



Building a better
working world

Can our legacy be
both transformative
and timeless?

Annual Review 2022/2023
Ernst & Young Nederland LLP



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

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

An eventful year that made us stronger

The accounting teacher who founded a 'Bureel van Boekhouding' (Bureau of Accounting) in 1883 could not have imagined that it would evolve into the global, multidisciplinary professional services organization that EY is today. Barend Moret and his business partners opened the first independent accountancy firm in the Netherlands in Rotterdam. Looking back, their operations represent the first activities of EY in the Netherlands and are the reason we are celebrating our 140th anniversary this year.

First and foremost, this milestone reflects our growth as an increasingly relevant organization within the Dutch economy and wider society. While Moret's firm initially focused purely on accountancy, during the course of the 20th century its services were expanded to include tax advice and consultancy in many areas. Numerous mergers, separations and acquisitions accompanied this development, as well as name changes. Ultimately, the name Moret would make way for Ernst and Young, and the company that has become part of the EY network.

As EY Netherlands, we are now a member of the global EY network that operates in 150 countries and employs nearly 400,000 professionals worldwide. Our efforts are guided by our purpose, *Building a better working world*, which provides context and meaning for the work that our people do every day. This purpose is an integral part of *NextWave*, EY's global ambition and strategy, which focuses on creating value for our clients, people and society in addition to financial value as a result. For our clients, it is about finding innovative solutions to manage complexity; for our people, it is about the learning and leadership opportunities we provide; and for society, it is about how we bring trust to the capital markets.

A future of two organizations

A famous American Formula 1 driver once said that "If everything seems under control, you're not going fast

enough." This came to mind when I became involved in *Project Everest*, a project to explore the possibility of transforming our organization into two distinctive multidisciplinary organizations. Although we are doing very well today, the world around us is changing rapidly, and we need to prepare for the impact these changes will have on our long-term perspective. EY's Global Executive began to explore the possibilities of such a transformation, which would also lead to a separation of the assurance and consulting practices in the Netherlands. Two separate organizations would strengthen the long-term position of auditing and create more growth opportunities for the consulting firm, which would be independent of audit regulations. Also, the new organizations would provide our clients with more choice.

After a year of hard work, the decision was taken to stop the project. As a result, EY will continue as one organization. Perhaps it was not the right moment - only time will tell. Personally, I think the strategic direction makes sense in the long term. The project is not going ahead, but we can pay ourselves a compliment for exploring the possibilities. We learned a lot from the process of putting ourselves under the microscope. Moreover, we have identified new opportunities for further international integration, which was one of the ideas behind *Project Everest*.

Our first task when we started *Project Everest* was to ensure the smooth operation of our ongoing business, serve our clients and look after our people. So we entrusted the project to a small working group. This has proven to be very effective.

Looking at the numbers, EY Netherlands has had a very good year. Based on organic growth, we were able to increase revenue to just over one billion euros for the first time: an increase of 10% from €986 million in 2021/2022 to €1,083 million in 2022/2023. This year, almost all of

our service lines showed considerable growth, while as in previous years Consulting stood out.

The pressure on the labor market seems to have eased slightly since early 2023 in conjunction with the economic slowdown. We hired over 1,039 new people and managed to find qualified people to fill our vacancies. We also outsourced more often to specialized professionals in the Netherlands and abroad who strengthened our services by supporting specific tasks, which allowed our people to focus even more on their work for our clients.

EY Netherlands has been able to reduce the employee attrition rate: the percentage of people leaving our organization has dropped significantly, from 19.6% to 12.2%, which is a very good percentage for our sector. We continue to invest in our people, and their development and wellbeing are at the heart of our talent policy. Our policy on diversity, equity and inclusiveness is also gaining momentum. There is always more work to be done, but the programs within EY Netherlands are bearing fruit. I am pleased that the community networks within EY, such as *Sheconnects*, *Unity NL* and *AccrossCultures*, have grown into well-organized teams that are doing important work and initiating appealing activities and progress within EY Netherlands.

Our role in society

The results are satisfactory, nevertheless there are a number of observations to be made. Our gross margin has come under more pressure due to higher personnel costs, more expensive housing and the costs of energy, for example.

Carbon emissions remain a priority on our agenda. With the COVID-19 pandemic now fully behind us, we have started to travel more and emissions have increased compared to the previous fiscal year, but we are still within our targets. We remain committed to reducing emissions, and we have taken appropriate measures: we are stricter in assessing the need for non-client travel, and train travel is now standard for journeys up to 400 kilometers. We are also still ahead of our goal of reducing

absolute carbon emissions by 40% by 2025 compared to the 2019 baseline.

We owe it to our standing to do business in the most responsible way possible. This is reflected in the work our teams do for our clients and in the way we conduct ourselves in society.

In recent years, we have raised our profile in society and will continue to maintain this momentum. And we are increasingly doing so beyond our office boundaries, as we continue to contribute more and more to sectors and projects we care about through sponsorships. I am proud of the support we gave to the United Ukrainian Ballet Company, made up of refugee dancers, artists and technicians, which has been staging the performance 'Dancing in Defiance' since March. What they are doing is impressive. This year, we also signed multi-year agreements with the Dutch Film Festival and the Dutch Design Foundation. Also, it is great to see the rapid growth of Padel, the sport we have been supporting since early 2022 as the main sponsor of KNLTB Padel.

This too shows the role we want to play in society. We are committed to making our knowledge and expertise available not only to our clients but also to society as a whole. The sheer number of our people who made their own societal contribution attests to that: 1,560 participants at EY Netherlands have engaged with community organizations and impact entrepreneurs as part of EY's global corporate responsibility program, *EY Ripples*. I am really pleased to see that the enthusiasm for this social contribution is growing at EY Netherlands.

As EY Netherlands, we actively engage in or initiate discussions on societal and economic issues by organizing debates and meetings. These events include *Tomorrow's Economy*, involving CEOs and CFOs of leading Dutch organizations, and *Tomorrow's Society*, with executives who have a social mission in government and semi-government. Or by offering our expertise to the 'Jonge Klimaatbeweging' (Young Climate Movement), for example, an environmental movement run entirely by young people.

Business climate

One of our most important societal tasks is to contribute to a reliable and transparent market. One way we do this is by being a relevant auditor at the highest level, including for some of our largest clients, the multinational enterprises. These are particularly visible now that 'organisaties van openbaar belang' (public interest entities), such as banks, insurers and listed companies, are obliged to change auditing firms in the next few years. EY Netherlands will again account for a fair share of these audits.

It is essential for a large firm like ours to serve the largest organizations as clients. If you want to raise the accountants, tax professionals and consultants of the future to work at the highest level, you also need large multinational clients to learn what it means to serve them. And I do see a concern there. Large companies are leaving the Netherlands, or are seriously considering it. Fewer large multinationals mean over time fewer specialists who are up to the task. That could become a vicious circle we must prevent, which is only possible with a good business climate also for multinational enterprises. Above all, businesses want clarity and certainty about decisions, laws and regulations. This is the foundation for businesses to make investment decisions or to decide whether to use the Netherlands as a base for their operations. Whatever politicians decide, the most important thing is to create long-term stability.

An eventful year

It is no exaggeration to state that the past year has been extraordinary and eventful. If we look around us, war is still raging in Ukraine, the economy in the Netherlands is in a mild recession and we all have a collective duty to preserve the planet for future generations. And if we look at ourselves, *Project Everest* has taken us through an intense period and taught us a great deal along the way.

The decision not to go ahead with the transformation of our company at this time was especially hard on the people who worked so tirelessly on it, especially those involved in the Project Management Organization and Core Business Services. I am very grateful to them for

their thorough and passionate work, which I am sure will serve its purpose in the future. My thanks also go to the Works Council and all our people, who have been so positive throughout this complicated and challenging process. And not to forget the Supervisory Board, which, as always, stood by us with advice and support. In particular, I would like to thank Monique Maarsen and Pauline van der Meer Mohr, who retired from the Supervisory Board after two terms. Both were among our first Supervisory Board members and played an important role in further developing EY Netherlands into a leading accounting, tax and consulting organization. We are pleased to now welcome Lineke Sneller and Yasemin Tümer as new Supervisory Board members and look forward to working with the new board, which is chaired by Richard van Zwol since early 2023.

Last but not least, I would like to thank my colleagues on the Board of Directors for their excellent cooperation.

Focus on the future

Together, we confidently continue on our chosen path, keeping a close eye on how we can improve. EY Netherlands will seek to increase cooperation and integration across national borders. We will respond appropriately to major market developments that affect our clients. Our clients' need to develop in the field of ESG is an example and will motivate us to further strengthen our expert groups on environmental, social and governance issues within our services. There is also a great deal in store for us as we learn to cope with the relentless advance of digitalization and generative artificial intelligence.

With so many motivated, committed people working day in and day out for EY Netherlands, I have no doubt that we will succeed. When we celebrate our next anniversary, we will be in an even better position. At the heart of society.

Jeroen Davidson

Chair of the Board of Directors
Ernst & Young Nederland LLP
26 September 2023

EY Netherlands at a glance

Who we are and what we do

EY is a global service provider in Assurance, Consulting, Strategy and Transactions, and Tax, with more than 700 offices in over 150 countries. EY Netherlands operates from EY's global vision and *NextWave* strategy. At the same time, we have our own country-specific responsibilities and tasks.

Our services in the Netherlands are built on a wealth of experience: in 2023, we celebrate our 140th anniversary. Our predecessors founded the first independent Dutch accounting firm in Rotterdam in 1883, which was to become part of a global assurance and consulting organization.

EY Netherlands now employs more than 5,000 people across 12 locations. Through our four integrated service lines and in-depth sector knowledge, we help our clients seize new opportunities and assess and manage risks to achieve responsible growth. Our multidisciplinary teams help them comply with regulatory requirements, keep investors informed and meet the needs of their stakeholders. In this way, we maximize our mission – *Building a better working world* – for our people, our clients and society. Our Core Business Service (CBS) carries out the supported tasks.

EY Netherlands' equity partners (263 at the end of the fiscal year) bear ultimate responsibility for the quality of the services our professionals provide to clients and for the development of our people. Almost all partners manage 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 advanced manufacturing and

Assurance Tax Strategy and Transactions Consulting

Service lines

5,101

Employees EY Netherlands

263

Equity partners

12

Locations

mobility, consumer and retail, energy companies and grid operators, financial services, government and public sector, healthcare and life sciences, private equity, technology, media and telecommunications.

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

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

Our people are our most important asset. Their professionalism, skills, integrity and personality are crucial to the functioning of our company. EY Netherlands' success depends on their commitment and expertise. Our people lead and inspire others and bring our purpose to life in their daily work.

We believe in diversity, equity and inclusiveness. This is how we grow, as people and as a company. Different backgrounds mean different perspectives that we can learn from and leverage. This is essential to creating value for our clients.

EY's nearly 400,000 employees and around one million alumni around the world form a strong network. EY is a knowledge organization. We share our knowledge and expertise, putting 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, see 'Services' on our corporate website.

140 years EY in the Netherlands

The story of EY in the Netherlands begins with Barend Moret (1851-1915). After obtaining his MO teaching certificate at a young age, this native of Rotterdam became head bookkeeper of the 'Scheepvaart Vereniging Zuid' and a teacher of bookkeeping. On 1 January 1883, he founded the 'Bureel van Boekhouding Confidentia' with four other people: N. van der Veen, A. Overeijnder, E.W. Schallenberg and A. Davidson. This effectively created the first accounting firm in the Netherlands.

In 1900, Moret took charge of the firm, then called the 'Eerste

Nederlandsche Accountants-kantoor' (ENAK). He also expanded the firm's advisory activities. Eventually, the firm passed to his sons Jacobus and Johannes, also accountants. Many Morets from successive generations would become partners.

The firm went through many incarnations and names over time. When the brothers separated during World War One, the firm split into Moret & Starke and Moret & De Jong. In 1964, the firms were reunited, and in 1970 Moret & Limperg was created. A major step towards the organization we know today was taken in 1990: Moret, which had become part of the international accounting federation Arthur Young, merged with Dechesne Ernst & Whinney. Thus, the name Moret Ernst & Young was

born. Nine years later, the company opted for a shorter, internationally unified name, leaving out Moret.

Though Moret is no longer part of the name, Ernst & Young - which has grown into a multinational accounting and consulting organization - has its roots in a small company founded 140 years ago in Rotterdam by an accounting teacher and his colleagues. It stood not far from where EY Netherlands' Rotterdam office is today.

Eventually, 'Ernst' and 'Young' were also removed from the brand name; in 2013 it was changed to EY to reflect further internationalization and streamlining.

Revenue growth

(%)

10%

2022/2023

9%

2021/2022

Operating profit margin

(% of total revenue)

22%

2022/2023

23%

2021/2022

People value

Employee experience

EY people say their experience with EY is 'exceptional'

78%

2022/2023

72.3%

2021/2022

Client value

Client experience

Customer satisfaction score: % of clients who indicate the relationship has improved or remained the same

92%

2022/2023

93%

2021/2022

Internal Quality Review score

Assurance**

90.8%

2022/2023

82%

2021/2022

Tax

87.5%

2022/2023

72.7%

2021/2022

Social value

Planet impact reduce carbon footprint

Total tCO₂e

11,166

2022/2023

8,986

2021/2022

Total tCO₂e per FTE

2.3

2022/2023

1.9

2021/2022

Community investment

EY Ripples participants

1,560

2022/2023

1,405

2021/2022

* For EY Nederland at a glance - reporting standards and data compilation, see page 66. 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 (except for customer satisfaction score). 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.

** Internal quality review score as currently assessed by EY Netherlands. EY Globals' confirmation is still pending as of publication date of the report. Within the following Annual Review any potential changes in the outcome due to Global will be reflected and disclosed.

Report of the Board of Directors

Jeroen Davidson



Danny Oosterhoff



Saskia van der Zande



Stephan Lauers



Patrick Gabriëls



Key figures

Key figures ¹	2022/ 2023	Δ	2021/ 2022	Δ	2020/ 2021	Δ	2019/ 2020	Δ	2018/ 2019	Δ
Revenue (in millions of euros)										
Assurance	397	10.6%	359	5.8%	339	-1.0%	343	1.2%	339	-0.4%
Tax	338	7.4%	314	7.0%	294	-1.0%	297	3.4%	287	4.9%
Consulting	213	14.1%	187	29.7%	144	-5.4%	152	3.2%	147	16.4%
Strategy and Transactions	87	-2.7%	90	4.5%	86	16.5%	74	-1.8%	75	14.0%
Rendering of services	1,035	9.0%	950	10.0%	863	-0.3%	866	2.0%	848	5.2%
Core Business Services (Other income)	48	31.1%	36	-1.3%	37	-5.6%	39	33.9%	29	-6.8%
Total	1,083	9.8%	986	9.4%	900	-0.5%	905	3.1%	877	4.8%
Financial results (in millions of euros)										
Profit for the fiscal year	232	5.1%	221	30.0%	170	10.9%	153	-4.8%	161	3.8%
Income available for distribution	204	6.7%	191	31.5%	145	14.9%	126	-7.9%	137	3.9%
Average partner income (in thousands of euros)	802	4.5%	768	31.4%	584	17.8%	496	-4.5%	519	1.3%
Average number of FTE staff and partners										
Client serving staff	4,083	6.5%	3,833	1.3%	3,784	-4.2%	3,950	1.3%	3,899	7.9%
Support staff	531	0.4%	529	-0.2%	530	-1.5%	538	0.2%	537	5.9%
Total staff	4,614	5.8%	4,362	1.1%	4,314	-3.9%	4,488	1.2%	4,436	7.6%
Partners	254	2.1%	249	0.1%	248	-2.5%	255	-3.5%	264	2.6%
Total	4,868	5.6%	4,611	1.1%	4,562	-3.8%	4,743	0.9%	4,700	7.4%

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

The world around us is constantly changing, presenting new risks and challenges, but also opportunities. EY Netherlands anticipates and adapts to these changes to ensure that we can continue to fulfill our purpose: *Building a better working world*. Here we outline some of the key developments that may affect our work and our organization.

Geopolitical and economic developments

The current geopolitical and economic situation is characterized by numerous uncertainties. The war in Ukraine continues to rage, causing untold suffering and affecting relations between countries and organizations, as well as global economic development. The energy crisis, which began at the time of the Russian invasion and was accompanied by an extraordinary rise in gas and electricity prices, appears to have subsided somewhat, but it is uncertain how prices will evolve in the coming months or years. Higher energy prices also proved to be a driver of exceptionally high inflation, exceeding 10% in some months. Although inflation has come down, numbers of the 'Centraal Bureau voor de Statistiek' (CBS; Statistics Netherlands) show that it is still higher than in any year since the early 1980s. By comparison, in 2021, inflation reached 2.7%.

Another uncertainty in the Netherlands is the political situation after the collapse of the Rutte IV government on 7 July 2023. Major and controversial issues will be postponed until a new cabinet takes office, following the elections on 22 November 2023.

Economic downturns can change the needs of our clients. It is important for EY Netherlands to remain in constant dialogue with clients and other stakeholders, and to respond appropriately to new business and societal challenges at all times.

Corporate Sustainability Reporting Directive

The focus on environmental, social and governance (ESG) issues will receive an additional boost in the coming years with the introduction of the Corporate Sustainability

Reporting Directive (CSRD). This EU directive, published on 16 December 2022, requires companies to report transparently on the sustainability aspects of their activities and the value chain in which they operate in their annual report. This will ensure that their impact on people and the environment is publicly visible.

The introduction of the CSRD will take place in phases. First, it will be the turn of listed companies (with more than 500 employees), which will have to comply with the new requirements from the 2024 financial year. In the Netherlands, these include the roughly 100 companies that are currently subject to the CSRD's predecessor, the Non-Financial Reporting Directive (NFRD).

Ultimately, the CSRD will apply to all companies that meet two of the following three criteria: 1) a turnover of more than €40 million per year, 2) a balance sheet total of more than €20 million, 3) a workforce of more than 250 employees. This is likely to affect several thousand companies in the Netherlands, including many of our clients. EY Netherlands will also have to meet the CSRD requirements.

The CSRD has major implications for the companies that are being regulated. Thorough preparation is required well before the obligation comes into effect. Sustainability will be integrated into all aspects of the business, including governance, strategy and risk management. Companies will need to collect, process and publish data, provide insight into corporate policy and management approaches, and set up the processes and governance to meet the new requirements. The reporting of non-financial information will be similar to that of financial information, and is subject to external verification by an accountant.

Twelve European Sustainability Reporting Standards (ESRSs) have been established on which companies will report. Two of them concern general requirements, ten cover ESG issues, including climate change, pollution, the use of resources/circular economy, own employees,

workers in the value chain, impacts on communities, customers/end users and business conduct. Companies are expected to report not only on their own performance on the ESG issues but also on the performance of their customers and suppliers.

We are guiding and advising our clients in this complex process. We are adapting our integrated services accordingly and training our employees in this area. Meanwhile, we are also preparing internally for the CSRD requirements. For more information on this, see About this report.

The future of the accountancy sector

The 'Kwartiermakers Toekomst Accountancysector' (Quartermasters for the Future of the Accountancy Sector) are expected to issue their final report in November 2023. They will report to the (outgoing) Minister of Finance Sigrig Kaag on their work since May 2020, when they were appointed by the Rutte III cabinet. They released their sixth progress report in the summer of 2023.

The appointment of the quartermasters was one of the recommendations made in the final report 'Confidence in Control', published by the 'Commissie Toekomst Accountancysector' (CTA; the Committee on the Future of the Accountancy Sector) in late January 2020. Based on the CTA report, Wopke Hoekstra, the Minister of Finance at the time, announced a series of cabinet measures to improve the quality of the accountancy sector. He appointed two quartermasters to implement and follow up on these measures and to drive and monitor improvements.

This work and its findings are closely linked to the consideration of the new 'Wet toezicht accountantsorganisaties' (Wta; Act on the Supervision of Audit Firms), which aims to permanently improve the quality of statutory audits by accountants. Measures in the bill include the establishment of an internal supervisory body at the largest audit firms, the simplification and strengthening of supervision by the 'Autoriteit Financiële Markten' (AFM; Dutch Authority for

the Financial Markets), and a reporting obligation based on audit quality indicators. A power of designation for the 'Nederlandse Beroepsorganisatie van Accountants' (NBA; Dutch Institute of Chartered Accountants) has also been proposed: companies unable to find an auditor may appeal to the NBA, which can then appoint an auditor.

The fall of the cabinet could delay parliamentary consideration. The NBA has called on the 'Tweede Kamer' (the Dutch House of Representatives) not to declare discussion of this bill controversial.

EY Netherlands has been investing in better audit quality for years and will continue to do so. Clear legislation with broad support will contribute to further quality improvement and a stable accountancy sector, and will also help to clarify what can and cannot be expected from auditors.

The challenges of AI

Artificial Intelligence (AI) has the potential to revolutionize the way we live and work. It can help us solve complex problems, automate mundane tasks and make our lives easier. However, it also poses significant challenges that need to be addressed. The world is moving toward datafication at a rapid pace. One of the main challenges is developing high-quality and inclusive data systems. AI also raises several ethical concerns, such as privacy violations, bias and job displacement. However, if these challenges are addressed effectively, AI has the potential to bring significant benefits to society.

EY's approach to AI is to prioritize ethical and transparent AI. By harnessing the power of AI, EY is enabling business transformation and innovation at scale, while putting people first. We offer trusted AI services and solutions, and we certify AI applications. With Generative AI, we create conversational AI applications, such as digital shopping assistants. We use advanced AI algorithms to predict customer behavior and optimize product range, pricing and promotional strategies. EY also has a wide range of AI solutions to support our Audit and Tax services. With our multidisciplinary approach, AI services

and solutions, EY can help organizations implement trusted AI solutions and manage the challenges and risks.

Our strategy: NextWave

At EY, we believe that businesses should create value for their clients, employees, suppliers, communities and other stakeholders. We believe that when organizations align their aims with those of society, 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 in a constantly changing environment.

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. We help companies navigate the major trends transforming the world and business landscape, such as technological developments, globalization, climate change and demographic shifts. These changes are creating many opportunities, but also risks and threats. We help our clients to renew themselves, experiment with new ideas and formulate successful strategies that can be scaled up when necessary. Our services are designed to help them seize these opportunities while effectively mitigating the risks.

Measuring is key

EY Netherlands is committed to EY Global's long-term value ambitions and contributes to these global targets. As we make long-term commitments, measuring improvements and the result of action plans to achieve these commitments is key. It is only by measuring that we can benchmark progress, improve decision-making and accountability and increase trust.

Our *NextWave* strategy builds on the topics we have identified as material to creating long-term value. In this integrated annual review, we explain our progress against the strategic goals within these topics and how this relates to our long-term value creation.

Every year, we assess the materiality of topics so we can focus our efforts on the activities most likely to contribute to our long-term value targets. We classify topics as material if we believe they have a significant impact on our business performance, our stakeholders and society. Our stakeholders play a key role in identifying relevant topics.

As in the previous year, the quality of our audit and advisory services and the integrity and independence of our services remain crucial to the long-term value we seek. In addition, the labor market continues to be challenging, which is why the recruitment, development and retention of our people remains a key focus for our operations.

This year, we identified data, privacy and cybersecurity as material topics. Driven by further digitalization, there is a growing awareness of the risks and vulnerabilities of online data sharing. Indeed, laws and regulations on privacy and data protection are being tightened, and cyber threats and data breaches are becoming increasingly real threats for our organization and thus our stakeholders. As these risks are material to the success of our strategic long-term value creation, we report in this integrated annual review on how we are protecting ourselves and our stakeholders from these risks.

See Annex 2 for more on our stakeholder dialogue, material topics, and how performance on these topics relates to our long-term value creation 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. We describe our performance against our material topics in this integrated Annual Review according to these values.

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 EY Netherlands' strategy generates output and, in turn, contributes to the value we create. By identifying material themes, we can focus our efforts on activities that are most likely to contribute to the envisioned long-term value. In the short term, our efforts generate non-financial and financial output every year. We quantify progress via a set of KPIs related to these material topics, which we present in this Integrated Annual Review (see Our performance in 2022/2023).

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 clients
- 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 services 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 and quality of 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 2022/2023

People value

EY's people play a key role in our *NextWave* strategy. Attracting, retaining and developing talent is critical, especially when the labor market is so tight. We invest in training and mentoring our people in order to increase their career opportunities within EY Netherlands.

We aim to equip our people with the right mindset and skills for the future. We give them the opportunity to build an exceptional EY experience where ambition, growth, personal happiness, wellbeing and satisfaction go hand in hand.

To determine whether we are succeeding, we monitor how our people rate their own EY experience and we measure employee engagement. One important tool is our *People Pulse* survey, which we send to employees three times a year. In the year under review, employee engagement increased slightly, from 72% to 73%. We are taking these findings on board and using them to further improve the personalized EY experience.

Recruiting talented employees

Tension in the labor market is still being felt, although we have seen a slight easing, particularly since early 2023 due to the cooling of the economy. In some areas, such as data and technology, we have to work extra hard to find the right people, but we are still able to attract them. Nevertheless, we are keeping our eye on the ball, as recruiting talent remains challenging.

A particular challenge is how to attract experienced professionals who are often already well placed elsewhere. We have also seen that more people are finding us through our website and are being recruited through referrals.

We make a special effort to recruit people who specialize in environmental, social and governance (ESG) issues. The growing need for these specialists reflects society's focus on these issues, as well as our clients' demand for services in this area. We set out to expand our Climate Change and Sustainability Services (CCaSS) department and have succeeded in this endeavor. We are also training our people on ESG issues to ensure that they remain well-informed in their discussions with our clients.

Next Wave People Value

	Result 2022/2023	Target 2022/2023	Target 2025
Employee experience			
EY people say their experience with EY is 'exceptional'	78%	73%	>75%
Employee engagement			
People pulse engagement score	73%	73%	>75%
EY people would recommend EY as a great place to work	82%	>75%	>75%

EY Netherlands hired 1,039 people (excluding trainees) in the Netherlands in 2022/2023, down from 1,086 in 2021/2022.

Retaining and developing talent

Retaining talented people is a top priority to preserve their knowledge and expertise. We succeeded in doing this last year. Our retention rate for top talent was 90%, up from 88% the previous year. Overall, employee turnover in 2022/2023 fell significantly from 19.6% to 12.2%. This is EY's lowest attrition rate in Europe. The total headcount at the end of the reporting year was 5,101 (2021/2022: 4,748).

EY Netherlands offers its employees attractive and competitive terms of employment. Last fiscal year, for example, we were able to pay out a good bonus. In June 2023, we launched a campaign on employment benefits to highlight the benefits available to our people and to potential newcomers. Among other things, we explained our new mobility plan, in which employees have their own budget for their preferred mobility method (see also 'Social value').

Exceptional You

In 2022, our *Exceptional You* program focused on the journey of the (future) employee. It was also the theme of EY Netherlands' 140th anniversary celebrations.

In the *Exceptional You* program, we create a tailor-made plan for employees spread over three phases. The first phase, *Attract*, focuses on new people: how do we make working at EY Netherlands as attractive and interesting as possible for newcomers? In the second phase, *Grow*, we look at the different career paths that are available and how our people can achieve and maintain them. In the third phase, *Engage*, we focus on people's (mental) wellbeing.

Wellbeing

We want everyone at EY Netherlands to feel good and thrive. Wellbeing is a key theme in the *NextWave* strategy.

We have developed two initiatives, the *Better Me Check In* and the *Better Us Check In*.

The *Better Me Check In* is aimed at employees who want to improve their personal qualities and optimize their personal employability. All of our people can request two one-on-one sessions with an external coach from the company Lifeguard. Since the introduction of the *Better Me Check In*, in July 2022, more than 1,500 sessions have taken place. This tells us that there is a need for this kind of coaching, so we will continue to try to meet this need.

The *Better Us Check In* focuses on wellbeing as a group. These group sessions cover, for example, how employees can work better together and make better agreements on how to address individual wellbeing needs. These sessions are also facilitated by a Lifeguard coach. We see that teams need to discuss group dynamics in particular. The location is external, which invites them to look beyond the regular daily meeting. So far, we have had more than 1,250 participants.

The feedback on the *Better Me Check In* and the *Better Us Check In* has been positive. Colleagues who have attended a coaching session say they like that there is room to discuss issues such as wellbeing and work-life balance. We will continue with these sessions and see how we can develop them further.

Absenteeism

We closely monitor absenteeism. It has decreased from 4.48% in the previous fiscal year to 3.75% in the year under review. In October 2022, we switched to a different occupational health and safety service. With a case manager from this partner, we will be able to respond more quickly to the needs of our employees who are ill.

We also monitor the number of overtime hours, partly to keep an eye on the workload. In the year under review, the percentage of overtime was 3.1% compared to 3.9% in the previous fiscal year.

Training

At EY Netherlands, we encourage knowledge and skills development, advancement and internal mobility. We see this as one of the best ways to retain our top talent. Training is therefore an important part of the EY journey.

All employees can take courses or participate in training through our e-learning portal. This fiscal year, we spent 461,054 hours on training, compared with 473,000 hours in 2021/2022; which is 95 hours per FTE (2021/2022: 103 hours per FTE). The cost was €13.8 million. While this is more than in the previous year under review (€10.5 million), it is still below pre-COVID-19 numbers (€15.8 million). We attribute this increase in cost to resuming in-person trainings, including in-person promotion and induction programs that were held online the previous year, such as the senior manager program.

EY Netherlands has also made team development a high priority. We sustained our momentum with the *High-Performing Teams* (HPT) sessions. With these teams, we aim for multidisciplinary collaboration across disciplines and service lines. Staff departments are also involved. To achieve the highest quality in service delivery, HPTs support us in creating the best mix of opinions, experiences and backgrounds. This requires mutual trust, the courage to hold each other to account and the willingness to take responsibility. The number of participants in HPT sessions decreased from 1,714 to 1,646. In total, 97 sessions were attended (2021/2022: 125).

Counselor as a leader

To better support our people, we have launched a mentoring program, *Counselor as a leader*. This helps participants to be better sparring partners and mentors for their colleagues. Among other things, a counselor discusses development, wellbeing, qualities and areas for improvement. The counselor can be a manager or another experienced colleague. To support the counselor in fulfilling this important role, we mapped the counselor journey with the moments that matter to the counselee.

Transformative Leadership

In December 2022, we completed our *Transformative Leadership* program for the time being. This leadership model from our *NextWave* strategy focuses on a culture of inclusiveness, mutual cooperation, integrity and quality. Over the course of two years, we have held several sessions with senior managers and partners. The goal of *Transformative Leadership* is continuous improvement and growth - of people and of teams. Leaders encourage people to keep improving themselves and learning. Although we have held the provisional final sessions, we will continue with the program as soon as new partners and senior managers join the organization.

Diversity, equity and inclusiveness

At EY Netherlands, we 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 valued and are encouraged to bring out the best in themselves and others with their own characteristics and backgrounds. The Diversity, Equity and Inclusiveness (DE&I) task force, with strong representation from the Board of Directors, ensures that this vision is translated into policy and concrete plans.

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

We have a *DE&I Watcher* program in which colleagues act as 'watchers'. They help to ensure that unconscious bias does not play a role in assessment interviews. This program has been nominated for the 2022 Diversity in Business Award presented by the 'Sociaal-Economische Raad' (SER; Social and Economic Council).

We also organize activities and events to support our DE&I policy. The aim is to raise awareness of diversity, equity and inclusiveness throughout the organization. In addition to Dutch public holidays, we also recognize holidays and commemorations from other cultures and traditions, such as Eid al-Fitr, Diwali and the International Day for the Elimination of Racial Discrimination.

Active employee networks have their own budget to organize events relevant to their members and allies. These include, for example, *Sheconnects* (a network for women), *Unity NL* (a network for LGBT+ professionals) and *AcrossCultures* (a multicultural network). Young professionals are represented by the *Young Professionals Board*. The position of the networks has been further formalized: they now draw up their own annual plans and report on their activities to the DE&I task force.

Externally, EY Netherlands is part of 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 talent with a bicultural background. Last year, we partnered with Ctalents, a company that helps job seekers with auditory or visual impairments.

On Diversity Day, the first Tuesday of October, EY Netherlands held master classes on diversity and inclusion at several offices - with the participation of neuroscientist

Marcia Goddard. Psychological safety was part of this masterclass. The idea is that inclusiveness is not possible if you are afraid to say what you think and therefore cannot be yourself. The sessions were also repeated later within different teams.

Gender ratio

Women are still underrepresented at EY Netherlands. That is why we are committed to keeping our talented women on board. We still see many women leaving as they reach higher senior levels. Men are also leaving, incidentally, because they want to manage their paternity responsibilities differently, for example, rather than temporarily opting to work less. This is despite the government extending maternity and paternity leave and EY Netherlands increasing the benefit to 70% of the last salary. We make employees aware of this as much as possible, for example through workshops and webinars for parents. We talk to them about balancing work and parenting.

Not only do we want to retain our talented women, but we also want to hire more women. When recruiting new employees, we aim for a balance between the number of women and men. In 2022/2023, we will reach 44%, down from 46% in the previous year under review. The overall male-female ratio did not improve during the most recent fiscal year: of the total workforce, 43% are women. Women were well in the majority in the support services

Safe work environment

EY does not tolerate inappropriate behavior from anyone. We are committed to a socially safe work environment where people can communicate with each other constructively and confidentially.

We realize that it is not always easy for people to speak up. If anyone encounters (suspected) misconduct, they should always feel safe to report it. We have created a special Speak up SharePoint (Speak up, Listen up, Follow up) to make it easier for our people to take action if necessary. There are other ways of raising

concerns as well. Our people can approach their line manager, another colleague or one of our confidential counselors (nine internal and two external). Our main goal is to take away people's concerns about any negative consequences of speaking up. Our people's safety is our priority.

that fall under our Core Business Services (CBS), however. Excluding CBS, the percentage of women is 39.4% (2021/2022: 40%).

The percentage of women among (equity and non-equity) partners remained roughly the same at 20.5% (2021/2022: 20%). We pay a lot of attention to the partner pipeline. The process of becoming a partner usually takes several years, and we are trying to prevent women from dropping out when the finish line is in sight. Throughout the process, we keep a close eye on developments.

Currently, 20.5% of our partners are women. Our goal is 25% by 2025. In this fiscal year, we aimed to have 30% of newly appointed partners be female, and we achieved 31.8% (2021/2022: 29.4%). With this percentage, we have met our original target and are able to stabilize the total percentage of female partners (20.5%).

Equal pay

A core principle at EY Netherlands is 'equal pay for all ranks': everyone in a similar position with similar experience should earn the same. We have included this in our DE&I plan for 2023-2025. Last year, we conducted preliminary research on equal pay within EY in the Netherlands. Based on this research, the Board has decided to set a target for FY24 and beyond: <1% pay gap between men and women, taking into account their work experience.

Client value

We create value for our clients in the short, medium and long term. Our *NextWave* strategy helps our clients to grow, optimize and protect value so they can meet today's business challenges and be ready for the technological and social changes of tomorrow. EY Netherlands is a trusted advisor across multiple industries. We put service innovation front and center. We value high client appreciation, one of our KPIs in this area.

Market-oriented approach

Over the past fiscal year, we further accelerated our multidisciplinary sector-based approach to the market. We find that this approach resonates very well with our clients: we speak their language, understand the multidisciplinary sector-specific issues and can provide them with tailored support. At the same time, we deploy professionals who can add value by serving the client in a more holistic way across sectors.

- We distinguish eight industries:
- ▶ Advanced manufacturing and mobility
 - ▶ Consumer and retail
 - ▶ Energy and resources
 - ▶ Financial services
 - ▶ Government and infrastructure
 - ▶ Health sciences and life sciences
 - ▶ Private equity
 - ▶ Technology, media and telecommunications

We organized events in each market sector, translating overarching themes, such as sustainability, into specific conditions and solutions in the sector. For example, in the energy and resources sector, we held the *EY Energy Debate*, where senior executives and parliamentarians discussed the energy transition and sustainability. Another example is the *EY Havenavond* event. The most recent edition was dedicated to circularity, with a particular focus on energy and resources, government and infrastructure, and advanced manufacturing. We also bring overarching issues such as diversity, equity and inclusiveness to our clients' attention. In Private equity, for example, we organized a meeting with the non-profit organization Level 20 to discuss what needs to be done to attract more female professionals to the sector.

Our experience is that this sector-specific approach strengthens the connection with the market and generates increased business throughout the ecosystem.

EY Private

In 2022/2023, we continued to increase our focus on the private market, which includes large family groups and unlisted companies. We have been active with our family business program, and have organized several CEO/CFO roundtables. Sustainability and long-term value creation services are in high demand in this segment, especially at the board and owners/founder levels of the companies.

Next Wave

Client Value

	Result 2022/2023	Target 2022/2023	Target 2025
Client experience			
Customer satisfaction score (% of clients who indicate the relationship has improved or remained the same)	92%	93%	>95%

Entrepreneur Of The Year™

On 12 October 2022, Sharon Hilgers of My Jewellery was named EY Entrepreneur Of The Year™ (EOY) in the Netherlands, during the 26th edition of the world's most prestigious business awards program for entrepreneurs. The award, which recognizes leading and innovative entrepreneurs, is presented in more than 60 countries.

This year's Dutch competition marked the first time that EY has partnered with Van Lanschot Kempen. One of the reasons for this collaboration was to generate more support for EOY in the business community.

Josefien Groot of coatings company Qlayers was named Emerging Entrepreneur Of The Year. The EY Social Impact Award, presented for the second time, went to Mireille Geijssen and Michiel Dekkers for their social enterprise, i-did, which helps people on welfare to find work.

Service innovation

Companies and organizations are increasingly focusing on non-financial matters and integrated reporting. This was already evident during the most recent fiscal year, and the trend is continuing unabated. Important issues for our clients include the energy transition, changes in the supply chain and labor market, and the broader ESG agenda, as well as CSRD readiness. Our services are geared to these issues. We work with multidisciplinary teams to develop integrated and forward-looking business solutions.

In 2022/2023, sustainability continued to receive a great deal of attention. The participation of businesses and organizations is needed to achieve climate goals. The campaign '*Duurzaamheid, hard gemaakt*' (Sustainability, in concrete terms), which we launched in April 2022, responds to this. In January 2023, we followed up on this campaign. We therefore focus on how to help clients make the transition to a sustainable business model, based on hard facts, concrete goals and proven transformation methods.

We also continued to organize *EY Sustainability Café* roundtable discussions, during which stakeholders discussed the topic of sustainability from different perspectives. These included the impact that adopting the Corporate Sustainability Reporting Directive (CSRD) is having on companies.

We also held the quarterly *Tomorrow's Economy* breakfast meetings. During these forums, hosted by EY Netherlands' Board of Directors, business executives and members of supervisory boards are updated on the state of the (inter)national economy. Speakers included Diederik Samsom, Head of Cabinet to European Commissioner Frans Timmermans, CEO of HEMA Saskia Egas Reparaz and Dutch Social Affairs and Employment Minister Karien van Gennip.

Smart Delivery

As our services continue to evolve, so too does our business model. Where we once assumed that people would manage processes supported by technology, now it is increasingly the other way around: technology leads our processes, and the right people support them. This requires an additional type of employee, for example, someone who specializes in data, or someone who has in-depth knowledge of a particular market segment technology product.

In 2022/2023, we continued to roll out our *Smart Delivery* initiative. This approach is based on 'right-shoring', empowered by technology and with a lean process mentality: we focus first on the skills and technology that a team needs to deliver a particular assignment in the best possible way. Then we look at where we can source that knowledge, expertise and tooling. This may not be available within our own team, or even within the Netherlands or our Europe West Region. Both the client and EY benefit if a particular task can be done better or faster by someone in Poland, Spain or India, for example. Much of the work can be done remotely; we bring people in for shorter or longer periods, as necessary.

Similarly, when it comes to the use of technology, we believe in the benefits of automation. Wherever possible, we use technology that EY has already developed and used successfully somewhere in the world. We do not want to reinvent the wheel. This leads to the third element of *Smart Delivery*, the 'lean process mentality': we centralize and standardize processes. The team focuses only on the tasks at which it excels; certain manual or operational tasks are assigned to people who are equally or better equipped to do them. For example, we support preventing senior employees from performing tasks that could be done by junior employees.

A key platform for *Smart Delivery* is the Global Delivery Services (GDS) gateway. This is an online tool that allows team leaders to search for the right specialist to build the right team. It is also the platform through which we find an 'in-demand' technical specialist, for example.

We are increasingly seeing more and more work being done by delivery centers outside of the Netherlands. At the end of this year under review, overall, more than 22% of the work was being done by such a 'right-shore' team (2021/2022: 20%). In support services (Core Business Services), almost a quarter of our people are currently employed through a GDS hub.

We never compromise on service quality. With *Smart Delivery*, we are improving the quality of our services by looking first for the most suitable person or technology.

There are other benefits too. Payroll costs are lower in many countries, allowing us to remain competitive with attractive rates and to invest more in our own people, technology and client relationships. In practical terms, we can literally be available 24/7 when working with people in different time zones. *Smart Delivery* also makes us more agile in a tight labor market.

We want all our teams to be familiar with *Smart Delivery*. To that end, we have set up a dedicated SharePoint site with all the necessary information. We have also developed an escape room game that allows everyone to

learn about the approach and the possibilities in an accessible way.

Alliances with third parties

We are witnessing a further shift towards alliances with third parties in the use of technological solutions. For example, EY Netherlands works with Microsoft when a client is using, or wants to start using, the Edge program. As EY Netherlands does not have to develop new applications in-house, we can serve the client more efficiently.

EYnovation™

In 2022/2023, we continued to focus on start-ups and scale-ups with the *EYnovation™* program. We see these companies as an important link in innovation and transition processes because they are ambitious, innovative and open to new ideas. In addition, many of these companies have ESG at the heart of their business models.

EY selects a number of high-growth companies and engages with them at an early stage, helping them with strategic, legal, tax and financial issues. We offer entrepreneurs low-threshold access to our services, know-how and the global EY network at a rate appropriate to their stage of development. In this sense, EY is also a connector: we act as a link between the start-ups/scale-ups and our larger clients. The 'newcomers' can help the established companies with their transitions and they, in turn, can get advice on how to grow or thrive.

Examples from last fiscal year's *EYnovation™* program include: Roosh, a company that specializes in booking platforms for airport parking; Fleetcleaner, which uses robots to clean the hulls of ships underwater; and The Green Branch, which focuses on landscape restoration through reforestation and other nature conservation projects in collaboration with local people.

Innovate EY

Innovate EY works to create a culture based on innovation and entrepreneurship across all service lines. We turn ideas into business value. The innovations are then used either to improve internal efficiency or to develop solutions for our clients. This is why we are so keen to involve our clients in these innovative developments.

During 2022/2023, the NL Innovation team shifted its focus to upskilling the team and other colleagues. Together with the innovation team, we held around 20 events, with more than 1,000 individual participants, focusing on training and inspiration sessions to enhance the innovation culture. We also supported colleagues in obtaining their Green Belt certification and got the entire NL Innovation team certified as scrum masters.

EY Wavespace™

We continued to make full use of our Wavespace center in Amsterdam during the past fiscal year. By combining a hi-tech environment with a patented methodology and platform, we enable our clients to experience what is on the horizon and how they can respond to it. We are seeing a substantial increase in the number of physical client and team meetings taking place in the Amsterdam Wavespace center.

Customer satisfaction

Delivering excellent 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 determines how good our work is and whether we succeed in being and remaining the most trusted adviser: our reputation and success depend on maintaining the trust our clients place in us.

We continuously test the quality of our services in our *Client Experience (CX)* program, for which senior EY professionals interview clients to gather independent and transparent feedback. This fiscal year, we recorded 414 formal CX feedback moments (2021/2022: 408). Of those interviewed, 54% said their relationship with EY

Netherlands was better than in the previous fiscal year (2021/2022: 64%). 38% said their relationship with EY Netherlands had remained the same (2021/2022: 29%), while 8% of respondents described the relationship as less good than in the previous fiscal year (2021/2022: 7%).

The overall satisfaction score (the percentage of clients who feel the relationship has improved or remained the same) came to 92%, down from 93% in 2021/2022. We not only look at this figure but also monitor what we can improve, including how clients want to work with us and what they think of our approach. For example, the clients that were surveyed complimented our work on sustainability, our guidance on complex issues such as rules and regulations, and our continued focus on resourcing in a tight market.

Social value

All of EY Netherlands' services help to build trust and transparency in the capital markets, thereby creating long-term value for society. We create value for our clients through our services and help them create value for themselves by enabling them to run their businesses in a more sustainable and future-proof way.

We also use our knowledge, expertise and experience to make a positive impact on society and the planet. We do this in part by encouraging and helping our clients to embrace corporate social responsibility and environmentally friendly, inclusive economic growth, but also by scrutinizing our own operations; we believe we should lead by example. This includes minimizing our environmental footprint, investing in social and cultural initiatives and ensuring a responsible value chain with the highest ethical standards.

Building trust in the capital markets

We can only help build trust and transparency in the capital markets if our own services are of the highest quality, which is why we monitor this closely. We continuously carry out quality reviews on engagements,

focusing in particular on clients that are large, complex or of significant public interest. The primary purpose of the review is to determine compliance with quality control systems, policies, procedures, professional standards and regulations.

For Consulting, quality reviews are performed on current engagements to assess quality and improve the files during the engagement if appropriate. For Strategy and Transactions, quality reviews are performed on closed engagements. In both of these service lines, there are no quantitative ratings available to be disclosed since these reviews focus on qualitative assessments rather than quantitative ones. For Tax and Assurance, quality reviews are performed on closed engagements. Each quality review assessment of a closed engagement gets a rating from 1 (no or minor findings) to 3 (material findings). In this fiscal year, 90.8% of Assurance engagements (2021/2022: 82%) and 87.5% of the Tax engagements were rated 1 (2021/2022: 72.7%), in line with our target of rating at least 90% of the reviews with a 1 rating.

The quality of EY Netherlands' Assurance services in the Netherlands is subject to supervision by the Dutch

Next Wave Social Value

	Result 2022/2023	Target 2022/2023	Target 2025
Trust in capital markets			
Internal Quality Review score Assurance*	90.8%	>90%	>90%
Internal Quality Review score Tax	87.5%	>90%	>90%
EY Ripples			
Total participants	1,560	1,219	>1,500
Planet impact reduce carbon footprint			
Total (tCO ₂ e)	11,166	12,443	12,443

* Internal quality review score as currently assessed by EY Netherlands. EY Globals' confirmation is still pending as of publication date of the report. Within the following Annual Review any potential changes in the outcome due to Global will be reflected and disclosed.

Authority for the Financial Markets (AFM). EY is committed to delivering globally consistent, high-quality audits sustained over time. EY Netherlands' audit teams strive to deliver high-quality, analytics-driven audits with independence, integrity, objectivity and professional skepticism to provide third-party assurance on an organization's reporting. In this way, clients get more reliable information to make business decisions that protect and create long-term value.

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 reputation 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 result in a breach of independence rules.

Non-assurance services

Both EU regulations and the more restrictive Dutch 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO; Regulation regarding the Independence of Accountants performing Assurance Engagements) prohibit auditors of a client that is an 'organisatie van openbaar belang' (OOB; public interest entities) from providing non-audit services to this client, with very few exceptions. No cases of non-compliance were identified during the fiscal year 2022/2023.

Personal independence

Our professionals must comply with internal and external rules on personal independence. Compliance is not just a legal requirement; it is something that EY believes is vital to maintaining trust in the capital markets. Compliance is monitored through our Personal Independence Compliance Testing (PICT) program, which covers partners and executives (senior management including non-equity partners). 58 partners were tested during the period under review (1 April 2022 to 31 March 2023). This review uncovered zero independence breaches and three administrative violations. This resulted in a financial penalty for one partner and a non-financial sanction for

another (prior period: 56 tests, 0 breaches, and 7 administrative violations, 1 of which resulted in a penalty and 5 in non-financial sanctions).

Furthermore, 105 executives were tested during the period, which resulted in 0 breaches and 15 administrative violations. For 14 executives, this resulted in non-financial performance consequences (prior period: 87 tests, 1 breach and 8 administrative violations, of which 7 resulted in a non-financial performance consequence). The overall non-compliance rate for partners and executives is 11% for both the current and prior reporting periods.

Reducing our environmental footprint

EY wants to have a positive impact on the environment, which is why we have set targets to significantly reduce our absolute emissions. A drive to decarbonize is at the heart of EY's sustainability strategy.

In the year under review, EY Netherlands has continued to focus on reducing absolute CO₂ emissions. We have made progress on reducing Scope 1 and 2 emissions, but Scope 3 emissions increased, due to an increase in business travel. 2022/2023 was the first full fiscal year since COVID-19. With society 'open' again, we returned to the office and visited clients more frequently. Because of this, emissions caused by air travel increased to 4,223 tCO₂ in comparison with 1,519 tCO₂ in FY22.

In 2022/2023, we ended up with emissions of 2.29 tCO₂ per FTE, compared to 1.95 tCO₂ in 2021/2022. Compared to the FY19 baseline year, we are still at a reduction of 46% (2021/2022: 57%). Total emissions in the year under review were 11,166 tCO₂ (2021/2022: 8,986 tCO₂, baseline year: 20,738 tCO₂).

This puts EY Netherlands well ahead of EY Global's target. Globally, EY aims to reduce absolute carbon emissions by 40% in FY25 compared to the 2019 baseline, which applies to all scopes: Scope 1 (direct emissions from its own operations), Scope 2 (indirect emissions from electricity used) and Scope 3 (other indirect emissions).

This is in line with the Paris Climate Agreement target of limiting the average global temperature increase to no more than 1.5°C. The goal is for EY to be net-zero by FY25. EY Netherlands is also committed to reducing other greenhouse gas emissions by 40% by FY25.

We continued to invest in high-quality offsets to mitigate our residual emissions, reducing or removing more carbon than we emit.

Less traveling

As an international company, EY Netherlands cannot do without travel; it is inherent to our work. The challenge is to maintain our international character while limiting our travel, especially by airplane and non-electric cars because most of our emissions are caused by air and car travel. We have taken specific measures to reduce this category of emissions. We aim to have reduced business travel – mainly air travel – by at least 35% by FY25 compared to the FY19 baseline.

In the year under review, we tightened our business travel policy. We travel internationally only when absolutely necessary, which is the guiding principle. All trips of less than four hours or under 400 kilometers must be undertaken by train, and we urge colleagues to also choose the train for journeys up to 700 kilometers. To raise more awareness about the impact of travel, EY employees now have a personal travel dashboard, which they can use to calculate the carbon emissions of their upcoming trips, among other things.

We involve employees in reducing their emissions and actively encourage them to choose sustainable transport options. To this end, we introduced a new mobility policy in January 2023. It allows employees to choose the mode of transport that suits them at that moment: train, bicycle, e-scooter or electric car. A combination of different options is also possible. Employees arrange and register this in a mobility app, which also provides insight into the carbon impact of each transport choice. This encourages the use of more sustainable options. The app has also enabled us to gain more insight into our employees'

business travel and commuting, improving the scope and quality of our carbon data.

We are continuing to electrify our vehicle fleet. By the end of 2025, we aim to have a fully electric fleet of more than 2,400 cars. At the end of this reporting year, 58.5% of the lease cars were electric (2021/2022: 45%), putting us well on track to reach our goal.

To underscore its ambitions, in early 2023 EY Netherlands joined 'Anders Reizen' (Travel Differently), a coalition of 70 organizations promoting sustainable mobility. Furthermore, we supported FlyWithLucy (LUCY), a climate-tech company that develops and accelerates the operation of sustainable aviation. EY believes that innovation is needed to achieve a low-carbon economy. LUCY aims to operate fast, 100% sustainable flights with a door-to-door experience for business travelers starting in 2025. Experts from EY are supporting this impact company by helping them with Life Cycle Assessments (LCAs) of different modes of transport. The results of the LCAs provide input for innovation in the right direction and for the further development of sustainable business cases.

Sustainable energy consumption

Currently, the electricity used by our offices is purchased from the national grid in the Netherlands, and 7 offices out of a total of 12 offices currently purchase 100% renewable electricity. Of the total electricity consumed by our offices (11,601,518 kWh), 98% now comes from renewable sources. EY Global's goal is to have all offices running on 100% renewable energy by 2025 and to become a member of RE100, a global initiative that brings together the world's most influential companies committed to 100% renewable electricity, by the same date.

We continuously look at ways to reduce our energy consumption (such as reducing office temperatures), but the majority of energy-reduction measures are introduced when buildings are renovated or when there is a change of premises. For example, this year, preparations have

started for renovation of our office in Zwolle according to the highest sustainability standards.

Waste reduction

EY Netherlands is working toward zero waste in its own operations. In FY23, we produced 275,675 kg of waste (split by category), compared with 251,217 kg in FY22. 54% of our waste is recycled (same as in 2021/2022) and gets a second life, while 46% is downcycled and used to generate energy (same as in 2021/2022). The aim is to increase the percentage of waste that gets a second life.

By the end of March 2023, we started separating waste at the front end (immediately after use) and back end (collecting and processing). We separate organic waste, paper, plastic, residual waste, coffee cups and waste with a 'statiegeld' deposit, such as bottles and cans. We have launched a waste-reduction campaign involving EY employees. To keep them engaged, we share key information and updates on waste every two weeks. We are intensifying waste separation at source by only installing central units for separated waste in the workplace.

In 2022/2023, we took action to reduce food waste. The company restaurants have been working with ISS' Food Waste Monitor since February 2023, giving them insight into what and how much food is being wasted and how this can be prevented. We started working with the food-saving app Too Good to Go (TGTG), which means that food that might otherwise be thrown away after service is now being sold through TGTG. The Food Waste Monitor showed in April that food waste had been reduced by 20%, saving 440 kilograms of carbon. Furthermore, since January 2023, the company restaurants in Amsterdam and Rotterdam have been checking the number of workplace reservations so they can adjust the assortment for that day to the expected number of meals. We are continuing this policy to further reduce food waste.

Climate Risk Assessment

As part of EY Global's strategy to run our business in a more sustainable and future-proof way, building a better working world, climate-related risks and opportunities

have been considered. For the current reporting period, EY NL considers the results of the climate-scenario analysis that was performed by EY Global, in which climate-related risks specific to EY NL have also been taken into account, relevant. As part of our strategy, we plan to build on EY Global's climate-related risk assessment and scenario analysis by conducting our own country/market-specific assessment taking into account more local context in the future.

For EY Global's assessment, they undertook a substantive analysis of the climate risks and opportunities faced by EY people, operations, clients and society, identifying key physical and transition risks and opportunities that primarily have an impact on the operations, services and clients of EY under a Business as Usual (BAU) and Low Carbon Economy (LCE) scenario for multiple future time horizons (currently 2030 and 2050). A detailed description of the key risks and opportunities identified can be found on page 73.

The chosen scenarios are considered important to show the maximum possible climate impacts for EY based on the network's current operational footprint and revenue (BAU), as well as the potential impacts for EY of a sharp pivot toward aggressive decarbonization and climate change mitigation (LCE). To mitigate the impacts of climate risks on EY, various responses and next steps will be determined to build a resilient strategy. These can be found on page 72 and are further expanded in the EYG TCFD report 2022.

Community investment

EY Ripples, our corporate responsibility program

Through *EY Ripples*, our global corporate responsibility program, we offer every employee the opportunity to contribute to social projects in addition to their daily work. EY employees can use their knowledge, skills and experience to contribute to a more sustainable, fairer society, with a focus on: 1) supporting the next generation, 2) scaling up impact entrepreneurs and 3) accelerating environmental sustainability.

This year, we saw an increase in the number of participants, with 1,560 participants in activities (2021/2022: 1,405). The number of hours EY Netherlands colleagues collectively spent on EY Ripples initiatives came to 16,413 compared to 19,428 hours in 2021/2022.

Leadership engagement is critical to the success and increased participation rate of *EY Ripples* initiatives. This year, 57 partners have led by example and participated in *EY Ripples* initiatives. Eight of them temporarily handed over their work to young future leaders by participating in JINC's 'Baas van Morgen' (Boss of Tomorrow).

This year's remarkable team-building activities focused on *EY Ripples* initiatives, such as supporting food banks, visiting a nature park to learn more about the importance of biodiversity, and planting different types of pollinating flowers and trees to promote insect and plant survival. EYers also participated in an energy conservation training provided by Orange Energy and then went out into neighborhoods to provide homes with insulation film and information to help people save energy and money.

We believe we can make a bigger impact by working together. That is why we started *EY Ripples* initiatives with our clients. We organized flash internships for children with two of our clients: a water company and 'Staatsbosbeheer' (the Dutch government organization for forestry and the management of nature reserves). The children were able to learn about different professions, both at the client and at EY.

Lives impacted

The contribution of *EY Ripples* in the Netherlands in 2022/2023 counts for a positive impact on 710,515 lives (2021/2022: 388,296). This contributes to EY's global ambition to have a positive impact on 250 million lives by 2025 and 1 billion lives by 2030.

Supporting the next generation

We continued our partnership with JINC, an organization committed to a society where every child has equal opportunities, regardless of socioeconomic background.

Every year, JINC helps tens of thousands of children between the ages of 8 and 16 through various programs, including on-site career counseling, flash internships and job application training. The ultimate goal is to give them a better start in the job market. This year, 130 colleagues (FY22: 66) were involved in these initiatives with JINC, supporting a total of 1,558 children.

In addition to the JINC collaboration, we organized two Social & Environmental Impacts Days with the NL Cares Foundation. On these days, children between the ages of 10 and 12 are introduced to entrepreneurship and environmental issues in a playful way. This time, a total of about 477 children from 19 elementary schools in disadvantaged neighborhoods participated. They visited our offices and took part in the 'Ondernemers in de dop' (Aspiring entrepreneurs) and 'Bijen & diversiteit' (Bees & biodiversity) programs.

As part of our partnership with AIESEC, a global youth network seeking to develop the leaders of the future, we conducted three Climate Ideation Clinics involving a total of 85 students. Students were invited to come up with new approaches to climate challenges and present specific solutions for the consumer products and financial services sectors.

Scaling up impact entrepreneurs

During the recent fiscal year, we mobilized 184 colleagues to bring their business skills, knowledge and experience to non-profit organizations and impact businesses to increase our collective impact on society. We did this in a number of ways: through different partner organizations such as with Startupbootcamp, a global network that helps early-stage tech companies scale up their businesses, and VoorGoed Agency, which helps companies with social entrepreneurship. Through these partners, colleagues provided workshops, one-on-ones, founder meetings and mentoring.

We also directly supported impact entrepreneurs to scale up and make progress toward the UN Sustainable Development Goals, and provided pro bono tax and legal advisory services to non-profit and community

organizations through the Pro Bono Connect legal network. One example is The Good Roll, a company that produces 100% tree-friendly and sustainable toilet paper. A multidisciplinary team examined what The Good Roll needed to scale its business model and maximize its impact.

Accelerating environmental sustainability

In July 2022, the Dutch branch of *Eco Innovators* was launched, a community where EY people can share ideas, ideals and experiences on how to make an impact on the world. *Eco Innovators NL* supports, inspires and connects people around the world who share a passion for protecting and caring for the natural world.

Eco Innovators NL, which now has more than 100 members, works closely with *EY Ripples*. It organizes networking talks once every six weeks on various topics, such as sustainable finance and travel, circular economy, environmental impact and energy transition. Inspiring speakers this year were people from i-did (winner of the 2022 EY Social Impact Award), Closing The Loop, Eosta, LUCY, Biofilica, TAPP Coalition, Seaweed World and ISS Facility Services. In addition, other events and activities were organized on a variety of themes, ranging from sustainable holidays and *Veganuary* to 'Fiets naar je Werk Dag' (Bike to Work Day) and a festive ocean day.

Sponsorships

Arts and culture make an important contribution to a better world. Cultural creators address important social issues, make you think and inspire you to explore and expand your boundaries. EY Netherlands invests in the cultural sector because we want to bring meaningful initiatives to the general public. We do this by giving artists a stage, funding new initiatives and helping to professionalize cultural entrepreneurship. By investing in arts and culture, EY Netherlands stimulates innovation, unexpected opportunities and surprising connections. It also helps our business partners and ourselves develop better solutions for a sustainable future.

In the summer of 2022, we signed a three-year partnership agreement with the Netherlands Film Festival

(NFF). We make a financial contribution to the festival and share our knowledge and networks. We also support emerging film talent through our EY Talent Award, as part of the NFF Student Competition. On September 26, 2022 in Utrecht, the award was presented for the first time, to director Luka Gribnau for her film 'Void Between Us'.

We also signed a three-year agreement with the Dutch Design Foundation. Specifically, EY Netherlands is committed to the Dutch Design Awards, one of the foundation's labels, which go to the best Dutch designers and their most impressive and groundbreaking projects. The award for young designers is now called the DDA x EY Award. The first award went to the designer duo Cream on Chrome (Martina Huynh and Jonas Althaus) in October 2022. EY supports the winner with a cash prize and a customized coaching program.

In the performing arts, we supported the United Ukrainian Ballet Company, a company founded for Ukrainian refugee dancers. It now consists of over 60 Ukrainian soloists, ensembles, creatives and technicians. In March 2023, the company premiered its performance 'Dancing in Defiance'.

Since December 2022, we have also been sponsoring the Nederlands Blazers Ensemble (NBE). Specifically, we sponsored the performances 'Concert in the Shape of a Pear' and 'Jamaica'. By supporting these two completely different concerts by the NBE, we also want to offer our business relations and our employees the opportunity to be inspired.

Knowledge-sharing

EY is a knowledge organization, and we believe it is our social responsibility to share our knowledge and expertise and to contribute to public debate. We often take the initiative ourselves, for example by organizing roundtable discussions.

In the fall of 2022, we held eight roundtable discussions with the supervisory directors of 80 listed companies. The directors talked about the sustainability transition and related responsibilities. Sustainability was also one of the

themes at the roundtables we organized for C-level directors from various sectors.

Under the title 'Tomorrow's Society', we also presented an inspiring meeting platform on 14 June 2023 at Museum Voorlinden for executives with a social mission, such as in government ministries, healthcare institutions, education and housing cooperatives. They discussed how to push for public value and what actions administrators can take to contribute to the foundation of tomorrow's society.

rating places EY Netherlands in the top 3% of companies rated by EcoVadis in the legal and accounting sectors. We remain committed to improving our scores in all of the areas specifically assessed: environment, labor and human rights, ethics and sustainable procurement.

Ensuring responsible business operations

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 EY's supply chain and to maintain and grow a diverse supplier base that reflects the markets, clients and communities we serve. Procurement is organized globally, and the ESG team is responsible for developing and managing ESG (including supplier diversity) and supplier due diligence for global supply chain services suppliers. During the recent fiscal year, ESG assessments of key suppliers were conducted, as well as training for buyers and suppliers on how to recognize and eliminate modern slavery.

EcoVadis Gold status

EY Netherlands maintained its EcoVadis Gold status over the recent fiscal year, which is testament to our sustainability efforts. EcoVadis is the world's leading provider of corporate sustainability ratings, with a network of more than 100,000 rated companies. The

Financial results

Despite a challenging year, EY Nederland LLP reported solid financial results for the fiscal year 2022/2023. Following 9.3% revenue growth in 2021/2022, we reported 9.8% growth in 2022/2023. With revenue increasing from €986 million to €1,083 million, we proudly crossed the €1 billion revenue threshold in our 140th anniversary year.

Revenue from services provided by our four operating lines of service amounted to €1,035 million (2021/2022: €950 million). Both Assurance and Consulting recorded double-digit growth of 10.6% (€38 million) and 14.1% (€26 million), respectively. Tax also performed better than last year, growing by 7.4% (€24 million). Strategy and Transactions revenue decreased by 2.7% (€3 million) due to a weakening M&A market, while other revenue increased by 31.1% to €48 million.

Operating expenses increased by 11.3% (€87 million) to €849 million in 2022/2023 (2021/2022: €762 million). Half of this growth was due to increased hiring of both client-serving personnel and support staff, as well as salary and bonus increases. Total employee expenses increased by 10.9% (€44 million). Other factors driving the increase in operating expenses include exceptional price increases, the challenges of returning to business as usual after COVID-19, and the decline in the euro/dollar exchange rate compared to 2021/2022. In addition, we accelerated our investments in client service quality, technology, digital, ESG, transformative leadership and employee wellbeing programs.

Operating profit amounted to €234 million (2021/2022: €224 million), an increase of 4.6% (€10 million), while the operating profit margin was 21.6%, compared to 22.7% in the previous fiscal year. Financing expenses decreased by

33.6% (€1 million), resulting in a pre-tax profit of €232 million (2021/2022: €221 million), an increase of 5.1% (€11 million).

The amount of profit reserved for non-distributable items and interest on capital is €28 million (2021/2022: €30 million). The remaining amount of €204 million (2021/2022: €191 million) is available for distribution as partner earnings. This represents an average increase of 4.5% per partner.

Solvency and working capital also remained robust, providing a solid foundation to weather the current economic challenges and safeguard our investment agenda. We remain committed to delivering sustainable growth.

Future expectations

Fiscal year 2023/2024 looks set to be another challenging year. We are facing a macroeconomic slowdown and weakening demand in some areas of our business. Inflation remains high, well above the 2% target set by the 'De Nederlandsche Bank' (DNB; Dutch central bank). Meanwhile, interest rates continue to rise and the labor market remains tight. All of this will put pressure on our revenue and margins.

In spite of these challenges, we are confident about the year ahead. EY Nederland LLP is a financially sound, robust and resilient organization. We have a diverse portfolio of services and client base. Moreover, in times of economic slowdown, we support our clients in addressing the challenges they face. We remain committed to providing exceptional services to our clients and exceptional experiences to our people, and to building a better working world for the benefit of society at large.

Income statement (in millions of euros) ¹	2022/2023	Δ	2021/2022
Assurance	397	10.6%	359
Tax	338	7.4%	314
Consulting	213	14.1%	187
Strategy and Transactions	87	-2.7%	90
Rendering of services	1,035	9.0%	950
Core Business Services	48	31.1%	36
Revenue	1,083	9.8%	986
Purchased services	170	10.1%	154
Employee expenses	444	11.0%	400
Depreciation and impairment	32	17.4%	28
Other operating expenses	203	12.3%	180
Operating expenses	849	11.3%	762
Operating profit	234	4.6%	224
Finance income and expenses	- 2	-33.6%	- 3
Profit before tax	232	5.1%	221
Income tax expenses	0	-97.1%	0
Profit for the fiscal year	232	5.1%	221
Undistributable items and interest on capital	- 28	-5.2%	- 30
Income available for distribution	204	6.7%	191

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.

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 94 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 verifies 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 44 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 the 'Ourboard' section on our corporate website.

ESG governance

In June 2023, the Board of Directors strengthened the governance of EY Netherlands' ESG/Sustainability policy. Three levels work on and oversee the implementation and progress of our strategy in this area.

The ESG working group monitors internal and external ESG developments and is responsible for implementing the sustainability strategy and measures in line with EY Global. The group has a broad membership base, with members from risk management, human resources, finance, procurement and CCaSS (Climate Change and Sustainability Services), and is chaired by the CR & Sustainability leader. The working group coordinates the materiality assessment, proposes targets, develops action plans and links budgets and teams to them. The working group informs relevant stakeholders and reports to the Board of Directors via quarterly progress reports.

The Board of Directors is ultimately responsible for the ESG performance and the integration of the ESG policy into EY Netherlands' overall strategy. The Board monitors the process and must approve updates to the ESG strategy (including the materiality assessment), targets and action plans. The Board also assesses the impacts, risks, and opportunities relating to climate change. Examples of ESG topics under the responsibility of the Board of Directors include, but are not limited to climate-related financial disclosures, decarbonization, and diversity equity and inclusion.

The Supervisory Board reviews the progress of the strategy including ESG against the KPIs set by EY Netherlands in this field. The KPIs as set for EY NL and included in this annual review are part of the overall assessment and the remuneration of the members of the Board of Directors as carried out by and determined by the Supervisory Board members. The KPIs as defined are therefore input for the assessment. Throughout the organization a similar approach is applied; remuneration is based on performance including achieving targets.

Data protection and information security

With increasing digitalization and the growing threat of cybercrime, EY Netherlands considers information security and data protection as a material topic. In these areas, we face risks that could have a major impact on our business operations and the trust our stakeholders have in us. We have identified these as our top preventable risks (Risks That matter). We are therefore committed to

collecting, protecting and using client and our own data in a way that maintains the trust of our stakeholders and complies with all applicable laws and regulations, both globally and locally.

EY has a single, coherent global vision and strategy for information security and data protection. These are aligned with the principles of the European Union's General Data Protection Regulation (GDPR) – commonly referred to as the 'Algemene Verordening Gegevensbescherming' (AVG) in the Netherlands – and with the ISO 27001/2 standards. Robust data protection and information security programs are implemented and managed by two separate but aligned groups: the Global Data Protection Network and the Global Information Security Organization. They establish policies, standards, procedures and guidelines to protect the data of the EY organization and its clients from unauthorized collection, retention, use, disclosure, modification or destruction.

Information security

EYNL's Board of Directors is responsible for information security regarding our Dutch practice. We follow the Global Information Security organization's policies, procedures and guidelines. Information security operations are the responsibility of the EY Global Information Security organization and are embedded in local business processes. The Board of Directors has delegated the responsibility for control and compliance with the Global Information Security policies, procedures and guidelines to the IT Director at EY Netherlands.

The EY Global organization complies with the internationally recognized ISO 27001 standard for information security management and is audited annually by an independent third-party auditor. The controls within the scope of the audits are assessed as part of the SOC 1 Type II and SOC 2 Type II reports, where SOC stands for Service Organization Control, in accordance with the International Standard on Assurance Engagements. The controls are also assessed as part of our ISO certification process. For more information on this, see the Legal and Privacy page on our website.

Our IT suppliers must also comply with the information security standards of EY. This is monitored by EY Supplier Risk Assurance. Whenever a product or service is procured that involves confidential EY or client information, this department is involved at the beginning of the procurement process. Supplier Risk Assurance follows a strict procedure based on ISO 27001 standards and conducts security audits of the IT suppliers.

Personal data protection

EY Netherlands has a Data Protection Officer (DPO) working in a dedicated DPO Office, an independent department reporting directly to the Board of Directors.

Since 2016, when the EU adopted the GDPR, EY in the Netherlands has recorded data-related incidents, including personal data breaches. The GDPR, which came into force in May 2018, gives individuals the right to control their personal data. EYNL, which processes personal data from its current, former and future partners, employees, clients, suppliers, subcontractors and other third parties, must ensure that the personal data it uses complies with the requirements of the GDPR. To this end, EY Netherlands participates in a Binding Corporate Rules (BCR) program that specifically oversees the transfer of personal data within the EY network. Our BCR policy is publicly available and can be viewed on our website.

Each quarter, the DPO Office reports to the Board of Directors on the number of data incidents, including personal data breaches, that have occurred and whether they have been reported, without undue delay, but no later than 72 hours after discovery, to the Dutch 'Autoriteit Persoonsgegevens' (Data Protection Authority). The DPO also reports on the number of individual rights requests received and whether these are handled without delay and at the latest within one month of receipt of the request.

Looking at the period since the introduction of the GDPR, we see a downward trend in the number of data incidents, although the last three years show a fluctuating picture. In FY23, there were 226 data incidents, 122 of which were reported as personal data breaches. In two cases, we

reported the data breach to the 'Autoriteit Persoonsgegevens'. In FY22 (2021/2022) and FY21 (2020/2021), we recorded 159 and 213 data incidents respectively. In FY22 and FY21, we also reported two personal data breaches to the Data Protection Authority each FY. To date, not a single incident or complaint has resulted in a fine or a direction imposed by the Data Protection Authority.

This year, we have made a concerted effort to bring these numbers down. We are doing this by strengthening governance and raising awareness throughout our organization. The DPO Office, which has grown from one officer to a team of eight over the past five years, organizes, among other things, customized training for service lines on specific procedures and risks. In addition, all EY Netherlands' employees are required to take EY Global's annual online data protection and information security training. This is strictly enforced, and failure to complete the mandatory training can have a negative impact on the annual appraisal.

To raise further awareness, there is a *Privacy champion* network within EY Netherlands, with colleagues in the service lines and departments who have been trained by the DPO. Privacy champions help the DPO Office to keep track of what is going on in the service lines so we can respond to it if necessary. Conversely, we inform the champions about developments relevant to the service lines and ask them to spread the word.

We also have a complaints procedure in place. When EYNL receives a complaint, the DPO first analyzes it locally. Then, together with EY Global, it looks at which systems might be involved in the breach and what measures should be taken. EY Netherlands also has a complaints committee that conducts an analysis independently of the DPO if the complainant so desires.

Risk management

During the fiscal year, we responded to opportunities, such as sustainability/ESG and generative AI, and to challenges. Our organization in the Netherlands dealt with moderate overall economic growth, a high inflation environment and with shortages on the labor market, while the demand for our services increased. As an organization, we responded strongly to this and made this year successful.

Achieving our short and long-term goals depends to a large extent on how we are able to respond to and deal with this ever more complex environment, managing risks in a timely manner and leveraging opportunities where we see them.

Alignment with our global network

We align as much as possible to our global network to drive consistency, quality and synergies. Our global network provides global strategy, IT infrastructure, methodologies, policies and procedures that serve for us as points of departure. When necessary, we add to comply with local requirements. To support awareness of risk management responsibilities by our partners and employees, where beneficial, we distinguish responsibilities in risk management as follows:

- ▶ The first line is responsible for the controlled business operations of the primary processes. Supporting business processes are also part of the first line unless considered to be second or third line. The first line includes Client-related processes, Talent-related processes and Operations-related processes including Finance.
- ▶ The second line provides the organization with expertise, support, monitoring and challenges in relation to the risk management framework and specific topics. The second line includes risk-, compliance-, quality- and legal-related departments and processes.
- ▶ 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 consists of Internal Audit.

These processes have a main purpose, such as service delivery. They are to be executed in accordance with our policies and procedures. Policies and procedures may include risk management, compliance and quality requirements. Thinking in Plan Do Check Act (PDCA) management cycles at various levels and ways contributes to achieving our goals and continuous improvement.

In line with EY Global, we have also taken into consideration climate-related risks and opportunities. We deem the risks identified by global to be applicable to our operating environment. EY Global undertook a substantive analysis of the climate risks and opportunities faced by EY employees, operations, clients and society guided by an EY steering group representing key areas of the business. This group provided qualitative feedback and generated quantitative rankings of risks and opportunities based on their financial materiality. The assessment provides a macro view of EY's climate change risks and opportunities, looking at physical and transitional categories across operations and the market. In the future, we will refine our individual climate risk assessment taking into account our local context. The findings of the assessment are embedded into the broader enterprise risk management process to track these risks and opportunities. For more information we refer to the EY global TCFD report.

Risk management framework

Risk management entails all activities aimed at keeping the main risks within the boundaries of 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. In other words, risk management is an activity that is the responsibility of everyone working at EY Netherlands for their area of responsibility.

Our risk management framework aims to embed risk management in our organization. It consists, among others, of the following:

- ▶ Risk strategy and policy, including risk appetite;
- ▶ Governance, including roles and responsibilities outlined in our policies and procedures;
- ▶ A risk management cycle (identify, assess, control, monitor and report) consistent with the PDCA cycle, aimed at continuous learning and improvement, and
- ▶ Risk culture.

The design of our risk management framework is regularly updated, for example to adapt to a changing environment. The operating effectiveness depends to a large extent on the skills and behaviors of our people. This is why we pay attention to our values on a regular basis and train our people every year on various topics, for example via the *Annual Code of Conduct Learning*, *Annual Data Protection and Information Security Learning* and the *Financial Crime Learning*.

Risk strategy and policy, including risk appetite

Our risk strategy, policies and procedures are primarily based on the structure and policies that the EY Global network provides us in the context of our network association. When we deem this to be needed or useful, we tailor them for EY Netherlands. This can be the result of local requirements or other considerations, such as the Committee of Sponsoring Organizations of the Treadway Commission ('COSO') framework¹ and 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 of stakeholders.

Risk culture

Our risk culture describes our values, and our attitude, behavior and understanding regarding the key risks identified. We aim to create a constructive and entrepreneurial culture that prioritizes continuous learning and improvement and sets aside a key role for risk management. Risk management contributes to the likelihood of success (value creation), reduces the likelihood of failure (value protection) and contributes to the reduction of uncertainty about achieving our objectives. We strive for a safe work environment in which we can communicate with each other in a constructive and confidential manner, and in which we attach the highest value to the right attitudes and behaviors 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 this respect.

Risk profile

Twice a year, in line with the risk management cycle principles, the service lines, Core Business Services 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 achieving our strategic objectives and our controlled business operations. The aim is to update our overview and understanding of the management of these Risks That Matter, to help our senior management determine whether adjustments are necessary. The Board of Directions 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. The profile supports well-founded decision making for the shorter and longer term, aimed at running a sustainable business model.

¹ COSO framework: 2017 Enterprise Risk Management - Integrated Framework & 2013 Internal Control - Integrated Framework.

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



Some Risks That Matter, such as the recruitment and retention of talent, we can only partly influence. The ability to manage this risk is also impacted by external factors such as a tight labor market. Our recruitment and retention figures show a positive trend, but it continues to be a challenge to attract the right number of people with the right competencies to support our continued growth.

To remain an attractive employer, we attach great importance to diversity, equity and inclusiveness and wellbeing. Therefore, we developed various activities in the year under review for both topics.

In the context of the regulatory and public policy risk, our organization continues to pay substantial attention to complying with relevant laws and regulations and remains in continuous dialogue with our external stakeholders. Due to various technological developments, such as generative AI, that are advancing at a rapid pace, data protection and data ethics risk has the highest attention of our

organization. Protecting personal and/or confidential information of our clients, our people, third parties and EY remains material within our Risk Radar.

Financial crime risks such as fraud, corruption, money laundering and counterterrorism require continuous attention because of the major social impact if these risks manifest themselves. We support insight to management of these risks via our systematic integrity risk analysis (SIRA).

Future outlook

Generative AI and sustainability/ ESG are key topics that are developing rapidly and offer substantial opportunities, but they also bring limitations and challenges. Therefore these topics will be high on our priority list for FY24.

For more information about our Risks That Matter, see the table on pages 41.

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 (not limited)
Client value To help clients grow, optimize-, and protect value	Service innovation	1	Strategic	Fund, develop and offer services that meet emerging client needs, utilize cutting-edge technology, and leverage alliances and ecosystem relationships while also considering the return on investments and additional regulatory requirements associated with such offerings	<ul style="list-style-type: none"> ▶ EY Wavespace™ ▶ Assurance Transformation ▶ Dedicated board member EY Assurance ▶ Innovation working groups ▶ European Growth Platform, Growth Drivers ▶ EY Innovate Office EY (NL/Global), Innovation Board, Innovation Program ▶ Tax Technology & Transformation Group ▶ NL Tax lab ▶ Training & awareness
	Operating Model	2	Strategic	Maintain our (internal) striking power thanks to sufficient and clear governance and accountability between the national firm and our EY Global network in combination with the complexity of (international) law and regulations	<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	Maintain a healthy client portfolio in terms of relative market share, risk profile and profitability, leading to the realization of our desired ambition (the best in the market, the strongest brand with the clients 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 (diverse) individuals with required skills	<ul style="list-style-type: none"> ▶ Recruitment campaigns/employer Branding ▶ Young Professional Boards ▶ High-Performing Teams ▶ Global People Survey ▶ EY Innovate ▶ EY vitality program (Energize & Inspire) ▶ Transformative Leadership program ▶ Diversity, equity and inclusiveness program
	Culture, business conduct and 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 confidential counselors ▶ EY vitality program (Energize & Inspire) ▶ Counseling Excellence ▶ AcrossCultures platform ▶ Speak Up SharePoint/campaign

Risks That Matter

Ambition dimensions	Risks That Matter	# Risk Radar	Risk Radar category	Control objective	Control measures (not limited)
Social value To build trust in the capital markets and have a positive impact on communities and the planet	Client and engagement acceptance and continuance & service delivery and 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 ▶ Support teams ▶ Support tooling ▶ Client experience program ▶ High-Performing Teams ▶ Quality reviews ▶ Root cause analysis ▶ Training & awareness
	Cybersecurity	7	Preventable	Manage cyberattacks	<ul style="list-style-type: none"> ▶ Policy and procedures ▶ Global/EY NL cybersecurity activities ▶ Training & awareness
	Data protection & Data ethics	8	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 & guidance ▶ Data privacy office ▶ Data privacy activities ▶ Training & awareness
	Financial crime	9	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 ▶ SIRA ▶ EY NL Sanctions Group ▶ AML office ▶ Training & awareness
	Regulatory & public policy	10	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 ▶ Violation/incident reports ▶ Training & awareness ▶ Proactive dialogue with political stakeholders and top business ▶ Public Policy workflows ▶ Monitoring activities and developments of international bodies ▶ Participation in external working groups
Financial value To be the long-term growth leader	Pricing & Margin	11	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	12	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's 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 our organization in such a manner that our 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 our internal control system.

The Board of Directors has regularly discussed risk management and internal control systems. During the past year, our 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. Our 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, our 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

Rotterdam, 26 September 2023

Report of the Supervisory Board



Richard van Zwol



Yasemin Tümer



Lineke Sneller



Tanja Nagel



Patrick Rottiers

Introduction

In the 12 months under review, we carried out our core duties and responsibilities, monitoring the Board of Directors of Ernst & Young Nederland LLP (BoD) and the Board of Ernst & Young Accountants LLP (EYA Board) alongside the supervision of service delivery, organizational status, and the quality of audit services by EY in the Netherlands.

During this year the BoD and the EYA Board had to respond to a series of events, both internal and external; the aftermath of the corona pandemic and the ongoing brutal war in Ukraine, causing suffering to and displacement of countless millions of people. And when the catastrophic earthquakes struck in Turkey and Syria, the devastating impact of all three events was felt not only in human terms but throughout the global economy.

At the same time, events in the Netherlands affected the resilience of EY Netherlands' clients and employees too. We oversaw the way in which the BoD and EYA Board addressed the impact on EY Netherlands' stakeholders of surging inflation and rising prices against the backdrop of issues like the housing shortage, nitrogen emissions, carbon footprint and climate change.

Project Everest played a significant role throughout much of the year. The objective of this proposed global restructuring of the organization was to explore to address the changing needs of clients, the industry, and other stakeholders by separating the EY businesses into two distinct, multidisciplinary entities. We were closely involved in the proposed governance and organization of this compelling yet complex initiative at EY in the Netherlands, right up until 11 April 2023 when the Global Executive of EY Global decided to stop work on Project Everest and to continue to focus on providing exceptional service to clients as one single integrated organization.

Continued monitoring of View on Supervision

As the Supervisory Board of both EYNL and EYA² (together here in after referred to as 'the SB'), we continued to base our view on supervision on four multi-year focus areas related to EY's principles and priorities. We watched over the effort to promote good governance at EYNL and EYA. We monitored the public interest function of EYA and long-term value creation of the entire EYNL firm. We supervised the quality policy, risk management and ethical and controlled management of EYA in conjunction with EYNL. And we oversaw the way the BoD and EYA Board expressed their care for people, development, culture, and behavior including attention to diversity and inclusiveness.

Meetings and assessments

BoD: We held seven formal meetings with the BoD, discussing topics including the proposed organization and governance of Project Everest and reviewing complaints and claims reports, the tax policy of EY in the Netherlands, and the draft Annual Report 2021/2022, published in December 2022.

EYA Board: In addition to meetings with the BoD we held further five formal meetings with the EYA Board, discussing key performance indicators with the help of recurring business updates and the draft annual Transparency Report published in October 2022. Given the media attention relating exam cheating, EY Netherlands started a project to investigate whether exam cheating happened in the past and to make sure that appropriate measures are in place to prevent exam cheating in the future. Given the importance of the project the Supervisory Board of EYA initiated the project with support of the BoD.

² The members of the Supervisory Boards for EYNL and EYA form a personal union. This personal union means that the members of both bodies mirror one another.

All members of the SB EYNL and the SB EYA attended these meetings with the BoD and the EYA Board, with no member being frequently absent.

Other focus areas during 2022/2023

The SB convened six times during 2022/2023. We reviewed and then adopted the 2022/2023 financial statements. We were closely involved in the selection and assessment process that ultimately led to Mazars being appointed as new external accountant for EY in the Netherlands. And we selected and appointed two new members of our Board as two long-serving supervisory directors reached the end of their second term and were ineligible for reappointment. We will comment on this transition in the Composition paragraph.

We held individual performance evaluation interviews with the BoD and EYA Board, assessments during which the quality imperative was the guiding criterion when setting and monitoring the targets upon which we base executive remuneration. We monitored the evaluation of both the quality policy and the quality system itself. We watched over the process of audit firm rotation - since 2016 all Public Interest Entities must select a new auditor at least once a decade. And we closely followed trends and developments that are defining the future course of the accountancy sector, both in the Netherlands and abroad.

We focused on the audit plan and subsequent Management Letter and Board Report in our discussions with the external auditor. The chair of our Talent & Remuneration Committee was in regular contact with the Works Council on behalf of our Board. We oversaw the handling of incident notifications and initiated formal contact with the AFM to discuss progress in the final phase of the Signals & Incidents Project.

As Supervisory Board members, we participated in a range of EY Netherlands' related internal and external

events and paid significant attention to a wide-ranging stakeholder base, keeping in contact with representatives of EMEIA, Europe West, partners and Young Professionals as well as external stakeholders including the AFM.

On 22 June 2023, we reviewed our own performance as a Supervisory Board and as individual members. The profile and composition of the SB EYNL and the SB EYA were recurring annual topics for review, particularly in this financial year during which the term of two of our members expired and successors were sought.

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 and the Charter of the Supervisory Board of Ernst & Young Accountants LLP, as adopted on 18 December 2019 and 24 September 2021 respectively. Last year, there were no changes to the SB's duties and powers.

Composition Supervisory Board and Committees

The SB is composed in such a way that a combination of competencies, expertise, experience, professionalism, and background - as well as diversity with respect to personality, age, and gender - enables us to fulfil this role. Internally, the SB actively promotes propriety, independence, transparency, and fitness. Externally, we monitor the 'tone at the top.'

Two positions on our Board became vacant last year. Our chair, Pauline van der Meer Mohr, and SB member Monique Maarsen, both reached the end of their second terms on 30 June 2023 and were ineligible for reappointment. To avoid two Board vacancies on the same day, Pauline stepped down six months earlier, on

31 December 2022, and was succeeded as chair by then-vice chair Richard van Zwol and as Board member by Lineke Sneller on 13 April 2023. Monique Maarsen was succeeded by Yasemin Tümer on 1 July 2023.

We would like to express our sincere appreciation and gratitude to Pauline and Monique for their outstanding contribution to our Board over the last eight years and wish them well in the future. We would also like to welcome Lineke and Yasemin on board.

We outline how we have organized our supervisory duties below.

As per 28 September 2023, 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:

	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
Richard van Zwol, Chair	1-2-2021	1	31-1-2025	Yes	Chair	Member	-	Member
Tanja Nagel, vice-chair	1-9-2017	2	31-8-2025	No	-	Chair	Member	Member
Lineke Sneller	13-4-2023	1	12-4-2027	Yes	Member	Member	Chair	-
Yasemin Tümer	1-7-2023	1	30-6-2027	Yes	Member	-	-	Chair
Patrick Rottiers ¹	12-11-2018	2	11-11-2026	No	-	-	Member	-

¹ Patrick Rottiers is the non-independent member.

Committees

Audit & Risk Committee

Monitoring the professionalization of operational management, quality compliance and risk assessment were the key focus areas in 2022/2023 for the Audit & Risk Committee (ARC). The ARC was closely involved in the selection of EY's new external accountant, Mazars, with whom the ARC subsequently reviewed the draft financial statements and discussed the Management Letter and Board Report. Another key focus area for the ARC was monitoring the aftercare of the implementation of Mercury, the new financial platform. This committee assisted the Supervisory Board in fulfilling its responsibilities for the supervision of periodic reports by the second line (AML Office, Data Protection Office, Independence, and Risk Management) and the third line (Internal Audit). The ARC discussed various research

reports regarding, amongst others, the implementation of the ISQM1 based EY Global SQM Baseline, In Control, the development of financial results and the business and financial plan for 2023/2024.

Eight meetings were held in the year under review.

Talent & Remuneration Committee

As part of its supervisory tasks, the Talent & Remuneration Committee (TRC) held performance reviews with the BoD and the EYA Board before determining executive remuneration. The TRC oversaw a carefully planned cycle of training, development, and assessment as part of the leadership transformation program. Crucial to success in this endeavor was taking measures to safeguard an optimal work-life balance for

the BoD and the EYA Board in a dynamic professional environment. This committee monitored the execution of the annual Talent Plan, that promotes recruitment and retention of highly qualified employees, and their experience as measured by the People Pulse program. The TRC supervised the launch of the Speak Up campaign, encouraging employees to raise issues of interest and concern. The chairs of the SB EYNL and TRC, working with executive search firms, took the lead in the succession process for its two departing members.

The TRC gathered four times last year.

Assurance Quality Committee

In the year under review, the Assurance Quality Committee (AQC) focused primarily on the quality of assurance services to clients. A key focal area was ongoing supervision of the Signals & Incidents 2.0 project, overseeing progress during the final phase and closing of this project. This committee continued to assess the Quality Review and implementation of the Quality Policy as part of its responsibility for advising on and monitoring audit quality. Another focal area was ongoing supervision of the progress of the NextWave transition from an audit quality perspective in the organization.

The AQC held four meetings in the year under review.

Public Interest Committee

Diversity, sustainability, and social inclusiveness were at the heart of the Public Interest Committee's (PIC) agenda last year. The PIC organized two workshops to discuss socio-economic trends in the Netherlands as well as geopolitical developments. This committee reviewed the intensification and ongoing implementation of the stakeholder dialogue, monitoring adherence to the associated annual plan. The PIC continued to oversee implementation of the new media campaign and sponsoring policy focused on sport, particularly the increasingly popular sport of padel, as well as the art and culture sectors in the Netherlands.

The PIC held three meetings and the two workshops in the year under review.

Independence

The duties and powers of the SB determine the position of its members, under the prevailing independence rules. As described in its charters, Independence in both fact and appearance is required. The Independence Officer of EYNL monitors both the personal and financial 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 took part in internal and external training sessions, both face-to-face and online.

Annual reports

Financial Statements

The BoD prepared the 2022-2023 Integrated Report and Financial Statements of EYNL, and the EYA Board prepared their Financial Statements. The Financial Statements were audited by Mazars, and 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 and EYA.

Transparency Report

Together with EYA policymakers, we reviewed the content of the 2022-2023 Transparency Report. This document is to be published in October 2023. We believe that the developing tone and text of this report is in line with our observations during the past year. We are satisfied that it is representative of the way the EYA Board has embedded a broad range of socially relevant topics related to organizational quality.

Outlook

The financial results at the end of the 2022-2023 year were in line with expectations as announced earlier by the BoD and the EYA Board. It was gratifying that these encouraging results were achieved despite the turbulence caused by the events described in the introduction of this report.

However, the year ahead is unlikely to become any less volatile. Although the conflict in Ukraine has not yet had a significant direct impact on EY Netherlands, market uncertainty and the corresponding unrest in the global economy will continue to be challenging. A strong hike in inflation and interest rates could cause clients to reconsider their options. Our discussions with the BoD and EYA Board indicate that the potential implications of these developments mean diligent supervision of a prudent financial policy is the best way to stay resilient in the Netherlands.

Now that Project Everest has been stopped, EY in the Netherlands has considered the lessons learned from this proposed initiative and continues to do what it has done for 140 years; driving long-term value creation for our people and businesses while safeguarding the interests of clients, employees, and communities in the markets in which we operate.

Our View on Supervision 2021+ remains the guiding principle for the SB going forward. We have incorporated our vision in an annual calendar for meetings and other activities, its agenda deriving from the priorities as outlined earlier as well as topics we are obliged to discuss related to laws, regulations, and corporate governance.

We would like to thank the BoD, the EYA Board and all EY Netherlands' partners and employees for their dedication to clients, their flexibility and agility throughout a tempestuous year and for their unwavering commitment to EY Netherlands' stakeholders.

Rotterdam, 26 September 2023

Richard van Zwol, Tanja Nagel, Lineke Sneller, Yasemin Tümer, Patrick Rottiers

Financial statements

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

for the year ended 30 June 2023 | In thousands of euros

	Notes	2022/2023	2021/2022
Revenue			
Rendering of services	6.1	989,150	901,560
Other income	7	41,095	31,465
		1,030,245	933,025
Operating expenses			
Services provided by foreign EY member firms and third parties	8.1	163,846	148,858
Employee benefits expenses	8.2	422,628	380,590
Amortization of intangible assets	11	554	632
Depreciation and impairment of property, plant and equipment	12	5,249	3,417
Depreciation and impairment of right-of-use assets	13	26,366	23,534
Other operating expenses	8.3	186,527	164,929
		805,170	721,960
Operating profit		225,075	211,065
Finance income	9.1	1,636	1,522
Finance expenses	9.2	-3,707	-4,808
Profit before tax		223,004	207,779
Income tax (expense)/income	10	-197	119
Profit for the financial year		222,807	207,898
Profit attributable to members of EYNL		222,807	207,898

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

for the year ended 30 June 2023 | In thousands of euros

	Notes	2022/2023	2021/2022
Profit for the financial year		222,807	207,898
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Net (loss)/gain on equity instruments designated at fair value through other comprehensive income		-389	1,391
Actuarial gains on defined benefit plans	21.2	304	177
Other comprehensive (loss)/income for the year, net of tax		-85	1,568
Total comprehensive income for the year, net of tax		222,722	209,466
Total comprehensive income for the year attributable to members of EYNL		222,722	209,466

Consolidated statement of financial position of Ernst & Young Nederland LLP

as at 30 June 2023 | In thousands of euros

	Notes	30 June 2023	30 June 2022
Assets			
Non-current assets			
Intangible assets	11	20,757	21,311
Property, plant and equipment	12	17,892	21,991
Right-of-use assets	13	82,049	94,575
Other non-current financial assets	14	11,374	7,874
		132,072	145,751
Current assets			
Trade and other receivables	15	294,725	296,991
Prepayments	16	111,801	89,488
Other current financial assets	14	96	148
Cash and cash equivalents		158,833	177,820
		565,455	564,447
Total assets		697,527	710,198
Equity and liabilities			
Current liabilities			
Trade and other payables	17	177,380	192,401
Interest-bearing loans and borrowings	18	35,542	33,227
Provisions	20	2,937	777
Employee benefits	21	45,359	51,397
Income tax payable		494	709
		261,712	278,511
Non-current liabilities			
Interest-bearing loans and borrowings	18	123,277	132,321
Provisions	20	1,621	7,213
Employee benefits	21	21,774	22,612
		146,672	162,146
Total liabilities		408,384	440,657
Equity			
Members' capital	22	82,623	102,729
Reserves	23	206,520	166,812
Total equity		289,143	269,541
Total equity and liabilities		697,527	710,198

The financial statements of Ernst & Young Nederland LLP, registered no. OC335595, were signed on 26 September 2023 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 2023 | In thousands of euros

	Members' capital	Profit available for distribution	Retained earnings	Total reserves	Total equity
At 1 July 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
Profit for the financial year	-	199,022	23,785	222,807	222,807
Other comprehensive loss	-	304	-389	-85	-85
Total comprehensive income	-	199,326	23,396	222,722	222,722
Profit distribution 2021/2022	-	-183,701	687	-183,014	-183,014
Contribution of capital from current members	8,017	-	-	-	8,017
Repayment regarding capital restructuring	-26,861	-	-	-	-26,861
Repayment on retirement	-1,262	-	-	-	-1,262
At 30 June 2023	82,623	199,326	7,194	206,520	289,143

Consolidated statement of cash flows of Ernst & Young Nederland LLP

for the year ended 30 June 2023 | In thousands of euros

	Notes	2022/2023	2021/2022
Operating activities			
Profit for the financial year		222,807	207,898
Adjustment for:			
Amortization of intangible assets	11	554	632
Depreciation and impairment of property, plant and equipment	12	5,249	3,417
Depreciation and impairment of right-of-use assets	13	26,366	23,534
Finance income and expenses	9	2,071	3,286
Losses/(gains) on leases and the sale of assets		34	-84
Loss on disposal of activities		-	228
Movement in employee benefits	21	-6,650	6,717
Movement in provisions	20	-3,463	4,722
Income tax charge for the year	10	197	-119
		247,165	250,231
Working capital adjustments:			
Movement in trade and other receivables and prepayments		-8,203	-36,330
Movement in trade and other payables		-24,910	5,691
Income tax paid		-343	-444
Net cash flow from operating activities		213,709	219,148
Investing activities			
Purchase of property, plant and equipment	12	-1,208	-5,251
Disposals of property, plant and equipment	12	58	101
Additions to other non-current financial assets/loans	14	-4,000	-
Repayment/disposals of other non-current financial assets/loans		145	161
Proceeds from disposal of activities	26.1	-	2,848
Net cash flow used in investing activities		-5,005	-2,141
Financing activities			
Payment from/(to) current and retired members (current account)		9,725	-16,967
Prepayments to current members	16	-74,919	-63,099
Payment of profit distribution 2021/2022 (2020/2021)		-119,915	-87,583
Contributions of capital from current members	22	8,017	5,502
Repayment of capital contributions	22	-28,123	-10,401
Repayment of lease liabilities	13	-25,502	-29,572
Proceeds from interest-bearing loans and borrowings	18	18,252	7,719
Repayment of interest-bearing loans and borrowings	18	-13,889	-11,190
Interest paid		-1,337	-4,038
Net cash flows used in financing activities		-227,691	-209,629
Net cash flow		-18,987	7,378
Net cash and cash equivalents 1 July		177,820	170,442
Net cash flow		-18,987	7,378
Net cash and cash equivalents 30 June		158,833	177,820

Other information

Assurance report of the independent auditor

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

Report on the Annual Review 2022/2023

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 30 June 2023. The references in the Integrated Report (to www.ey.com/nl, external websites and other documents), the paragraph "In control statement" (page 43), the paragraph "Lives impacted" (page 30) and the chapter "Financial statements" (extract of the primary overview on which Mazars LLP (UK) 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 30 June 2023 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.

References to external sources or websites in the non-financial information are not part of the non-financial information itself as audited by us. Therefore, we do not provide assurance on this information.

Basis for our opinion

We conducted our examination in accordance with Dutch law, including Dutch Standard 3810N 'Assuranceopdrachten inzake duurzaamheids verslaggeving' ('Assurance engagements relating to sustainability reporting'). 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 assuranceopdrachten' (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 detect 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.

26 September 2023
Mazars Accountants N.V.,
M.M. Merx RA

Annex

1. About this report

Our reporting approach

The Integrated Annual Review published by EYNL covers the fiscal year running from 1 July 2022 to 30 June 2023. 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 (Framework) of the VRF adopted by IFRS foundation. The 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 second 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 on which we steer to achieve the defined value (objectives) and on which we therefore report, are set out in this report together with indicators to measure the progress on the performance on these material topics and the long-term value targets. 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

EYNL adheres to several reporting guidelines and benchmarks. Due to the fact that we have an LLP structure, we have to comply with UK Climate Financial Disclosure. 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 framework and to keep reporting on key material topics. In addition to that, we are aware that we will be subject to the EU Corporate Sustainability Reporting Directive (CSRD), which was adopted in October 2022 and the ESRS adopted by the EC on 31 July 2023. Although this is only applicable to us as an LLP as of 1 January 2028, we aim to comply with these non-financial reporting regulation earlier. It is our ambition to continue implementing this over the next few years and disclose the gradient progress in our integrated annual reports. In the first half-year of FY24, we will conduct a double materiality assessment in line with CSRD requirements. Following the assessment, we will carry out a detailed gap analysis and develop a roadmap to work towards compliance.

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.³, Ernst & Young Participaties B.V., EY-Parthenon B.V., EY Finance B.V., EY Montesquieu Institutional Risk Management B.V.³, CFORS 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 Sustainability 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 BoD 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, Mazars, 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 International Integrated Reporting Framework guidelines. The assurance report can be found on page 56.

Extracted figures were derived from the financial statements of Ernst & Young Nederland LLP on which Mazars LLP (UK) issued an unqualified auditors report on 26 September 2023. The chapter 'financial statements' is derived from the financial statements audited by Mazars LLP (UK). The key figures on page 11 and income statement on page 34 are derived from the financial statements of Ernst & Young Nederland LLP on which Mazars LLP (UK) issued an unqualified report on 26 September 2023. The key figures on page 11 and the income statement on page 34 were adjusted to include the unaudited figures of HVG Law. The extracted figures in the chapter financial statements on pages 50 to 55, the key figures on page 11 and the income statement on page 34 are excluded from the assurance engagement of Mazars Accountants NV.

The In control statement (page 43) and the paragraph about Lives impacted (page 30) did not fall within the scope of the assurance assignment.

For the preparation of the Integrated Annual Review, use was made of expertise within EYNL in the field of non-financial information in integrated annual reports. Before the Annual Review was submitted to the external auditor, internal checks and procedures were performed to make the non-financial information in the Integrated Annual Review robust.

³ Legal entity stopped to exist as of June 27 2023

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 leadership is involved in the most important stakeholder dialogues: People Pulse, EY Private, EY Society, CEO/CFO Roundtables 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 affected by our operations throughout the value chain and are material to the success of our business in the 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. Stakeholder dialogue on ESG themes to indicate the relevance of the topics, as input for the materiality assessment to determine the firm's strategic and reporting focus.
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 are assessing the materiality in three stages:

1. Determine potential material topics based on desk research.
2. Impact and risk assessment of the topics by stakeholder consultation on the impact and internal risk assessment of the topics by risk.
3. Validate and determine material topics based on the impact and risk assessment by the Board.

This year, we use elements of European Sustainability Reporting Standards (ESRS) and double materiality principle; we analysed the material topics from the last year against the outcomes of the 'Risks that matter' analysis (step 2). This analysis has led to a prioritization of the most material topics from an impact perspective as well as financial materiality:

1. Retaining, recruiting and developing employees
2. Quality of audit and advisory services
3. Integrity and independence
4. Data, Privacy & Cybersecurity

The Board of Directors has reviewed and validated the list of the most material topics.

Having in mind the new material topic – data, privacy and cybersecurity – the following KPIs are added:

- ▶ Number of reported incidents
- ▶ Number of databreaches
- ▶ Notifiable databreaches

Material topics and definitions

Ranking of material topics, stakeholder priority, risk assessment and definitions

Ranking	Topics 2022-2023	Stakeholder priority	Risk assessment	Definition
1.	Retaining, recruiting and developing employees	3	High risk	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.
2.	Quality of audit and advisory services	1	Medium risk	Providing exceptional and high-quality services that demonstrate added value to our clients and keep them satisfied while being compliant with applicable laws and regulations and anticipating on the global challenges and the increasing restrictions imposed by supervisory bodies.
3.	Integrity and independence	2	Medium risk	Building trust by providing services that satisfy our ethical standards, guarantee our independence and protect our professional liability.
4.	Data, privacy and cybersecurity	4	High risk	Strong data protection and cybersecurity measures that safeguarding the privacy and identity of clients and employees and protect the companies property.
5.	Transparency and dialogue	7	High risk	Transparent business practices and communication (e.g. on compliance, corruption, fraud, responsible tax strategy) supported by a strong corporate governance.
6.	Robust financial results	6	High risk	Generating revenues that lead to stable growth, competitive profits and the possibility to invest in our people and quality.
7.	Innovation and digital technology	5	Medium risk	Investing in 'new' technology and digitalization, and stimulating innovation within the organization, to improve the range and quality of services and to develop new products and services.
8.	Employee health and wellbeing	8	Medium risk	Implementing workplace health and safety measures to safeguard and improve employee health, vitality and mental wellbeing.
9.	Diversity and inclusiveness	9	Medium risk	Maintaining/stimulating a diverse and inclusive work environment that offers equal opportunities and rewards.
10.	Environmental sustainability	10	Covered	Reduction of the environmental footprint from the company's own operations (e.g. offices, employee travel, procurement).
11.	Sustainable business services for clients	11	Covered	Integrating services that help clients to safeguard business continuity and to make their operations more sustainable and future-proof.
12.	Community investment	12	Not part of risk assessment	Sharing knowledge and expertise on a pro-bono basis and concluding strategic partnerships with civil society organizations and social start-ups.






Following the results of the materiality assessment and the conclusion made by the Board, the scope of our report focuses on the four most material topics, including management approach (and governance), KPIs objectives, evaluation of policy and measures, including looking ahead to next year.

Together with the topics that form our global strategy, the material topics delineate the scope of our report.

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 on our targets.














3. Connectivity table

Our management approach on Next Wave Strategy

Value mngt. approach	Strategic focus	Value and performance KPIs	Result 22/23	Result 21/22	Result 20/21	Target FY25	Impact SDG
People value	Exceptional experience for EY People*	▶ Employee experience % of EY people say their experience with EY is 'exceptional'	78	72	72	>75	
		▶ Employee engagement: People pulse Engagement score (in %)	73	72	71	>75	
		▶ % EY people would recommend EY as a great place to work	82	79	73	>75	
Create an exceptional work environment	Mental and physical wellbeing of employees	▶ % sickleave	3.85	4.39	4.11	n/a	
		▶ % of overtime	3.1	3.9	3.5	n/a	
	Retaining, developing and recruiting talented employees*	▶ Retaining top talent (retention rate %)	90	88	91	n/a	
		▶ Hours spent on training and education	461,054	473,000	428,000	n/a	
		▶ Euro's spent on training and education (millions €)	13.8	10.5	8.2	n/a	
		▶ Number of colleagues attending HPT sessions	1,646	1,714	2,033	n/a	
	Diversity and inclusiveness	▶ % of female employees	43	43	42	50	
		▶ % female equity and non-equity partners	20.5	20	18	25	
		▶ % intake female equity partners	31.8	29.4	n/a	35	
		▶ % intake female employees	44	46	44		
		▶ % female leadership positions (SvB, BoD, SLL)	28.6	27.6	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 or remained same)	92	93	95	95	 
Being the trusted advisor	Service innovation & Technological innovation	▶ Hours spent on innovative services	5,486	8,614	14,823	n/a	

* Most material topics as validated by the Board of Directors, refer to chapter Materiality Analysis and Stakeholder Dialogue.

Connectivity table

Value mngt. approach	Strategic focus	Value and performance KPIs	Result 22/23	Result 21/22	Result 20/21	Target FY25	Impact SDG
Social value	Trust in capital markets & positive impact on community and planet*	▶ Internal Quality Review score Assurance** (in %)	90.8	82	n/a	>90	    
		▶ Internal Quality Review score Tax (in %)	87.5	72.7	n/a	>90	
		▶ Total CO ₂ emission (tCO ₂ e)	11,166	8,986	7,795	12,443	
		▶ Total CO ₂ emission (tCO ₂ eq) per FTE	2.3	1.9	1.7	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	58	56	72	n/a	
		▶ Personal independence violations partners	3				
	Emissions of own operations	▶ CO ₂ emissions scope 1	4,672	4,945	5,575	n/a	 
		▶ CO ₂ emissions scope 2	1,081	1,874	1,580	n/a	
		▶ CO ₂ emissions scope 3	5,413	2,166	640	n/a	
	Community investment	▶ Numbers of participants in community investment/EY Ripples	1,560	1,405	807	n/a	 
		▶ Number of hours spent on community investment	16,413	19,428	15,040	n/a	
Governance	Data, privacy and cybersecurity*	▶ Number of reported security incidents	226				 
		▶ Number of data breaches	122				
		▶ Number of data breaches reported to authorities	2				

* Most material topics as validated by the Board of Directors, refer to chapter Materiality Analysis and Stakeholder Dialogue.

** Internal quality review score as currently assessed by EY Netherlands. EY Global's confirmation is still pending as of publication date of the report. Within the following Annual Review any potential changes in the outcome due to Global will be reflected and disclosed.

4. Basis of preparation

Data quality and completeness

To ensure the accuracy of non-financial information, the consolidated data is first checked 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.

The absence of established practices for assessing and measuring sustainability information offers the possibility to apply various, acceptable measurement techniques. As a result, this can affect comparability between entities and over time. Therefore, the sustainability information should be read and understood together with the reporting criteria used.

Data Privacy

EY views data privacy and information security as fundamental components of doing business and we are committed to protecting information assets, personal data, and client information. This has been identified as a material topic for this year.

Number of Reported incidents

We include all the potential incidents or breaches reported to the Data Protection Office (DPO) through EY privacy incident mailbox or EY Support.

Number of Data breaches

We report on all confirmed data breaches from the reported incidents after the DPO has done its investigation.

Notifiable Data breaches

We report on breaches that the DPO has classified as a reportable breach, which must be reported to the Dutch Data Protection Authority (DDPA) within 72 hours as the risk cannot be mitigated. The authorities (DDPA) may receive a preliminary or final notification of the notifiable data breach. Even if the DPO is unsure whether the breach is reportable, they still report it and submit information for further investigation, which could result in a final decision

or withdrawal. Please be aware that the KPI only applies to final reported cases.

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 organization.

Retention rate top talent

Retention rate is based on employees who have a LEAD score of 3 (which is the highest year-end performance score) at the beginning of the reporting period and are still employed as per end of the reporting period. This is based on headcount. LEAD is the EY learning and feedback program. Based on the feedback cycles carried out through the year, an average score is assigned to the employee to assess its performance. Every feedback cycle the employee is asked to obtain LEAD feedback from colleagues.

High performing teams (HPT) sessions

EY Global program designed to make a team work more efficiently and effectively by driving consistent positive team experiences. This is done through high performing teams: an organizational development concept based on the Lencioni model. This KPI has two components:

1. The number of HPT sessions delivered in the reporting period
2. The number of participants in HPT sessions over the reporting period.

Percentage of overtime

The total number of hours charged by employees based on their time recorded as a percentage of the total number of Full Time Equivalent contract hours. The percentage of overtime hours is based on the full contract hours. The percentage is the number of hours worked more than the contracted hours. This KPI includes all employees, equity partners and excludes non-working students, contractors and interns.

Sick Leave

EY Netherlands monitors number of reported sick days by their employees. However, if an absenteeism trajectory lasts for more than two years, days after the 730th day no longer contribute to the scope of this KPI. Sick leave is calculated by dividing the number of hours employees have been absent due to sickness by the number of hours they should have worked according to their employment contract in the period from July 4, 2022, to July 4, 2023, and then expressing the result as a percentage. This KPI excludes interns, contractors, and equity partners.

% Female employees

% of total number of employees who are female as per year end based on total headcount at year end. This includes all revenue generating employees excluding interns and contractors/managed services. It therefore excludes working students when they do not receive a salary from EY Netherlands.

% Intake female employees

% new female employees (excl. interns and working students), inclusive of both equity and non-equity partners.

% Female equity partners and female non-equity partners

% percentage of total partners who are female as per year end based on total headcount at year end, including both equity and non-equity partners.

% intake female partners

Percentage of new partners who are female as per year end, this includes both internal promotions and external hires. These include only Equity Partners.

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.

Hours spent on training and education

This KPI is defined by the total number of hours spent on education and training, including direct learning hours and hours booked on 50/50 engagements (engagements with a training component).

The KPI falls within EY Strategic Focus Retaining, Recruiting and Developing Employees, which is defined as: 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.

Over the previous financial year, there was a shift between Global Time and Expenses system and Mercury. Between 1-5% of hours are missing compared to when GT&E was active because they do not fall under 50/50 engagements or 'training & education' engagements.

Investment in training and education

This KPI Euros spent on training and education over the financial year is based on the expenses booked under the general training cost code and specific training/education engagement codes (journal entries in Mercury, the internal accounting system).

The KPI falls within EY Strategic Focus Retaining, Recruiting and Developing Employees, which is defined as: 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.

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 average response rate is 51%.

The KPIs as derived from the survey are defined as follows:

a) Employee experience: percentage of EY people that say their experience with EY is 'exceptional'. This is an average % of respondents (EY employees), who are 'favourable' to the five statements included in the Experience section of the EY People Pulse survey for each individual survey, then averaged for the three surveys that take place during the financial year.

b) Employee engagement: People Pulse Engagement score. This is an average % of respondents (EY employees), who are "favourable" to the four statements included in the Engagement section of the EY People Pulse survey for each individual survey, then averaged for the applicable surveys that take place during the financial year. The four statements are defined below:

- ▶ I am proud to work for EY
- ▶ I would recommend EY as a great place to work
- ▶ My work gives me a sense of personal accomplishment
- ▶ I rarely think about looking for a new job at another company.

c) % EY people that would recommend EY as a great place to work: % of respondents (EY employees), who are "favourable" to the statement "I would recommend EY as a great place to work" included in the Engagement section of the EY People Pulse survey.

Employee experience was evaluated in each People Pulse (in July 2022, November 2022 and March 2023).

Employee engagement score and EY as a great place to work only in the surveys of November 2022 and March 2023. The scores disclosed in this report are the unweighted average of the outcomes in the surveys.

Internal Quality Reviews score 1

Quantitative Internal Quality Reviews are conducted in two of our Service Lines, namely Assurance and Tax. However, for the Service Lines SaT and Consulting, there are no quantitative ratings since these reviews focus on qualitative assessments rather than quantitative ones.

In the case of Internal Quality Review Assurance, the quantitative ratings are assigned at the engagement level. On the other hand, in the Internal Quality Review Tax, quantitative ratings are given at the partner level. The primary objective of these reviews is to assess compliance with quality control systems, policies, procedures, professional standards and regulatory standards.

Service Line - Assurance

For Internal Quality Review Assurance, the selection of partners for a quality review is based on a risk analysis. This analysis may encompass various factors, including whether the partners are in their first year, have received a negative rating in another engagement, or have not received sufficient positive reviews. New partners are subject to a quality review within their first two years. Furthermore, all partners undergo reviews at least once every three years, and additional reviews may be conducted as needed. Partners may also be selected for review through random sampling. This KPI makes no distinction between equity partners and non-equity partners.

The engagements are selected on the base of a risk analysis (for example, a first-year assignment or one that received a 2 or 3 rating in the previous year) and on the base of engagements randomly selected for quality reviews. The engagements are selected from the period between July 1, 2021, till May 2023. A single engagement review is conducted for each audit partner included in the partner selection.

Each quality review assessment gets a rating from one to three:

- ▶ "1" for no or minor findings
- ▶ "2 without significant no" for engagements that did not receive a 'no' to one of the significant quality questions.
- ▶ "2 with significant no" for engagements that did receive a 'no' to one of the significant quality questions.
- ▶ "3" for material findings.

"Material findings" refer to significant issues identified during the review process that result from non-conformity with reporting standards, inappropriate audit reports,

deviations from auditing standards, or failures in compliance with established EY procedures.

The rate of *Internal Quality Review Score Assurance (in %)* is based on the **consolidated number Quality review engagements with rating 1 to the total number of the Quality review engagements**. In the prior year, the figure was calculated as **consolidated number Quality review engagements with rating 1 and 2 to the total number of the Quality review engagements**. Due the change of calculation, the prior year has been restated. The calculation method was modified to align the calculations with what is internally reported to the board and the targets set for coming years.

Service Line - Tax

For Internal Quality Review Tax, partner selection is determined through a risk assessment process that considers various criteria. This assessment considers factors such as whether there are partners who have received lower scores in the past (specifically, scores of 2 or 3) and whether there are new partners who have joined within the past 18 months. Furthermore, the selection of engagements for partners undergoing review is determined through a comprehensive risk analysis process. This risk analysis involves applying a risk ranking system that considers qualitative criteria, such as the size of the engagement, total hours dedicated to the engagement, and the hours contributed by the partners involved. As a result of this risk analysis, a few engagements per partner are chosen for the review.

The definition of equity and non-equity partners was not adopted in the period 2022-23 in Tax. Therefore, the selection includes only partners which by new definition refer to equity partners, and excludes Associate Partners and Executive Directors which by new definition are referred to as non-equity partners.

Each reviewed partner gets one of the following ratings:

- ▶ '1*' for no findings - gold standard workspace, Exceptional Client Service and/or Leading Practices
- ▶ '1' for minor findings - good workspace
- ▶ '2' for improvement needed

- ▶ '3' for substantial improvement required.

The rate of *Internal Quality Review Score Tax (in %)* is based on the **consolidated number of reviewees with rating 1 (including 1*) to the total number of the reviewees**. In the prior year, the figure was calculated as **consolidated number of reviewees rating 1 (including 1*) and 2 to the total number of the reviewees**. Due the change of calculation, the prior year has been restated. The calculation method was modified to align the calculations with what is internally reported to the Board and the targets set for upcoming years.

Before FY23, the Internal Quality Reviews of Tax included both Procedural Reviews and Qualitative Reviews. However, starting from FY23, the Procedural Reviews (PR) have been replaced by Global Compliance Engagement Testing (GCET). GCET has taken over all existing compliance components of the Service Line Quality Reviews to establish a consistent, risk-based compliance testing process based on a single set of global compliance attributes.

It is important to note that this new review program (GCET) does not assign ratings to engagements on a 1 to 3 scale, unlike the PR system used in FY22. Consequently, the results of this program will not be incorporated into the KPI. This is another reason which has led to a restatement of the prior year figure for the Internal Quality Review Score Tax %, which now exclusively includes Qualitative Reviews. This restatement allows for a like-for-like comparison of figures.

Customer satisfaction score

Internal program with which the quality of our services is measured by means of interviews and (online) survey 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, worse or remained the same. From FY23 due to change in the definition of the KPI the scores are now reported as a combination of the percentage rate of the following indicators: Relationship

with the Client Improved and Relationship with the Client remained same.

Starting from FY23 the definition of KPI *Client experience* will be defined as *% of clients who indicate that the relationship has improved or remained same*. Prior to FY23 customer satisfaction score was defined as *% of clients who indicate that the relationship has improved*. Therefore, due to the change of definition of the customer satisfaction score, there has now been a restatement in the figure for FY22 and for FY21 where the scores and targets of Relationship with the Client Improved and Relationship with the Client remained same have been summed up to adhere to the new definition. One of the major reasons of this change was the fact that clients who previously scored "Relationship Improved" are more likely to score "Relationship remained Same" in the following year due to which it is more transparent to include the score of Relationship remained Same along with the Relationship Improved score while reporting on the customer satisfaction score.

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.

In the fiscal year 2022/2023 testing cycle, the independence of 58 partners was tested.

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).

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.

Community investment

Community investment is part of EY's global strategy, and it refers to sharing knowledge and expertise on a pro bono basis and concluding strategic partnerships with civil society organizations and social start-ups. All EY employees can participate in projects and can spend hours on Community Investment activities through the EY Ripples Program.

Numbers of participants in community investment EY Ripples

The total amount of participants of projects started through the EY Ripples program. The number of participants is determined per project based on confirmation of participation (eg participants lists and/or time registration) and is reported on an aggregated level. This is based on the total employees + partners of EY the Netherlands including FSO.

Number of hours spent on community investment

We calculate the total amount of hours spent on social activities, which consists of pro-bono advisory, skills-based volunteering (EY Ripples), other CR (traditional volunteering), DE&I networks and initiatives (DEI), and Corporate responsibility related staff hours. These hours are registered in EY's time registration system Mercury.

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. The invoices of the energy consumption for the offices in Utrecht and Zwolle were not available for 2022. Therefore, the consumption (for Zwolle only gas) is based on 2021 figures.

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 (i.e. diesel and gasoline) 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:

- ▶ Category 5: waste generated in operations
- ▶ Category 6: business travel

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

This year the travel monitoring and thus the data collection & calculation of emissions differs from prior years due to the introduction of the Mobility Concept app (EY My Daily Travel app) in January 2023. In prior years the work travel data was collected via 1) lease agencies (for lease car fuel & electricity consumption of employees & partners), 2) Train travel data with EY NS Business cards from NS, 3) travels done by employees with a travel allowance meaning they these employees received compensation for their travels (based on several assumptions).

With the introduction of the Mobility Concept app employees are now able to register their individual commuting and business travels per means of transportation. Those employees who were given a lease budget and chose not to have a lease car, but get their

lease budget paid out monthly with their salary, have a financial incentive to register all their travel because of the government's travel deduction. Before the introduction of the Mobility app, EY did not have insights in the commuting and business travel of those employees. Therefore, the scope of emissions from work travel has expanded. Travels made by employees with EY business cards are automatically registered except for the new business cards (the ones that are bought via the app). Mobility Concept B.V confirmed that they currently do not receive data from NS and other transport providers but they are in conversations with them to improve this. Therefore, we hope in FY24 to improve the data granularity of the public transport travels.

Disclaimer

In this Integrated Annual Review, we report about our efforts and the realization of objectives in 2022/2023. 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 target	Link to EY's 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. This year 94.7 hours were spent on learning and development per employee. ▶ 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). This year, 130 colleagues were involved in initiatives with JINC, supporting a total of 1,558 children. During Social and Environmental impact days, children between the ages of 10 and 12 were introduced to entrepreneurship and environmental issues in a playful way. This time, a total of about 477 children from 19 elementary schools in disadvantaged neighborhoods participated.

SDG	Relevant target	Link to EY's 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% 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. This year our turnover grew with 10%.
	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. Innovate EY works to create a culture based on innovation and entrepreneurship across all service lines. During 2022/2023 the NL Innovation team shifted its focus to upskilling the team and other colleagues. They held around 20 events, with more than 1,000 individual participants, focusing on training and inspiration sessions to enhance the innovation culture. ▶ 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. During the recent fiscal year, we mobilized 184 colleagues to bring their business skills, knowledge and experience to non-profit organizations and impact businesses to increase our collective impact on society.
	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"> ▶ The EY organization's foremost commitment is to decarbonize its business and work with clients to do the same – decoupling greenhouse gas (GHG) emissions from growth – and integrating climate action as a catalyst to wider social and economic benefits. 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"> ▶ EY NL has an SROI manager, who is tasked with creating workplaces for people with a distance to the labor market. ▶ EY people should be similarly paid when performing similar work. The Board of Directors has set a target. The percentage gap in pay between women and men should be less than 1%.
 <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. ▶ We are committed to being net zero by 2025. One of the key elements of our commitment is reduction of air travel with 35%.
	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. We started working with the foodsaving app Too Good to Go (TGTG), which means that food that might otherwise be thrown away after service is now being sold through TGTG.

SDG	Relevant target	Link to EY's activities
	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, we held eight roundtable discussions with the supervisory board members of 80 listed companies. The directors talked about the sustainability transition and related responsibilities. Sustainability was also one of the themes at the roundtables we organized for C-level from various sectors.
	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. ▶ In July 2022, the Dutch branch of Eco Innovators was launched, a community where EY people can share ideas, ideals and experiences on how to make an impact on the world. Eco Innovators NL supports, inspires and connects people around the world who share a passion for protecting and caring for the natural world.
 <p>16 PEACE AND JUSTICE STRONG INSTITUTIONS</p>	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'.
<p><i>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</i></p>	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>10 REDUCED INEQUALITIES</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><i>Reduce inequality within and among countries</i></p>		
 <p>13 CLIMATE ACTION</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. For example, as part of our partnership with AIESEC, a global youth network seeking to develop the leaders of the future, we conducted three Climate Ideation Clinics involving a total of 85 students.
<p><i>Take urgent action to combat climate change and its impacts</i></p>		

6. Taking climate action

The increasing materiality of climate change impacts, risks and opportunities to EY's business means we need a more structured approach to governance, which explicitly and systematically incorporates ESG considerations into the existing governance structure. EY NL has therefore set up the following governance structure for ESG considerations at the end of 2022/2023 reporting year: to be implemented in the next financial year (2023/2024)

Regarding climate-related impacts, risks and opportunities, ultimate responsibility for ESG performance sits with the Board of Directors. This includes embedding ESG in the overall EY NL strategy, defining material topics, approving updates of the ESG strategy and related materiality assessments, targets, action plans and budgets, assessing ESG impacts, risks and opportunities, as well as monitoring progress against targets.

The Supervisory Board is responsible for reviewing the progress of the ESG strategy and execution against KPIs. The Supervisory Board meets with the Board of Directors every quarter, where among other topics, ESG issues are also discussed.

The goal of the ESG Working Group is to report and communicate about EY NL's current ESG strategy, actions and KPIs, as well as to update the ESG strategy, actions and KPIs based on (market & regulatory) developments and stakeholder expectations. The ESG Working Group is responsible for:

- ▶ Monitoring ESG-related developments
- ▶ Coordination of materiality assessment(s)
- ▶ Further development of the ESG strategy (aligned with EY Global), targets and action plans, including budget
- ▶ Implementation of the ESG strategy (including arranging resources and teams)
- ▶ Reporting progress for respective area of responsibility to various stakeholders (global, clients, internal)
- ▶ Coordination of commitments and partnerships

The ESG Working Group will be chaired by the Corporate Responsibility and Sustainability leader. These individuals have relevant expertise and sufficient authority to coordinate their respective departments' efforts around ESG performance in order to contribute to a firm-wide, holistic approach to identifying, assessing, and managing climate-related impacts, risks and opportunities.

The ESG Working Group reports to the Board of Directors via quarterly progress reports. The two sponsoring partners for the ESG Working Group are the Country Managing Partner (Dutch CEO) who holds overall responsibility for the ESG strategy and the CFO, who is in charge of overall ESG reporting and responsible for CBS (Core Business Services, i.e., all support services such as Legal, Talent, Procurement and AWS).

Prioritized climate risks and opportunities, and their impact on EY Global's strategy and business model(s)

On the next page is a synopsis of EY Global's climate-related risk assessment and scenario analysis as relevant to EY Nederland LLP.

Prioritized climate risks

Risk/Opportunity description	Impacts to EY	Our response	Next steps*,***
Category: Physical risk Type: Chronic Primary impact: Operations			
Business interruption caused by rising mean temperatures, changes in precipitation patterns and variability in weather patterns, and sea level rise	<ul style="list-style-type: none"> ▶ EY is already seeing notable impacts to people, clients, and operations. Chronic climate change, and sea level rise could threaten the viability of continuing EY operations in certain coastal locations. ▶ Chronic physical risks to EY increase markedly in both the BAU**** and LCE***** scenarios**, with only moderately greater potential impacts under business as usual. 	<ul style="list-style-type: none"> ▶ EY maintains a flexible property leasing strategy allowing us to focus on three- to five-year instead of traditional 10- to 15-year leases. Our global real estate policies address various factors when determining locations for new facilities, including energy cost, availability, and climate change risks. 	<ul style="list-style-type: none"> ▶ Mitigate significant chronic physical risks in the near- and medium term regardless of future climate scenario. ▶ Conduct further analysis of high-opportunity (high-risk) offices, and offices that serve highly vulnerable sectors, and develop office- or region-level plans to improve resilience to chronic physical impacts. ▶ Further develop our building selection criteria to include more sustainability-related factors into the location recommendations.

Category: Physical risk Type: Acute Primary impact: Operations

Business interruption caused by increased frequency of hurricanes, wildfires and flooding events	<ul style="list-style-type: none"> ▶ Extreme weather events could threaten the health and safety of EY employees, leading to potential business continuity, employee support, and disaster response implications for EY. ▶ Acute climate events also have the potential to disrupt client operations and business models, especially vulnerable client sectors (e.g., power and utilities, agribusiness, government and infrastructure) which could have negative impacts to EY in the long-term. ▶ These effects will increase in both scenarios, with greater impacts in a BAU scenario**. 	<ul style="list-style-type: none"> ▶ Promoting a strong culture of remote/flexible working. ▶ Leasing of co-working spaces, which can be used to accommodate personnel when an office building faces risks from a climate event or other natural disaster. ▶ Maintaining robust emergency response, crisis management and business continuity plans that are reviewed and tested frequently across EY member firms. 	<ul style="list-style-type: none"> ▶ Setting a region-specific high-exposure threshold for each physical hazard. ▶ Conducting further analysis of high-opportunity (high-risk) offices and offices that serve highly vulnerable sectors, and develop office- or region-level plans to improve resilience to acute physical impacts (will be continuously evaluated on a short-term). ▶ Assessing the cost of relocating an office within a city or region (from proposal through implementation) and considering establishing a formal climate risk-related office relocation protocol.
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Prioritized climate risks

Risk/Opportunity description	Impacts to EY	Our response	Next steps*,***
Category: Transition risk Type: Reputation Primary impact: Services			
Increased stakeholder concern (clients) due to reputational damage, including new disclosure and compliance requirements related to climate related disclosure and reporting	<ul style="list-style-type: none"> ▶ Since market-leading regulatory compliance is inherent to EY values, EY is unlikely to face substantial direct compliance risk from increasing climate-related regulations. However, sustainability audit and assurance engagements are expected to vastly increase in either scenario, potentially leading to an increased risk of regulatory exposure in a very small percentage of such engagements, with minimal financial impact. ▶ In either the LCE or BAU scenario**, EY could face significant advantages or disadvantages with talent retention, as well as significant revenue gains or losses, depending on maintenance of or failure to maintain a market-leading climate reputation. ▶ Our projections of revenues to 2050 in the LCE and BAU scenarios as either 'climate leaders' or 'climate laggards' indicates that EY can reap substantially greater benefits by continuing to pursue a 'climate leader' role in either scenario. 	<ul style="list-style-type: none"> ▶ Publishing Value Realized, our annual report on the impact we have on our stakeholders – EY people, clients and society – as we execute on the EY <i>NextWave</i> strategy and ambition to create long-term value as the world's most trusted, distinctive professional services organization. ▶ Engaging our people in global corporate responsibility initiatives, including EY Ripples and Eco-Innovators, our employee-driven sustainability initiative designed to realize our <i>NextWave</i> ambitions including carbon reduction. 	<ul style="list-style-type: none"> ▶ We will reduce our absolute emissions by 40% across Scopes 1, 2 and 3 by 2025, against an FY19 baseline, consistent with a 1.5°C science-based target approved by the SBTi, enabling EY to reach net zero in 2025 (short term). ▶ The EY public policy function monitors international, national, and local legislative and regulatory developments that impact member firms. Our teams work with experts throughout the businesses to closely monitor developments and analyse proposals and legislative text for potential impacts to the EY network and its clients.

Prioritized climate risks

Risk/Opportunity description	Impacts to EY	Our response	Next steps*,***
Category: Transition risk Type: Market Primary impact: Clients/Services			
Market demand changes as energy transition progresses, driven by changing policies and regulations	<ul style="list-style-type: none"> ▶ As a professional services organization, our own operational carbon emissions are relatively low, which means EY is unlikely to face substantial direct transition risks from policy or regulatory actions, such as carbon pricing. However, several EY clients face substantial transition risks, which could affect their demand for EY expertise across a range of services. ▶ Although market demand transition risks are higher in the LCE scenario, the carbon intensity of EY clients should decline noticeably by 2050, even in the BAU scenario**. Therefore, EY should be prepared for substantial shifts in demand for services, due to increasing regulatory, client, and stakeholder pressures, in either scenario. 	<ul style="list-style-type: none"> ▶ If we do not continue to provide exceptional client service in this space, we could potentially lose revenue or new business opportunities. To mitigate this risk and pursue the associated opportunities, we have expanded our Sustainability solution set and global delivery capabilities in all service lines and sectors. ▶ We have implemented many initiatives to upskill our people in sustainability, such as offering a free sustainability MBA, promoting engagement with EY Ripples programming, and empowering grassroots sustainability initiatives through employee-led sustainability networks. 	<p>We aim to further improve our future (short and medium term) risk modelling by:</p> <ul style="list-style-type: none"> ▶ Further investigating the number of current clients with a climate strategy, with GHG emissions reduction targets, with a net-zero goal, and/or with an SBTi-aligned goal, to better anticipate possible transition risk hotspots and opportunities. ▶ Studying selected high-opportunity offices or regions that serve carbon-intensive sectors, and develop office- or region-specific transition riskmanagement plans.

Prioritized climate risks

Risk/Opportunity description	Impacts to EY	Our response	Next steps*,***
Category: Opportunity Type: Services & Market Primary impact: Services			
Increased demand for sustainability-focused services Enhanced brand value if climate leadership position is maintained and grown	<ul style="list-style-type: none"> ▶ We expect demand for EY sustainability-related services to grow rapidly in both the BAU and LCE scenarios** as the world adapts to climate change and mitigates climate risk. ▶ From our analysis, the sustainability opportunity is almost two times as large under LCE compared to BAU. This demonstrates the importance of leading decarbonization efforts for ourselves and with clients, national governments, international frameworks, and across entire economic sectors. ▶ Since LCE will benefit employee health and safety, as well as planetary wellbeing, EY should keep encouraging aggressive climate mitigation efforts and fulfil our Carbon Ambition in the short-term as we seek to develop longer-term commitments beyond 2025. 	<ul style="list-style-type: none"> ▶ Helping clients achieve their own carbon ambitions presents an opportunity to engage with clients, national governments, international standard setters, and civil society to help ensure a sustainable future. ▶ EY member firms are recruiting more sustainability professionals at all levels to invest in EY service offerings related to climate risks and opportunities. This includes providing clients with insights and advice to understand their energy footprint, designing governance structures, mapping impacts on their value chains and developing strategies to manage the transition to a low-carbon economy. 	<ul style="list-style-type: none"> ▶ Further modelling refinement could be achieved by attempting to explicitly assess EY projected sustainability market share from 2025 to 2050, rather than applying a constant market share percentage across all five-year increments (medium term). ▶ Additionally, linking cross-cutting variables, such as market share and reputational impacts, within either scenario will automatically update risk and opportunity findings, as a specific assumption changes. ▶ This would improve stakeholders' understanding of the linkages between each risk and opportunity and would highlight the compounding effects of seizing a specific opportunity, and mitigating (or not mitigating) a particular risk.

- * The Next steps as defined in the table above have been identified by EY Global. As EY NL we will further evaluate, assess and determine those that applicable to us in FY24.
- ** Time frames chosen for the scenarios: All physical risks were modelled from present day until 2100, while the transitional risk and opportunity modelling projects values out to 2050.
- *** The risk and opportunities identified above were quantitatively modelled under two climate scenarios at short (current year to 2025), medium (2030) and long-term (2050) time horizons. These time horizons have been chosen to best understand the exposure of the firm to physical and transition climate risks.
- **** Assumptions made for the BAU scenario are: Physical risks are more pronounced; Increasing frequency and intensity of acute risks such as floods, cyclones and wildfires; Increased chronic risks from rising temperatures and changing precipitation patterns.
- ***** Assumptions made for the LCE scenario are: Transition risks are more pronounced; Market shifts quickly to renewables and away from fossil fuels; Risk of noncompliance to new climate-related disclosure requirements; High reputational risks due to greater stakeholder pressure and expectations.

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