax. However, as no 'control' can be exercised over the activities of HVG Law LLP, the figures of HVG Law LLP have not been included in the (consolidated) financial statements.

Future expectations

We anticipate a future fraught with uncertainty. The next fiscal year, 2022/2023, will be a challenging one.

It will be a huge challenge to improve or even match this fiscal year's figures. We face great economic uncertainty, both in the Netherlands and around the world. War is still raging in Ukraine and is one of the causes of the high energy prices, which are impacting citizens and businesses. Unprecedented price hikes on goods and services are affecting spending, including labor costs.

The wage and bonus increases implemented last year will have a knock-on effect during the coming fiscal year, which will put pressure on our margins. In this tight labor market, revenue growth is directly linked to how effective

we are in bringing in new people and losing as few as possible.

Despite these challenges, we look to the coming year with confidence. If a recession does occur, as many economists are predicting, then we will withstand that as well. EY Netherlands is a financially healthy, robust and resilient organization. Moreover, in times of recession, we advise our clients on how to best address the associated challenges.

As for our own organization, 2023 will be a crucial year. The partners will decide whether EY will be split into two distinctive multidisciplinary organizations. But a potential split will not affect our results in the next fiscal year, 2022/2023, and would not occur before the end of the

2023 calendar year at the earliest. We will nevertheless invest a great deal of time and effort in communicating about any imminent changes. Most importantly, we guarantee the same high level of service and care for our clients and our people, and for society at large.

Governance

Corporate governance

Legal structure

Ernst & Young Nederland LLP (EYNL) is a member firm of Ernst & Young Global Ltd. (EY Global), a globally operating and leading accounting and consultancy organization. The Dutch organization supports and contributes to EY Global's vision and strategy. At the same time, we have our own responsibilities to carry out locally and nationally.

EYNL provides assistance and coordinating leadership to Ernst & Young Accountants LLP (EYA), EY Advisory Netherlands LLP (EYAN), Ernst & Young Belastingadviseurs LLP (EYB) and other EY entities in the Netherlands to optimize their shared course of business and practices and promote their joint strategy. EYNL carries out its operations in the Netherlands but does not provide services to clients itself. These services are provided by the Dutch EY entities, predominantly EYA, EYAN and EYB.

EMEIA and Europe West

Our activities in the Netherlands are part of the EMEIA Area, which comprises EY Global member firms in 97 countries in Europe, the Middle East, India and Africa. The Netherlands forms part of the Europe West region. This region does not include services to financial sector clients in the Europe West region, as these industry sectors are part of the EMEIA Financial Services region. However, services are provided to the financial sector in the Netherlands which are reported in this annual review and under the statutory direction of the Board of Directors.

Leadership

EYNL is governed by a Board of Directors and has a Supervisory Board that oversees the policy of the Board of Directors and the general state of affairs of EY Netherlands. All other entities within EY Netherlands solely have a Board of Directors, with the exception of EYA, which also has a Supervisory Board. The Supervisory Board of EYA consists of the same members as the Supervisory Board of EYNL.

Board of Directors' responsibilities

The Board of Directors of EYNL is responsible for the policy and reputation of EY in the Netherlands. The coordinating leadership of the Board of Directors is aimed at optimizing and implementing the joint direction of the company and stimulating the common performance of the service lines and cooperation.

Supervisory Board's responsibilities

The Supervisory Board monitors the company's financial state, and reviews the financial statements and the Board of Directors' strategy. It approves important proposals for capital expenditures, acquisitions, divestments and changes to financial and other corporate policies, as well as the annual budget and long-term plan. The Supervisory Board also evaluates the performance of the Board of Directors and the board of EYA. It oversees that EY Netherlands' policies are formulated and implemented in the interests of all of our stakeholders and that our policies are sustainable and meet ethical standards.

The Supervisory Board appoints an Audit & Risk Committee, a Talent & Remuneration Committee, an Assurance Quality Committee and a Public Interest Committee (the roles and tasks of the Supervisory Board are explained in the Report of the Supervisory Board on pages 42 and following).

The members of the Supervisory Board are carefully selected to ensure they offer EY Netherlands a comprehensive range of relevant experience in all areas that EY Netherlands operates in. For more information about the composition of our board and the rules for the Supervisory Board and the committees, see our 'Board' section on our corporate website.

Risk management

Last year again had its challenges for our organization due to, among other things, the war in Ukraine and compliance with EU sanctions, labor shortages, high work pressure and still restrictions due to COVID. These and other (technological) developments lead to an increasingly complex working environment. However, it was also a successful year.

How successful we are in achieving our short and long-term goals depends to a large extent how we are able to respond to and deal with this ever more complex environment, identify risks in a timely manner and relate them to the opportunities and possibilities we see.

Three Lines Model

The Three Lines Model describes the roles, positioning, and responsibilities related to managing EY Netherlands' key risks. The aim is to achieve a structured and controlled business and to help strengthen the risk management culture. The Three Lines Model divides responsibilities in risk management as follows:

- ▶ The first line is responsible for the controlled business operations of the primary and supporting business processes. The first line is also responsible for the daily implementation of risk management based on the risk management cycle (PDCA cycle) according to the EY (Netherlands) risk management framework.
- ▶ Operating from an independent position, the second line provides the organization with additional expertise, support, monitoring, and challenges in relation to the EY (Netherlands) risk management framework and specific risk management topics.
- ▶ The third line provides independent and objective internal assurance and advice to (senior) management on the adequacy and effectiveness of governance and risk management (including internal controls). The third line at EY Netherlands is provided by Internal Audit.

Risk management framework

Risk management entails all activities aimed at keeping the main risks within the Board of Directors' risk appetite. Risk management is the key in controlling our business operations. It entails identifying, assessing, managing, monitoring, and reporting the main risks, including integrity risks, and taking action based on these risks to make sure we achieve our short- and long-term objectives (strategic, tactical, and operational) with a reasonable degree of certainty.

Our robust risk management framework enables embedding risk management in our organization and consists of the following:

- ▶ Risk strategy and policy, including risk appetite;
- ▶ Governance, including roles and responsibilities outlined in the Three Lines Model;
- ▶ A risk management cycle (identify, assess, control, monitor, and report) consistent with the 'plan, do, check, and act' cycle (PDCA), aimed at continuous learning and improvement;
- ▶ Risk culture.

Risk strategy and policy, including risk appetite

Within EY Netherlands, the risk strategy and policy is based on the structure and policies that the EY Global network provides us in the context of our affiliation with that network. Within EY Netherlands, we have made this risk strategy and policy more specific for the Dutch firm, whereby we have worked out the principles of the Committee of Sponsoring Organizations of the Treadway Commission ('COSO') framework in more detail and taken into account the Dutch Corporate Governance Code. The COSO framework provides a structured framework for Enterprise Risk Management (ERM) and Internal Control and is a tool to identify the most important risks that may affect the achievement of our (strategic, tactical and operational) objectives thereby preserving and strengthening the trust our stakeholders place in us.

Risk culture

EY Netherlands's risk culture describes the values, attitude, behavior, and understanding of the key risks identified. EY Netherlands aims to create a constructive and entrepreneurial culture that prioritizes continuous learning and improvement and sets aside a key role for risk management. Risk management increases the likelihood of success (value creation), decreases the likelihood of failure (value protection) and reduces uncertainty about achieving EY Netherlands's objectives. We attach great value to the right attitude and behavior of our people, both in terms of their actions and reflecting on actions that did not have the intended outcome. The tone at the top is key in that respect.

Risk profile

Twice a year, in line with the risk management cycle (PDCA cycle) principles, the service lines including CBS, and the Board of Directors conduct a risk self-assessment to update our key risks (Risks That Matter). These are the risks that may have the greatest impact on our strategic objectives and our controlled business operations. The aim is to gain an overview and understanding of the management of these Risks That Matter, so senior management can determine whether adjustments are necessary. The Board of Directors compiles the final list of Risks That Matter, which generates a risk profile for EY Netherlands. In this profile, the Risks That Matter are divided into three risk categories: strategic, preventable, and external risks, which are also linked to EY Netherlands's long-term values. See the Risk Radar for a visualization of the risk profile.

Risk Radar

Overview of the most important risks that may affect the realization of EYNL's (strategic) objectives

Strategic

Risks that EY accepts in executing its business strategy, achieve its objectives and creating long-term value

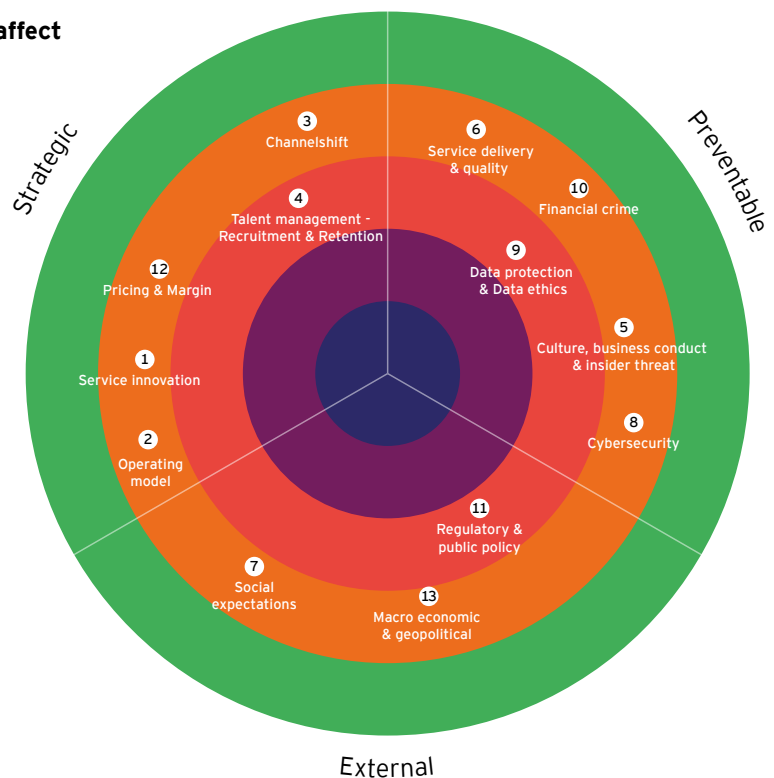
Preventable

Risks, arising from within the organization, that are controllable and ought to be eliminated, avoided or mitigated

External

Risks that only negatively impact the organization and therefore, risk treatment plans focus on mitigation, avoidance or elimination

- highest overall potential to affect the achievement of the (strategic) objectives
- lowest overall potential to affect the achievement of the (strategic) objectives



The analysis and resulting profile support that well-founded decisions can be made for the short and long term, aimed at a sustainable business model.

Despite high inflation, the war in Ukraine and the COVID related lockdowns, FY22 was a strong year for EYNL. Nevertheless, a few points of attention have been noted. Compared to last year, the risks 'Financial Crime' and 'Macroeconomic & geopolitical' are new on the Risk Radar. This is partly due to the fact that the risk of fraud, part of Financial Crime, increases rather than decreases due to, among other things, the current macroeconomic and geopolitical situation. In addition, fraud is becoming a structural supervisory theme of the AFM. In addition to fraud, compliance with the EU sanctions, also part of Financial Crime, is also an important focus for EYNL.

In addition to these two new Risks That Matter, three other risks have been identified that require additional attention. Like last year, retaining and recruiting of talent is essential to be able to continue to deliver our professional services with the highest quality. Despite the implementation of various adequate control measures, the management of this risk can currently only be partly influenced due to the very tense labor market. The risk is thin in which aging and the longer study of 'starters' because of COVID also play a role. In the context of the risk 'Regulatory & Public policy', the implementation of the many and complex laws and regulations (general and professional) in processes and procedures continues to require continuous effort from our company and our people. The 'data protection & data ethics risk' remains a high-impact risk at all times and must be continuously monitored.

For more information about our Risks That Matter, see the table on pages 39 and 40.

Risks That Matter

**Our ambition: Create long-term value
as the world's most trusted, distinctive
professional services organization**

Ambition dimensions	Risks That Matter	# Risk Radar	Risk Radar category	Control objective	Control measures
Client value To help clients grow, optimize and protect value	Service innovation	1	Strategic	Fund, develop and offer services that meet emerging needs of clients, utilize cutting-edge technology, and leverage alliances and ecosystem relationships while also considering the return on investments and additional regulatory requirement associated with such offerings	<ul style="list-style-type: none"> ▶ EY Wavespace™ ▶ Assurance Transformation ▶ Dedicated board member EY Assurance ▶ European Growth Platform, Growth Drivers ▶ EY Innovate Office EY (NL/Global), Innovation Board, Innovation Program ▶ Tax Technology & Transformation Group ▶ NL Tax lab
	Operating Model	2	Strategic	Maintain a healthy client portfolio in terms of relative market share, risk profile and profitability	<ul style="list-style-type: none"> ▶ Governance structure Board of Directors ▶ Service lines and network ▶ Three lines model ▶ Policies and procedures ▶ Budget and MTP process
	Channelshift	3	Strategic	Achieve a sustainable client portfolio leading to the realization of our desired ambition (the best in the market, the strongest brand with the customers that suit us)	<ul style="list-style-type: none"> ▶ Channel Board ▶ Deal review process ▶ Tender desk ▶ Client portfolio strategy ▶ Business Development strategy
People value To create an exceptional experience for EY people	Talent management - Recruitment & Retention	4	Strategic	Recruit and retain high-performing (divers) individuals with needed skills	<ul style="list-style-type: none"> ▶ Recruitment campaigns/Employer Branding ▶ Young Professional Boards ▶ High Performing Teams ▶ Global People Survey ▶ EY Innovate ▶ Work from home scheme ▶ EY vitality program Energize & Inspire ▶ Transformative Leadership program ▶ Diversity & Inclusiveness program
	Culture, business conduct & insider threat	5	Preventable	Create, instill, and maintain a culture and values that promote objectivity, accountability, and professional integrity; and that help EY build trust with stakeholders, deliver on its purpose and achieve its ambition	<ul style="list-style-type: none"> ▶ EY Code of Conduct ▶ Periodic EY Code of Conduct training courses ▶ Partner leadership training ▶ Diversity and Inclusivity policy ▶ Network of Trustees ▶ EY vitality program Energize & Inspire ▶ Counseling Excellence ▶ AcrossCultures platform

Risks That Matter

Ambition dimensions	Risks That Matter	# Risk Radar	Risk Radar category	Control objective	Control measures
Social value To build trust in the capital markets and have a positive impact on communities and the planet	Service delivery & quality	6	Preventable	Deploy and deliver service delivery methodologies to provide quality service in line with clients' expectations, regulatory requirements and professional standards	<ul style="list-style-type: none"> ▶ Policies and procedures ▶ Quality Frameworks ▶ Training & awareness ▶ Support teams ▶ Support tooling ▶ Client experience program ▶ High performing teams ▶ Quality reviews ▶ Root cause analysis
	Social expectations	7	External	Resolve the expectation gap due sufficient cooperation and transparency to our stakeholders	<ul style="list-style-type: none"> ▶ Proactive dialogue with political stakeholders and top business ▶ Public Policy workflows ▶ Monitoring activities regarding developments international bodies ▶ Participation external working groups
	Cybersecurity	8	Preventable	Manage cyberattacks	<ul style="list-style-type: none"> ▶ Policy and procedures ▶ Global/EY NL cybersecurity activities ▶ Training & awareness
	Data protection & Data ethics	9	Preventable	Appropriately collect, protect, and use client and EY data and information to generate value while maintaining stakeholder trust and compliance with applicable laws	<ul style="list-style-type: none"> ▶ EY (Global) policies & guidances ▶ Data privacy office ▶ Data privacy activities ▶ Training & awareness
	Financial crime	10	Preventable	Identify and monitor compliance with evolving laws and regulations and EY's requirements related to financial crimes, and reinforce trust with stakeholders	<ul style="list-style-type: none"> ▶ EY (Global) policies & guidances ▶ Sanctions SIRA ▶ EY NL Sanction Taskforce ▶ AML office
	Regulatory & public policy	11	External	Comply with changes in policies, professional standards and regulatory requirements that impact EY's ability to efficiently conduct business or threaten the business (model), including the ability to conduct appropriate initial and ongoing client and engagement due diligence	<ul style="list-style-type: none"> ▶ Policies and (due diligence) procedures ▶ Support teams ▶ Quality surveys ▶ Violations/incident reports ▶ Training & awareness
Financial value To be the long-term growth leader	Pricing & Margin	12	Strategic	Sustain the current business model (including margin erosion)	<ul style="list-style-type: none"> ▶ Channel Board ▶ Pricing & Margin management ▶ Service lines ▶ Deal Review process, pipeline process ▶ Planning & Control process
	Macro-economic & geopolitical	13	External	Identify, evaluate and respond to emerging events such as trade and tax wars, and political and economic changes that could disrupt clients' business and affect demand for EY services, and impact EY's operations and long term strategy	<ul style="list-style-type: none"> ▶ Monitoring activities by various EY (NL) bodies ▶ Reports with macroeconomic and geopolitical analyses

In Control statement

The Board of Directors of Ernst & Young Nederland LLP bears final responsibility for designing and implementing effective risk management and internal control systems. The aim of these systems is to manage and control the risks of the organization in such a manner that the organization is able to realize its objectives. The measures regarding the general control environment, such as the Global Code of Conduct, the risk management policies and principles, authorization schedules, and the procedures for client acceptance and continuance, are important elements in the internal control system.

The Board of Directors has regularly discussed risk management and internal control systems. During the past year, the organization has continued to strengthen the evaluation of the effectiveness of the most important processes, risks and control measures. These evaluations have continued to (among others) strengthen our employees' insights with regard to quality control and risk management but also their awareness and responsibility relevant to their roles around these issues. The organization-wide implementation of the control framework also contributes to continuous improvement with regard to managing risks and achieving our objectives.

Taking into account inherent limitations, the risk management and internal control systems are designed to provide a reasonable, though not absolute, degree of assurance that the significant risks to which the organization is exposed are sufficiently controlled. However, these systems cannot always prevent the occurrence of inaccuracies, fraud, or violations of rules and regulations.

Taking into consideration the aforementioned limitations, the Board of Directors concludes that the functioning of our risk management and internal control systems provides a reasonable degree of assurance that the financial reporting does not contain any material misstatements.

The board also concludes that, based on the current state of affairs, it is justified that the financial reporting has been prepared based on the going-concern assumption, and material risks and uncertainties have been reported that are relevant for the continuity of the organization for the period of 12 months after the preparation of this annual review.

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

Board of Directors Ernst & Young Nederland LLP
Jeroen Davidson, Patrick Gabriëls, Stephan Lauers,
Danny Oosterhoff, Saskia van der Zande

16 December 2022

Report of the Supervisory Board



Richard van Zwol



Pauline van der Meer Mohr



Monique Maarsen



Tanja Nagel



Patrick Rottiers

Introduction

The corona pandemic and Ukrainian conflict dominated the world in 2021/2022. COVID-19 had a significant impact on EY and its clients for the year under review with a devastating effect not only in human terms throughout the region but also on the global economy as a whole.

As the Supervisory Board, we monitored the policy of the Board of Directors (BoD) and the Board of Ernst & Young Accountants LLP (EYA Board) with respect to both these complex issues, alongside our core responsibility of supervising the organizational status, the impact on service delivery and the quality of audit services of EY in the Netherlands (EYNL). As such, we oversaw the response of the BoD and the EYA Board to the impact of COVID-19 on EY's clients and business operations in the Netherlands, to the physical vitality and mental resilience of EYNL's employees and partners, and to the further implementation of hybrid working at home and in the office - while doing what was necessary to ensure the safety of EY's local Ukrainian staff.

Throughout this process, we watched over the non-negotiable imperative of maintaining quality of services at the highest level whilst ensuring a prudent financial policy.

View on Supervision 2021+

As the Supervisory Board of both EYNL and EYA, in 2021/2022 we developed our perspective regarding our oversight of EY's principles and priorities within four multi-year focus areas. Four principles evolved upon which we believed our view on supervision should be based:

- ▶ First, EY's global purpose - building a better working world - expressing the interests of EY's stakeholders alongside the public interest in a more general sense. This includes the way in which EY wants to create long-term value and protect our planet. In this respect, we welcome the EY Global ambition to achieve net zero carbon emissions in 2025 across all the organization's footprints by offsetting or removing more carbon from the atmosphere than EY emits. At EYNL, we are already seeing the positive knock-on effects with respect to the vehicle fleet and sustainable procurement.
- ▶ Second, the public interest specific to EYA to ensure the quality of statutory audits pursuant to the Audit Firms (Supervision) Act (known in Dutch as the *Wta*) and other applicable laws and regulations, achieving the quality objectives of a public interest entity in accordance with this.
- ▶ Third, the Dutch corporate governance code, considering the legal form of EYNL and EYA.
- ▶ Fourth, the strategy and priorities of the BoD and the EYA Board to adhere to the aforementioned principle.

This year's view on supervision comprised another four multi-year focus areas:

- ▶ *Promoting good governance of EYNL and EYA.* We focused in particular on the interaction between EYA and EY's other activities in the Netherlands. We monitored the consequences for the quality of the audits undertaken by EYA. And we kept a keen eye on the ethical and controlled operational management. We are aware of the international embedding of this governance structure. And we regard it as our responsibility to promote the proper functioning of the BoD and EYA Board. Specifically, we internally supervised the EYA Board with a view to its responsibility for maintaining a solid working relationship with the regulatory authorities.

And we oversaw both the BoD and the EYA Board in their stakeholder management outreach.

- ▶ *Public interest function of audit firm EYA and long-term value creation of entire EYNL enterprise.* Our key role in this respect was monitoring the implementation of the public interest of the audit firm. We saw to it that the BoD and EYA boards paid sufficient attention to developments in the accountancy sector. We also provided broad-based support to the BoD on public themes such as value – client, people, social and financial value – as well as diversity, sustainability and social inclusiveness. We took note of the investigation conducted by Internal Audit into the Confidential Counsellor network and supervised the way the BoD and the EYA Board addressed the organization's whistleblower policy. Unsurprisingly, ESG was a key theme of our off-site with the BoD and EYA Board on 2 June 2022 as we discussed our perspective pertaining to environmental, social and governance factors.
- ▶ *Oversee quality policy, risk management, and ethical and controlled management of EYA in conjunction with EYNL.* We promoted the detailed implementation and functioning of the Three Lines Model within EY in the Netherlands, a model providing the structure to safeguard good governance, risk management and compliance throughout the organization. In order to ensure the adherence of the BoD and EYA Board to good governance, we saw it as our duty to ascertain that the ongoing development of quality standards for the assurance practice was endorsed and implemented by both boards. We supervised the quality policy of EYNL as a whole, changing the name of one of our committees into the Assurance Quality Committee (AQC). We appointed a Board Oversight Committee as a subcommittee of the AQC to monitor the Signals & Incidents 2.0 project, supported by deep dives and root cause analysis where appropriate. To emphasize the importance of this subcommittee, we nominated as its members the Chair and the Vice-Chair of our Supervisory Board. We are pleased to report that the monitoring of project and assurance quality is now undertaken entirely by the 'AQC'.

- ▶ *Care for people, development, culture and behavior, diversity and inclusiveness at EYNL and EYA.* Under the umbrella of transformative leadership, we put the twin themes of culture and behavior systematically on the agenda. We supervised the way in which the BoD implemented the EYNL Talent plan, appealing for attention to cultural diversity and inclusiveness as well as recruitment and retention. And we monitored the way in which the findings of the employee satisfaction survey known as Pulse were incorporated in the Talent plan.

Other focus areas during 2021/2022

Monitoring performance of the BoD and EYA Board

In relation to the boards, the Supervisory Board has three roles – the supervisory role, the employer role and the advisory role. We are empowered to make a binding nomination with respect to policymakers at both EYNL and EYA. We saw it as a key responsibility to monitor the functioning, coaching and time planning of the BoD and EYA Board members following their transitions in the course of 2021. We engaged with the BoD to ensure diversity in succession planning. We supervised the appointment of a new deputy head of Internal Audit and a new HR director. We endorsed the appointment of external auditors at EYA, tracked the positioning of EY in the upcoming round of client selection of new external auditors for EY in the Netherlands, and monitored the repositioning of EYNL within the newly-formed Europe West region.

Overseeing local implementation of global NextWave strategy

We underscored the approval of the local quality policy aligned with EY's global strategy entitled NextWave. We oversaw the implementation and execution of the NextWave Transformation Program at EYA. We supervised the anchoring of ongoing quality initiatives and activities in the day-to-day business. We monitored the

approach of the BoD and EYA Board to behavioral drivers such as cultural sensitivity, continuous learning and quality improvement, acknowledging that the quality imperative is a never-ending process.

Watching over a prudent financial policy

We assessed the adequacy of the budget for quality investments at both EYNL and EYA. Having approved the FY22 budget, we monitored the degree to which the measures adopted were not only prudent, but within strict financial parameters. We endorsed the guiding principles for the financial three-year plan (FY23-FY25). And, as part of the largest global transformation EY has ever embarked upon, we monitored the successful implementation and effectiveness of Mercury, our EY's financial platform.

Engaging with the regulatory authorities

A recurring feature of our dialogue with the BoD and the EYA Board was the way in which the recommendations issued by the Authority for the Financial Markets (AFM) were implemented at EY in the Netherlands. Relevant AFM reports were key agenda items during our discussions with both boards, as were European regulatory developments and reports of the Public Company Accounting Oversight Board (PCAOB). We paid particular attention to the way in which the EYA Board rolled out their proposition with regard to the institution of a regulatory office within EY.

Last but not least: supervising the response to the fall-out from the conflict in Ukraine

As discussed earlier, the uncertainties caused by corona were exacerbated in early 2022 by the Ukrainian crisis and the impact - both external and internal - that the conflict had on the business operations. We monitored the measures taken immediately after the outbreak of the conflict by the BoD and the EYA Board. These measures, fully in line with EY Global directives, pertained to risk mitigation, strategic alliances and compliance with the international and European sanctions imposed on some of the clients in the region. We also oversaw the efforts taken by the BoD and the EYA Board to ensure the well-being of Ukrainian EY colleagues living and working in particularly difficult circumstances.

Meetings and assessments

The SB EYNL and the SB EYA held seven joint formal meetings in the year under review. The meetings were held online until the precautionary corona measures were withdrawn, and thereafter face-to-face. We met regularly with both the BoD (four times) and EYA Board (five times), addressing a wide range of topics. All members of the SB EYNL and the SB EYA attended these meetings, with no member being frequently absent.

In our discussions with the external auditor, we focused on both the audit approach and resulting Board Report. As we do every year, we met with a delegation of the Works Council. We attended the annual meeting upon invitation of and with the AFM, alongside informal contact with AFM-officials in the course of the year and alongside formal contact initiated by the SB to discuss progress regarding the Signals & Incidents project. We held separate meetings to discuss and adopt the financial statements and approve candidates for the external audit function for EY in the Netherlands.

Some of us attended a training seminar specifically targeting supervisory board directors, and we took part in various EY-related internal and external events. We reviewed our own performance as a Board and as individual members on 3 June 2022. Recurring annual topics for review were the profile and composition of the SB EYNL and the SB EYA. Individual performance evaluation interviews were held with the BoD and EYA Board based on assessment criteria amongst which quality is the leading criterion.

Duties and powers

The duties and powers of the SB are set forth in the Charter of the Supervisory Board of Ernst & Young Nederland LLP (SB EYNL) and the Charter of the Supervisory Board of Ernst & Young Accountants LLP (SB EYA), as adopted on 18 December 2019 and 24 September 2021 respectively.

There were no changes to the SB's duties and powers this year. The personal union formed by the SB EYNL and SB EYA means that the members of both corporate bodies mirror one another. In compliance with some elements of the Dutch Corporate Governance Code, the composition, procedures and mandate of the SB are taken into consideration.

Composition Supervisory Board and Committees

The SB is composed in such a way that a combination of experience, expertise, competencies, professionalism, background as well as diversity with respect to gender, age and personality enables us to fulfil this role. The SB actively promotes propriety, fitness, independence and transparency internally, and externally: 'tone at the top.' We outline how we have organized our supervisory duties below.

As per 16 December 2022, the SB consists of four independent members and one non-independent member, and is fully in line with the SB profile.

The SB consists of the following members as per 16 December 2022:

	Date of initial appointment	Term	End of current term	Eligible for reappointment at step-down date?	Public Interest Committee	Assurance Quality Committee	Audit & Risk Committee	Talent & Remuneration Committee
Pauline van der Meer Mohr, Chair	1-7-2015	2	30-6-2023 ¹	No	Member	Chair	-	Member
Richard van Zwol, Vice-Chair	1-2-2021	1	31-1-2025	Yes	Chair	-	Member	Member
Monique Maarsen	1-7-2015	2	30-6-2023	No	Member	-	Chair	Member
Tanja Nagel	1-9-2017	2	31-8-2025	No	-	Member	Member	Chair
Patrick Rottiers ²	12-11-2018	2	11-11-2026	No	-	Member	-	Member

¹ Formal end of term, but the chair will step down as of 31-12-2022

² Patrick Rottiers is the non-independent member.

Committees

Audit & Risk Committee

The Audit & Risk Committee (ARC) focuses on operational management and risk management within EYNL. The ARC conducted research into how certain specific accounting issues are addressed at EY, resulting from developments at other companies as reported in the media. This committee supervised the implementation of Mercury, the new financial platform, as well as professionalization of quality compliance and risk management throughout EYNL.

The ARC assists the SB in fulfilling its supervisory activities for internal and external reporting, significant capital investment, tax, budget preparation, the external audit function, and the design and operation of the internal risk management controls.

Additional tasks include the supervision of compliance with relevant rules and regulations governing the provision of EYNL information, both financial and non-financial. Five online meetings were held in the year under review as well as one additional meeting with the full SB to discuss the process to appoint the external accountant for EY in the Netherlands.

Talent & Remuneration Committee

The Talent & Remuneration Committee (TRC) discusses long-term executive succession planning - leadership development at the level of (associate) partner - with a view to the timely availability of candidates for board succession.

The committee held performance reviews, discussed and then set executive remuneration and executed the annual Talent plan; what needs to be done today to be ready for tomorrow. The TRC promoted recruitment and retention of qualified employees, those who helped shape EYNL's inclusive and diverse values, those who made the difference, day in, day out - the people of EYNL.

Significant inflow, advancement and outflow at EYNL required constant attention and a well-considered cycle of training, development and assessment. Crucial to success in this endeavor was establishing measures to safeguard an optimal work-life balance. The TRC gathered four times this year.

Assurance Quality Committee

The Assurance Quality Committee (AQC) focuses primarily on the quality of Assurance services to clients. It first discussed and then assessed the Quality Review before adopting the Quality Policy. The AQC paid particular attention to the Signals & Incidents 2.0 project and supervised the structural anchoring of the NextWave transition from an audit quality perspective in the organization. The AQC is responsible for advising on and monitoring audit quality. Its former responsibility when it was known as the Quality & Governance Committee - overseeing compliance with EY's chosen corporate governance structure in the Netherlands - has now been transferred to the SB as a whole. The AQC held four meetings in the year under review (excluding those related to the Signals & Incidents 2.0 Project with the Board Oversight Group).

Public Interest Committee

The Public Interest Committee (PIC) discusses matters of public interest - value, diversity, sustainability and social inclusiveness. It monitored the way EYNL focused on various economic sectors, including organizations in the semi-public and public domain as reflected in the initiative aimed at these sectors entitled EY Society. The PIC monitored the progress of the stakeholder dialogue and the associated annual plan, holding separate meetings to discuss the coalition agreement and align the potential impact on and opportunities for EY. It oversaw the development of a sponsoring policy focused on sport - particularly padel - as well as the foundations for a developing initiative in the art and culture environment. The PIC monitored the way in which the BoD launched an EYNL Sustainability campaign in the media, focused specifically on how EY can help its clients to drive

sustainability initiatives. And the committee supported the SB in monitoring compliance with the public interest while focusing on the intensification and ongoing implementation of the stakeholder dialogue. The PIC held four meetings in the year under review, and the FY22 stakeholder dialogue plan was on the agenda of each of them.

Independence and training

Independence

The duties and powers of the SB determine the position of its members under prevailing independence rules. As described in its charters, independence in both fact and appearance is required. The Independence Officer of EY monitors both the financial and personal independence of SB members. As set forth above, all SB members except one qualify as independent in accordance with the regulations. No decisions were rendered by the SB in which conflicts of interest occurred in compliance with the relevant articles of its charters.

Training

SB members participated in online internal and external training sessions, many of which focused on the ongoing priority of the quality of audit services in general.

Annual reports

Financial Statements

The BoD prepared the 2021/2022 Integrated Report and Financial Statements of EYNL, and the EYA Board prepared their Financial Statements. The Financial Statements were audited by BDO LLP, the external auditors. The SB discussed the findings with the external auditor of EYNL and EYA in the presence of the BoD, including its EYA representatives. The SB approved the Financial Statements of EYNL on 14 December 2022.

Transparency Report

Together with EYA policymakers, we reviewed the content of the 2021/2022 Transparency Report, to be published in October 2022. In our view, the developing text and tone of the report is in line with our observations during the past year and representative of the way the EYA Board is embedding NextWave within the organization as well as a broad range of socially-relevant topics related to quality.

Outlook

Despite the turbulence caused by the corona pandemic and the Ukrainian conflict, we were pleased to note that the encouraging results at the end of the 2021/2022 financial year were fully in line with expectations as announced by the BoD and the EYA Board. We would be surprised, however, if the year ahead were to become any less turbulent. We are well aware that a renewed winter outbreak of corona could have an even more serious impact on EY and its clients. And although the conflict in Ukraine may not have a significant direct impact on EYNL yet, development of the global economy and corresponding market uncertainty could continue to pose a formidable challenge. Tightening of the labor market may also make an operational impact as well as compromise the way we care for EY's people, serve the public interest and exceed expectations in the level of service we provide to the clients. Moreover, pressure on both inflation and interest rates, energy transition hurdles and climate change dilemmas could cause a drop in the demand for EY services in the future. We have discussed the potential implications of these developments with the BoD and EYA Board and share the conclusion that a prudent financial policy is the way ahead for the foreseeable future.

Together with the BoD and the EYA Board, we will continue to contribute to the discussion regarding the meaning of building a better working world and how it is positioned, especially in the accountancy sector. We will follow with interest the ongoing public debate regarding the future of this sector and will closely monitor the BoD

and EYA Board's response to the signals emitted by regulatory bodies. From an internal perspective, we will be mindful of the discussions with respect to enhancing the appeal of the sector in the Netherlands and the effectiveness of the accountancy service line. We will continue to oversee the way in which the the BoD and EYA Board fosters and nurtures cultural change, diversity, social inclusion and the meaning of ESG within the organization, reflecting the role of EY in serving the public interest by delivering high-quality audit and complementary services.

In principle, the View on Supervision 2021+ that we have drawn up will be our guiding principle for a longer period of time. We now have an annual calendar for our meetings and other activities, its agenda deriving from the principles and priorities as outlined earlier as well as topics we are obliged to discuss related to laws, regulations and corporate governance. We will continue to monitor the functioning and performance of the new boards. We will closely monitor post-corona issues such as hybrid working and continued adherence to financially prudent policies, and post-conflict issues pertaining to local EY staff working in the Ukraine.

In the course of financial year 2022/2023 EY Global Executive reached the decision to move forward with partner votes to separate EY into two distinct, multidisciplinary organizations. The Supervisory Board will closely monitor the process and steps to be taken with a special focus on delivering high quality services in general and on continuation of an excellent assurance service in particular, serving the public interest as well as the interests of the other key stakeholders including EY's employees and partners.

On 11 November, Patrick Rottiers reached the end of his first term on our Board and was reappointed for a second and final term. Additionally, two positions become vacant on our Board. Pauline van der Meer Mohr and Monique Maarsen both reach the end of their second terms on 30 June 2023 and are ineligible for reappointment. In order to avoid two Board vacancies on the same day, Pauline will step down six months earlier, on

31 December 2022. We will comment on the transition in next year's Report of the Supervisory Board.

We would like to conclude this year's Report by reaffirming our conviction that EYNL and EYA are well positioned to address the challenges that the next financial year will undoubtedly bring. We would like to thank the BoD, the EYA Board as well as all EYNL partners and employees for their remarkable flexibility in a year that was just as turbulent as the last, for their diligent efforts towards the clients, and for their ongoing commitment to the stakeholders of EY.

16 December 2022

Pauline van der Meer Mohr, Richard van Zwol, Monique Maarsen, Tanja Nagel, Patrick Rottiers

Financial statements

Consolidated statement of profit or loss of Ernst & Young Nederland LLP

for the year ended 30 June 2022 | In thousands of euros

	Notes	2021/2022	2020/2021
Revenue			
Rendering of services	6.1	901,560	819,211
Other income	7	31,465	35,846
		933,025	855,057
Operating expenses			
Services provided by foreign EY member firms and third parties	8.1	148,858	112,459
Employee benefits expenses	8.2	380,590	374,245
Amortization of intangible assets	11	632	999
Depreciation and impairment of property, plant and equipment	12	3,417	6,775
Depreciation and impairment of right-of-use assets	13	23,534	32,691
Other operating expenses	8.3	164,929	160,238
		721,960	687,407
Operating profit		211,065	167,650
Finance income	9.1	1,522	4
Finance expenses	9.2	-4,808	-6,340
Profit before tax		207,779	161,314
Income tax income/(expense)	10	119	-508
Profit for the financial year		207,898	160,806
Profit attributable to members of EYNL		207,898	160,806

Consolidated statement of other comprehensive income of Ernst & Young Nederland LLP

for the year ended 30 June 2022 | In thousands of euros

	Notes	2021/2022	2020/2021
Profit for the financial year		207,898	160,806
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Net gain/(loss) on equity instruments designated at fair value through other comprehensive income		1,391	-312
Actuarial gains on defined benefit plans	21.2	177	65
Other comprehensive income for the year, net of tax		1,568	-247
Total comprehensive income for the year, net of tax		209,466	160,559
Total comprehensive income for the year attributable to members of EYNL		209,466	160,559

Consolidated statement of financial position of Ernst & Young Nederland LLP

as at 30 June 2022 | In thousands of euros

	Notes	30 June 2022	30 June 2021
Assets			
Non-current assets			
Intangible assets	11	21,311	23,630
Property, plant and equipment	12	21,991	20,258
Right-of-use assets	13	94,575	101,831
Other non-current financial assets	14	7,874	6,625
		145,751	152,344
Current assets			
Trade and other receivables	15	296,991	260,526
Prepayments	16	89,488	85,378
Other current financial assets	14	148	140
Cash and cash equivalents		177,820	170,442
		564,447	516,486
Total assets		710,198	668,830
Equity and liabilities			
Current liabilities			
Trade and other payables	17	192,401	203,263
Interest-bearing loans and borrowings	18	33,227	32,249
Provisions	20	777	923
Employee benefits	21	51,397	44,227
Income tax payable		709	1,341
		278,511	282,003
Non-current liabilities			
Interest-bearing loans and borrowings	18	132,321	150,999
Other non-current financial liabilities	19	-	250
Provisions	20	7,213	2,280
Employee benefits	21	22,612	23,390
		162,146	176,919
Total liabilities		440,657	458,922
Equity			
Members' capital	22	102,729	107,628
Reserves	23	166,812	102,280
Total equity		269,541	209,908
Total equity and liabilities		710,198	668,830

The financial statements of Ernst & Young Nederland LLP, registered no. OC335595, were signed on 16 December 2022 by J.L. Davidson on behalf of Mr. J.L. Davidson B.V.

Consolidated statement of changes in equity of Ernst & Young Nederland LLP

for the year ended 30 June 2022 | In thousands of euros

	Members' capital	Profit available for distribution	Retained earnings	Total reserves	Total equity
At 1 July 2020	112,038	128,155	-58,056	70,099	182,137
Profit for the financial year	-	146,353	14,453	160,806	160,806
Other comprehensive income	-	-247	-	-247	-247
Total comprehensive income	-	146,106	14,453	160,559	160,559
Profit distribution					
2019/2020	-	-128,155	-223	-128,378	-128,378
Contribution of capital from current members	3,230	-	-	-	3,230
Repayment on retirement	-7,640	-	-	-	-7,640
At 30 June 2021	107,628	146,106	-43,826	102,280	209,908
Profit for the financial year	-	183,860	24,038	207,898	207,898
Other comprehensive income	-	-159	1,727	1,568	1,568
Total comprehensive income	-	183,701	25,765	209,466	209,466
Profit distribution					
2020/2021	-	-146,106	1,172	-144,934	-144,934
Contribution of capital from current members	5,502	-	-	-	5,502
Repayment on retirement	-10,401	-	-	-	-10,401
At 30 June 2022	102,729	183,701	-16,889	166,812	269,541

Negative retained earnings are mainly a result of settlement of drawing rights in 2006/2007 and 2008/2009 with current and retired members. These negative retained earnings do not have any impact on the going concern assumption under which these statements have been prepared. Also the future cash flow will not be significantly negatively influenced as a result of the settlement of the drawing rights. For these reasons EYNL will be able to continue distribution of its profits.

Consolidated statement of cash flows of Ernst & Young Nederland LLP

for the year ended 30 June 2022 | In thousands of euros

	Notes	2021/2022	2020/2021
Operating activities			
Profit for the financial year		207,898	160,806
Adjustment for:			
Amortization of intangible assets	11	632	999
Depreciation and impairment of property, plant and equipment	12	3,417	6,775
Depreciation and impairment of right-of-use assets	13	23,534	32,691
Finance income and expenses	9	3,286	6,336
Losses/(gains) on leases and the sale of assets		-84	520
Loss on disposal of activities		228	-
Increase in employee benefits	21	6,717	14,679
Increase/(decrease) in provisions	20	4,722	-1,408
Income tax (income)/charge for the year	10	-119	508
		250,231	221,906
Working capital adjustments:			
Increase in trade and other receivables and prepayments		-36,330	-9,727
Increase in trade and other payables		5,691	24,566
Income tax paid		-444	-810
Net cash flow from operating activities		219,148	235,935
Investing activities			
Purchase of intangible assets	11	-	-93
Purchase of property, plant and equipment	12	-5,251	-5,275
Disposals of property, plant and equipment	12	101	513
Additions to other non-current financial assets/loans		-	-52
Repayment/disposals of other non-current financial assets/loans		161	139
Proceeds from disposal of activities	26.1	2,848	-
Net cash flow used in investing activities		-2,141	-4,768
Financing activities			
Payment from/(to) current and retired members (current account)		-16,967	23,510
Prepayments to current members	16	-63,099	-57,351
Payment of profit distribution 2020/2021 (2019/2020)		-87,583	-66,895
Contributions of capital from current members	22	5,502	3,230
Repayment of capital contributions on retirement	22	-10,401	-7,640
Repayment of lease liabilities	13	-29,572	-30,938
Proceeds from interest-bearing loans and borrowings	18	7,719	8,690
Repayment of interest-bearing loans and borrowings	18	-11,190	-12,087
Interest paid		-4,038	-4,126
Net cash flows used in financing activities		-209,629	-143,607
Net cash flow		7,378	87,560
Net cash and cash equivalents 1 July		170,442	82,882
Net cash flow		7,378	87,560
Net cash and cash equivalents 30 June		177,820	170,442

Other information

Assurance report of the independent auditor

To: the Board of Directors of
Ernst & Young Nederland LLP

Report on the Annual Review 2021/2022

Our opinion

We have examined the Annual Review (further: “the Integrated Report”) of Ernst & Young Nederland LLP (further: “EY”), based in Rotterdam, for the year ended 1 July 2022. The references in the Integrated Report (to www.ey.com/nl, external websites and other documents), the paragraph “In control statement” (page 41) and the chapter “Financial statements” (extract of the primary overview on which BDO LLP has issued an unqualified auditor's report) are excluded from our assurance engagement. Our assurance engagement is aimed at obtaining a reasonable level of assurance.

In our opinion, the Integrated Report for the year ended 1 July 2022 is prepared, in all material aspects, in accordance with the applied reporting criteria as disclosed in the chapter ‘About this report’. This opinion is subject to the inherent limitations outlined below.

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.

Basis for our opinion

We conducted our examination in accordance with Dutch law, including Dutch Standard 3810N ‘Assurance-opdrachten inzake maatschappelijke verslagen’ (‘Assurance engagements relating to sustainability reports’). Our responsibilities on this basis are described in

the ‘Our responsibilities for examining the Integrated Report’ section of our report.

We are independent of Ernst & Young Nederland LLP in accordance with the ‘Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten’ (ViO, Code of ethics for professional accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the ‘Verordening gedrags- en beroepsregels accountants (VGBA, Dutch code of ethics)’.

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

Applicable criteria

Identification of criteria

The Integrated Report needs to be read and understood together with the reporting criteria. EY is solely responsible for selecting and applying these reporting criteria, taking into account applicable laws and regulations related to reporting.

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

- ▶ The ‘guiding principles’ and ‘content elements’ of the International Integrated Reporting Framework of the Value Reporting Foundation;
- ▶ The own accounting principles of EY as included in the chapter ‘About this report’ of the Integrated Report.

The absence of an established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques

and can affect comparability between entities and over time.

Description of responsibilities

Responsibilities of management

Management is responsible for the preparation of reliable and adequate (non-financial) information that forms the basis for the Integrated Report in accordance with the applicable 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 policies are set out in section 'About this report' of the Integrated Report.

Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the information on the Integrated Report free that is from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing the reporting process of EY.

Our responsibilities for examining the Integrated Report

Our responsibility is to plan and perform our assurance engagement to obtain sufficient and appropriate assurance information for our assurance report. Our assurance engagement has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our assurance engagement.

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS, regulations on quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our assurance procedures included among others:

- ▶ Performing an analysis of the external environment and obtaining an understanding of relevant social themes and issues, and the characteristics of the company;
- ▶ Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the sustainability information. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the management board;
- ▶ Obtaining an understanding of the systems and processes for collecting, reporting and consolidating the sustainability information, including obtaining an understanding of internal control relevant to our assurance engagement, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- ▶ Identifying and assessing the risks if the Integrated Report is misleading or unbalanced, or contains material misstatements, whether due to errors or fraud. Designing and performing further assurance procedures responsive to those risks, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our opinion. The risk that the Integrated Report is misleading or unbalanced, or the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. These further procedures consisted amongst others of:
 - ▶ Interviewing management (and/or relevant staff) at corporate (and Service Line) level responsible for the sustainability strategy, policy and results;
 - ▶ Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability information;
 - ▶ Obtaining assurance information that the Integrated Report reconciles with underlying records of the company;
 - ▶ Evaluating relevant internal and external documentation, on a test basis, to determine the reliability of the information in the Integrated Report;
 - ▶ Performing an analytical review of the data and trends

- ▶ Evaluating the overall presentation, structure and content of the Integrated Report;
- ▶ Considering whether the Integrated Report as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the assurance engagement and significant findings, including any significant findings in internal control that we identify during our assurance engagement.

Rotterdam, 16 December 2022

For and on behalf of BDO Audit & Assurance B.V.,
C.M. Steehouwer MSc RA

Annex

1. About this report

Our reporting approach

The Integrated Annual Review published by Ernst & Young Nederland LLP covers the fiscal year running from 1 July 2021 to 30 June 2022. In this report, we report on activities taking place in the Netherlands.

The report entails the broad outlines of the most relevant information and our contribution to the long-term value creation. Throughout the report, we provide an overview of the main developments, financial and non-financial performance in the last fiscal year.

In the Integrated Annual Review, we report on material themes that are connected to our strategy, our performance, our impact on society, the opportunities and risks. In doing so, we take the expectations of our most important stakeholders into account with regard to the themes on which we report.

For more detailed information on financial statements we refer you to the annual review website. The most important financial statements can be found in this Integrated Annual Review.

Reporting criteria

During the preparation of the Integrated Annual Review, we followed the guiding principles and content elements of the International Integrated Reporting Framework (<IR> Framework) of the Value Reporting Foundation. The <IR> framework enables us to communicate about how our strategy, governance, performance and clients/prospects, within the context of external developments, lead to value creation. In line with this framework we determined quantitative long term value (our NextWave strategy) targets and disclose them and our performance for the first time in this Integrated Annual Review. The value creation model structures the content of this Integrated Annual Review.

The process for defining the material topics and report content, as well as the list of material topics, is described in the materiality analysis and stakeholder dialogue section of this document. The results of the assessment, a list of material and value creation topics for EY Netherlands are set out in this report together with indicators to measure the progress on the performance. We developed our own reporting criteria for a number of KPIs (see section Basis of preparation). The financial statements were prepared in accordance with IFRS (for more information, see the notes to the financial statements) and can also be downloaded from the annual review section of our corporate website.

Reporting ambitions

Ernst & Young Nederland LLP adheres to several reporting guidelines and benchmarks, such as Transparency Benchmark. In this way, our performance and way of reporting can be compared to peers and expectations from the industry and other stakeholders. Reporting ambitions for the coming years are: to keep reporting in accordance with the Integrated <IR> framework; to keep reporting on high material topics;. Next to that we are aware that we will be subject to the EU Corporate Sustainability Reporting Directive (CSRD) which will be adopted by October 2022. In order to comply with these non-financial reporting regulation, it is our ambition to continue implementing this over the course of next years and disclose the gradient progress in our integrated annual reports.

Boundaries and scope

The reported information comprises the activities of Ernst & Young Nederland LLP, Ernst & Young Accountants LLP, Ernst & Young Belastingadviseurs LLP, EY Advisory Netherlands 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., Ernst & Young Participaties Coöperatief U.A., Ernst & Young Participaties B.V., EY-Parthenon B.V., EY Montesquieu

Finance B.V., EY Montesquieu Institutional Risk Management B.V. and EY VODW B.V.

Ernst & Young Nederland LLP acts as a holding company and does not provide any services to clients. Ernst & Young Belastingadviseurs LLP (EY Tax) has a strategic alliance with HVG Law LLP. Given their strategic alliance, the key figures of HVG Law LLP were included in the key figures of EY Tax. As no 'control' can be exerted over the activities of HVG Law LLP, the financial figures of HVG Law LLP were not included in the (consolidated) financial statements.

Preparation of the reports

The Board of Directors (BoD) is ultimately responsible for the contents of the Integrated Annual Review. Brand, Marketing & Communication department with support from an external consultant and in cooperation with the relevant functions developed a content of the publications. The data for the financial KPIs in the Integrated Annual Review were consolidated by the Finance department and the data for the non-financial KPIs by the sub-service line Climate Change and Sustainability services (CCaSS) and Corporate responsibility team. The representatives from the service lines and support departments were involved in the development of Integrated Annual Review, thereby functioning as a sounding board group. The BoD company secretary and the BoD are responsible for the contents of the Supervisory Board report. The CFO is responsible for the financial statements and the accompanying notes. The Integrated Annual Review committee is responsible for preparing and arranging for the approval of the structure and the text of the report of the Board of Directors.

External assurance

We requested our independent external auditor, BDO Audit & Assurance B.V., to verify the accuracy of both the financial and non-financial information in the Integrated Annual Review with a reasonable degree of assurance. The assignment also comprised the audit of the contents of the report, the non-financial performance indicators and <IR> Framework guidelines. The assurance report can be found on page 56. BDO LLP has issued an unqualified

auditor's report for the financial statements (of which the primary overviews are extracted in this report on pages 50 to 55).

The in-control statement did not fall within the scope of the assurance assignment.

For the preparation of the Integrated Annual Review, use was made of expertise within EY in the field of non-financial information in integrated annual reports. Before the annual review was submitted to the external auditor, internal control procedures were performed to ensure the reliability of the non-financial information in the Integrated Annual Review.

2. Materiality Analysis and Stakeholder Dialogue

Stakeholder engagement

We attach great importance to the views of our stakeholders. To stay relevant, we maintain an ongoing dialogue with our key stakeholders. These dialogues take place on different levels within our organization and are often a part of our day-to-day operations.

The EY Management is involved in the most important stakeholder dialogues: People Pulse, EY Private, EY Society and Tomorrow's economy sessions, EY Ripples program, interactions with legislators and regulatory bodies. The EY Stakeholder Dialogue steering group evaluates the dialogues, monitors and formulates improvement measures and adapts the strategy where necessary.

We have identified the following most important stakeholder groups that are material to the success of our business in short, medium and long-term:

- ▶ Clients
- ▶ Employees
- ▶ EY Partners
- ▶ Board members and Supervisory Board members
- ▶ Legislators
- ▶ Regulators
- ▶ Politicians
- ▶ NGOs
- ▶ Universities

A continuous engagement with our stakeholders allows us to create, deliver and capture value, as well as identify new risks and opportunities.

Our stakeholder engagement framework consists of two pillars:

1. the EY Materiality assessment, in which stakeholder opinions are important input to determine our firms' strategic and reporting focus areas
2. the EY Stakeholder pulse, a biennial survey to get insights from our stakeholders on specific topics that we

believe are going to have a significant impact on the economy of tomorrow and as such on EY Netherlands.

Materiality

In 2022, we performed a materiality assessment in line with our stakeholder engagement framework. This assessment ensures EY Netherlands is aware of what is happening around us, where we can have an impact and how we can add focus to our efforts. We assessed the materiality in three stages:

1. Determine potential material topics
2. Stakeholder consultation to prioritize topics from our stakeholders' perspective, and
3. A board session to determine material topics.

This analysis is performed at year-end and will be used to determine our strategic and reporting focus for 2022-2023.

This year, we based the scope of our report on the material topics of the assessment performed in 2020, in line with our stakeholder engagement framework (see IAR 2020/2021). Therefore, we did not include a full materiality matrix in this year's report. A table showing the material topics and their priority for FY 22 will suffice. This year, our internal focus has been on aligning the NextWave value targets and KPIs with the strategic topics that were defined as material last year.

The alignment of the NextWave value KPIs with the performance KPI's on our material topics has led to the following adjustments in the list of material topics and KPIs:

- ▶ Culture change was removed from the list because it is regarded as a result/effect of focusing on the other topics. The KPIs remain relevant but are taken to be indicators for:
 - % overtime as an indicator for mental and physical well-being of employees;
 - # attendance HPT for talented employees;

- ▶ We use the Customer satisfaction score as a KPI to measure Client Value (a NextWave value KPI). We monitor the quality of our audit and advisory services with the KPI: Quality review engagements 1 and 2 (%).
- ▶ Definitions of material topics have been adjusted to clarify their scope and focus without changing the content (see table below).

The topics are top down sorted based on prioritization as described in the 2020/2021 report.

Material topics and definitions

Material topic	Definition 2020/2021	Definition - adjusted for readability - 2021/2022
Mental and physical wellbeing of our employees	Taking care of the vitality of employees, paying attention to physical health as well as to emotional and mental health.	Implementing workplace health and safety measures to safeguard and improve employee health, vitality and mental wellbeing.
Quality of audit and advisory services	Providing exceptional and high-quality services with which we exceed the expectations of our clients and clearly demonstrate the added value of our services to our clients and working in accordance with applicable laws and regulations and anticipating the increasing restrictions imposed by supervisory bodies.	Providing exceptional and high-quality services that demonstrate added value to our clients, while being compliant with applicable laws and regulations and anticipating on the global challenges and the increasing restrictions imposed by supervisory bodies.
Technological innovation	Investing in 'new' technology and digitalization to improve the range and quality of services and to develop new products and services.	Investing in 'new' technology and digitalization, stimulating innovation within the organization to improve the range and quality of services and to develop new products and services.
Retaining, recruiting and developing employees	Investing in engaged and loyal employees. The focus lies on recruiting the best employees in a tight labor market and meeting the expectations of a new generation of employees.	Attracting and keeping diverse (top) talent, investing in employee loyalty by providing inspiring work environment, attractive professional training, diverse career development opportunities and hybrid working.
Diversity and inclusiveness	Maintaining/stimulating teams with a diverse and inclusive composition so that complex issues are viewed from various perspectives and knowledge backgrounds. Ensure that everyone within EY, regardless of gender, religion, sexual preference or origin, for example, has equal opportunities, for example with regard to promotions, study opportunities and rewards.	Maintaining / promoting a diverse and inclusive work environment that offers equal opportunities and rewards.
Integrity and independence	Providing services that satisfy our ethical standards. Central issues in this context are anti-corruption, sound due diligence when accepting clients and (personal) independence during assurance assignments.	Building trust by providing services that satisfy our ethical standards, guarantee our independence and not compromising our professional standards.
Emissions of own operations	Taking responsibility for your own footprint as part of the EY Global Carbon emission.	Reduction of the environmental footprint from the company's own operations (e.g. offices, employee travel, procurement).
Community investment	Sharing knowledge and expertise on a pro-bono basis and concluding strategic partnerships with civil society organizations and social start-ups.	Sharing knowledge and expertise on a pro-bono basis and concluding strategic partnerships with civil society organizations and social start-ups.

The members of the board validated the adjustments of the material topics and their alignment with the NextWave value KPIs. Based on the respective contribution of the selected material topics to EY’s economic, environmental and social impact, and the NextWave targets that the board committed to, the board identified these eight topics as the most material ones.





Following on last year’s material topics, the mental and physical wellbeing of employees remains a priority due to the impact of the pandemic that we still faced earlier this fiscal year.

The topic of 'Sustainable and responsible business' gained importance as a result of further aligning our strategic agenda to the NextWave value strategy and the EY Global Climate objective. We will report on our progress on 'Community investment' and our environmental footprint in this Integrated Annual Review as well.






The connectivity table in the next section shows our management approach to the material topics, how they relate to our long-term value strategy and how we monitor our performance.

3. Connectivity table

Our management approach on Next Wave Strategy

Value mngt. approach	Strategic focus	Value and performance KPIs	Result 21/22	Result 20/21	Result 19/20	Target FY25	Impact SDG
People value	Exceptional experience for EY People	▶ Employee experience: % of EY people say their experience with EY is 'exceptional'	72.3	72	n/a	>75	
		▶ Employee engagement: People pulse engagement score (in %)	72	71	n/a	>75	
		▶ % EY people would recommend EY as a great place to work	78.5	73	n/a	>75	
Create an exceptional work environment	Mental and physical wellbeing of employees	▶ Percentage sickleave	4.48	4.11	3.87	n/a	
		▶ Percentage of overtime	3.90	3.50	3.7	n/a	
	Retaining, developing and recruiting talented employees	▶ Retaining top talent (retention rate, %)	88	91	94	n/a	
		▶ Hours spent on training and education	473,000	428,000	487,000	n/a	
		▶ Euro's spent on training and education (millions €)	10.5	8.2	15.8	n/a	
		▶ Number of attendance HPT sessions	1,714	2,033	n/a	n/a	
	Diversity and inclusiveness	▶ % of female employees	43	42	41	50	
		▶ % female partners and associate partners	20	18	17	25	
▶ % intake female partners		29.40	n/a	n/a	35		
▶ % intake female employees		46	44	n/a	50		
▶ % female leadership positions (SvB, BoD, SLL)		27.60	n/a	n/a	>35		
Client value	Help clients grow, optimize and protect value	▶ Client experience: Customer satisfaction score (% of clients who indicate that the relationship has improved)	64	57	50	75	
	Being the trusted advisor	Service innovation & Technological innovation	▶ Hours spent on innovative services	8,614	14,823	16,730	n/a
Quality of our service		▶ Quality review engagements 1 and 2 (%)	97	97	96	>90	

Connectivity table

Value mngt. approach	Strategic focus	Value and performance KPIs	Result 21/22	Result 20/21	Result 19/20	Target FY25	Impact SDG
Social value	Trust in capital markets & positive impact on community and planet	▶ Internal Quality Review score Assurance (in %)	97.7	n/a	n/a	>90	
		▶ Internal Quality Review score Consulting (in %)	100	n/a	n/a	>90	
		▶ Internal Quality Review score SaT (in %)	n/a	n/a	n/a	>90	
		▶ Internal Quality Review score Tax (in %)	95	n/a	n/a	>90	
		▶ Total (tCO ₂ e)	8,986	7,795	14,802	12,443	
		▶ Total tCO ₂ eq per FTE	1.9	1.7	3.1	n/a	
Care for our society	Integrity and independence	▶ Number of incidents regarding non-assurance services at audit clients	0	0	0	0	
		▶ Number of independence compliance reviews partners	56	72	48	n/a	
		▶ Personal independence violations partners	0	0	0	0	
	Emissions of own operations * Not material	▶ CO ₂ emissions scope 1	4,945	5,575	8,816	n/a	
		▶ CO ₂ emissions scope 2	1,874	1,580	1,801	n/a	
		▶ CO ₂ emissions scope 3	2,166	640	4,185	n/a	
	Community investment * Not material	▶ Number of participants in community investment	1,405	807	780	n/a	
		▶ Hours spent on community investment	19,428	15,040	20,473	n/a	
Financial value	Stable financial results	▶ Operating profit margin (%)	22.8	19.6	17	n/a	
		▶ Revenue growth (%)	9.3	-1	3	n/a	

4. Basis of preparation

Data quality and completeness

To ensure the accuracy of non-financial information, the consolidated data is first reviewed internally. The information is sourced from both inside (primary data) and outside (secondary data) the organization. Therefore, there is an inherent level of uncertainty in our calculations.

Employee related data

Employee numbers are expressed in this report in FTE and headcount. FTE is a total number of employees based on parttime factor. Headcount is used to define the number of people working at the end of the year for the company.

Retention rate top talent

Retention rate is based on employees who received a LEAD score of 3 (which is the highest score in 9-grid) in the previous financial year and are still employed in the current financial year.

High performing teams (HPT) sessions

EY Global program designed to make a team work more efficiently and effectively by driving consistent positive team experiences.

Percentage of overtime

The total number of accounted for hours based on time sheets as a percentage of the total number of contract hours.

People Pulse engagement score

Within EY, a confidential People Pulse survey of employees is conducted each year to inform EY leaders about key insights of the people. This can help them take actions to improve the engagement with their teams and help create exceptional experiences for our people. The most important indicators that are measured are: Employee Experience and Engagement and spotlight items.

The output of the survey is defined by the following:

- ▶ Employee experience: percentage of EY people that say their experience with EY is 'exceptional'.
- ▶ Employee engagement: People Pulse Engagement score.
- ▶ The percentage of EY people that would recommend EY as a great place to work.
- ▶ Spotlight items – change each year.

Employee experience was evaluated in each People Pulse (in July '21, November '21 and March '22). Employee engagement score and EY as a great place to work only in the surveys of July '21 and March '22. The scores disclosed in this report are the average of the outcomes in the surveys.

Female leadership

EY leadership is defined as members of the Supervisory Board, Board of Directors/Operational Committee and the management teams of the Service lines and FSO Netherlands. In case individuals are members of more teams, they will only be counted once. Female leadership is defined as the percentage of females being part of EY leadership.

Percentage intake female partners

This is a combination of newly hired female partners and the women that were promoted to partner in the fiscal year.

Quality review engagements 1 and 2

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. The quality reviews are performed on the basis of a questionnaire prepared by EY Global for each service line. The partners are assessed independently at least once every three years. The engagements are selected on the basis of both a risk analysis (for example a first-year assignment or an

engagement that received a 2 or 3 rating in the previous year) and on the basis of engagements that are randomly selected for quality reviews.

Each quality review assessment gets a rating from one to three, determined in consultation with the Team Leader. Rating 1 results in no or minor findings, Rating 2 includes non-material findings and Rating 3 is related to material findings.

The rate of Quality review engagements 1 or 2 is based on the consolidated number Quality review engagements with rating 1 and 2 to the total number of the Quality review engagements for each service line.

Customer satisfaction score

Internal program with which the quality of our services is measured by means of interviews and (online) questionnaires with our clients. The clients' assessment of the relationship with EY is expressed in percentages. The total score is an average of the two methods used. The categories are: improved, deteriorated or remained the same. The score is a combination of the percentage rate of the following indicators:

- ▶ relationship with the client improved
- ▶ relationship with the client remained the same

The results vary per method:

- ▶ % Better in interviews = 72,35% and
- ▶ % Better in surveys = 57,56%

HVG Law LLP does not participate in this program.

Independence review partners

Outcome of our yearly Personal Independence Compliance Testing (PICT) program for EY Partners. This program tests compliance with personal independence confirmation requirements.

There are two types of personal independence compliance violation:

- ▶ Independence violation - cases where the partner has not disclosed his/her interests (or those of his/her spouse) in relation to an engagement to which he or she is the partner.
- ▶ Administrative violation - cases where the partner has not completed the reporting process.

Incidents regarding non-assurance services

Relate to the number of violations with regard to the provision of non-assurance services to OOB/PIE audit clients that are prohibited on the basis of the 'Regulation regarding the Independence of Accountants performing Assurance Engagements' (Verordening inzake de onafhankelijkheid van accountants bij assurance opdrachten, VIO).

In the fiscal year 2021/2022 testing cycle, the independence of 56 partners was tested.

Hours spent of Innovative services

The KPI 'Hours spent on innovative services' indicates the number of hours spent by NL Innovation employees, EY employees and HGV Law employees participating in the Innovate EY program.

Energy use

To improve data quality of energy consumption and minimize estimation errors we collect the data for the calendar year instead of the usual financial year.

Often the utilities/facility managers are only able to provide invoices or overviews of a calendar year instead of our financial year with as a consequence that in previous years data was often extrapolated.

Carbon footprint

EY measures emissions of own operations by following the guidelines of the Greenhouse Gas Protocol.

Scope 1 - direct CO₂e emissions includes natural gas consumption by EY buildings and fuel consumption by lease cars.

Scope 2 - indirect CO₂e emissions which are resulted from electricity consumption (buildings and electrical lease cars) and district heating.

Scope 3 - other CO₂e emissions related to activities not owned or controlled by EY Netherlands - is reported on for our business travel and waste streams.

The emission factors are sourced from www.CO2emissiefactoren.nl. For waste including paper, we adopt the emission factors of Suez (Sita).

Disclaimer

In this Integrated Annual Review, we report about our efforts and the realization of objectives in 2021/2022. In addition, we also outline our plans and vision for the future. This future-oriented information can be recognized through the use of words such as to continue, to wish, to aim, to forecast, expectation, goal, objective, vision, planning, ambition, intention and forecast. Inherent in expectations regarding the future is that the outcomes are subject to risks and uncertainties and that realization thereof is therefore uncertain. Furthermore, when we use the terms 'more', 'extra' and 'better' in several sections, this is in relation to our own performance in the previous fiscal year.

5. EY's Contribution to the UN Sustainable Development Goals

With our services, we aim to contribute to sustainable and inclusive growth. We are aware of our important social role and provide guidance through both our strategy and our services.


We see the United Nations Sustainable Development Goals (SDGs) as an opportunity for our ecosystem to drive growth, manage risk, raise social capital and create a vision to create value.

In addition to our contribution to the SDGs through our core activities, we also make an impact through our Corporate Responsibility activities. We have considerable in-house knowledge and experience to contribute more broadly to the challenges we face as a society. We are committed to addressing these challenges through the 'EY Ripples' program, which demonstrates that we go beyond serving our customers.


While we support our customers in becoming more sustainable and achieving long-term value, EY faces the same challenges as everyone else in these times of transition. Given our size, we can make a significant impact. Therefore, we have set global targets regarding sustainable and responsible operations, which EY NL is implementing as well.

We have identified SDG 4, SDG 8, SDG 12 and SDG 16 as our core focus areas due to their direct impact on our people, clients and society. We focus on the targets on which we have the greatest impact and can generate positive change through our services and corporate responsibility program.



The table below describes EY's contribution to the targets of the Sustainable Development Goals in more detail.

SDG	Relevant sub target	Link to EY activities
 <p>4 QUALITY EDUCATION</p> <p><i>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</i></p>	<p>4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.</p>	<ul style="list-style-type: none"> ▶ We attach great importance to providing our people with various learning and development opportunities. Each year, we provide our staff with a dedicated budget and introduce new initiatives. For example, this year, we introduced an EY Sustainability MBA program and a training program for all our Assurance colleagues on ESG matters. We are offering another new development opportunity through Mobility4U - where EY people can benefit from longer engagements in other service lines and/or countries and can gain experience across cultures and borders. ▶ We promote education by supporting young and underserved people to develop the mindsets and skills they will need to find and sustain meaningful work through the EY Ripples program (our Corporate Responsibility program). A new initiative this year is our partnership with JINC. 66 colleagues participated in it and 1,374 young people were involved.

SDG	Relevant sub target	Link to EY activities
 <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries.	<ul style="list-style-type: none"> ▶ We aim to be a long-term growth leader and generate returns that reflect our investments.
	8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high value-added and labor-intensive sectors.	<ul style="list-style-type: none"> ▶ We invest in technological innovation to guarantee the quality of our services and strive for sustainable growth. For example, we have an Innovate EY team in charge of EY's bottom-up corporate innovation programs. ▶ The EYnovation team supports high-growth start-ups and scale-ups at an early stage, providing them with strategic, legal, tax and financial assistance. We often serve as a link between these innovative technology start-ups and our larger clients.
	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.	<ul style="list-style-type: none"> ▶ Through our 'EY Ripples' program, we are working with impact entrepreneurs. Their knowledge and skills are enabling EY employees to help scale small and growing businesses that are driving progress towards the UN Sustainable Development Goals. One example is the program we run with Impact City to help sustainable start-ups grow their business. Thirty-two colleagues participated either as mentors or by facilitating workshops such as Privacy & Cybersecurity, Investor Readiness and Legal Basics.
	8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation, in accordance with the 10 Year Framework of Programs on Sustainable Consumption and Production, with developed countries taking the lead.	<ul style="list-style-type: none"> ▶ EY has been carbon negative worldwide since October 2021, which means we remove or offset more carbon than we emit. We are committed to being net zero by 2025. ▶ EY offers sustainable solutions focused on helping our clients create value from sustainability.
	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.	<ul style="list-style-type: none"> ▶ This year, we appointed an SROI manager, who is tasked with creating workplaces for people with a distance to the labor market.
 <p>Ensure sustainable consumption and production patterns</p>	12.2 By 2030, achieve the sustainable management and efficient use of natural resources.	<ul style="list-style-type: none"> ▶ EY offers sustainable solutions focused on helping our clients to create value from sustainability. ▶ EY has been carbon negative worldwide since October 2021, which means we remove or offset more carbon than we emit. We are committed to being net zero by 2025.
	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	<ul style="list-style-type: none"> ▶ In close cooperation with our facilities and catering partner, we are taking measures to reduce waste and recycle.

SDG	Relevant sub target	Link to EY activities
 <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p>	12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.	<ul style="list-style-type: none"> ▶ EY publishes an annual integrated review containing our activities and initiatives related to sustainable and responsible operations. ▶ EY supports many large and multinational companies with their sustainable strategy, advising them how to implement it and how to report on sustainability information. We actively share our knowledge and experience, for example by organizing EY Sustainability Cafés.
	12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.	<ul style="list-style-type: none"> ▶ As part of the EY Ripples pillar to accelerate environmental sustainability, we initiate activities that drive the adoption of behaviors, technologies and business models that protect and regenerate the environment.
	16.5 Substantially reduce corruption and bribery in all their forms.	<ul style="list-style-type: none"> ▶ EY has a global anti-bribery policy and has established robust client acceptance, independence and AML processes to ensure our integrity and the highest quality services. ▶ EY's people follow obligatory ethics-related web-based training, such as 'Anti-bribery and you'.
	16.6 Develop effective, accountable and transparent institutions at all levels.	<ul style="list-style-type: none"> ▶ We fulfill an important social role through our audit activities. Our work contributes to the reliability of financial and non-financial information and helps keep financial markets calm and stable.

In addition to the four SDGs described above, there are two more SDGs to which we contribute as well, albeit to a limited extent.

 <p>Reduce inequality within and among countries</p>	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.	<ul style="list-style-type: none"> ▶ We have set up a Diversity, Equity and Inclusiveness (DE&I) task force, in which the board of directors is strongly represented. The task force will translate our policy into concrete plans. ▶ We have active employee resource groups such as SheConnects (a network for women), Unity NL (a network for LGBT+ professionals and their allies) and a multicultural network called AcrossCultures.
 <p>Take urgent action to combat climate change and its impacts</p>	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.	<ul style="list-style-type: none"> ▶ As part of the EY Ripples pillar to accelerate environmental sustainability, we contribute to awareness raising and education by organizing Climate Action workshops and Climate Ideation Clinics for students, EY people, NGOs and others. This year, 350 EY colleagues planted more than 6,000 trees and learned about climate change and biodiversity.

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

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