



The Dutch Authority for the Financial Markets
Attn: Mr. Drs. G.J. Everts RA
Postbox 11723
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26 June 2017

Regarding: *Response to the AFM Report ‘Kwaliteit OOB-accountantsorganisaties onderzocht’ (‘Quality Inspection at PIE Audit Firms’)*

Dear Board,

In your report *Kwaliteit OOB-accountantsorganisaties onderzocht (Quality Inspection at PIE Audit Firms)*, you provide details of the results of your inspection into the implementation and embedding of the change process within PricewaterhouseCoopers Accountants N.V. (PwC) and into the quality of four statutory audit files for each of the financial years 2014 and 2015.

The conclusions paint a mixed picture. On the one hand, the AFM is positive about the focus on and commitment to the change process that PwC has demonstrated during the period up to and including 2016, and we have reflected your observations in the transformation process as we have moved forward in 2017. On the other hand, the AFM deems three of the 2014 and one of the 2015 statutory audit files inspected to be inadequate. We performed further investigative work on these four audit files and concluded that the audit opinions issued were appropriate.

The limited number of files inspected, and the fact that the inspections stretch out over a period of three years, mean that it is difficult to provide a clear view of the progress we have made in our change process. This clarity of view is also affected by the fact that, in the joint inspections carried out by the AFM along with the US PCAOB, different supervisory bodies have deemed the same file to be both inadequate and adequate on the basis of the same underlying facts. It seems that, internationally, the standards are being interpreted differently. Particularly given the international connectedness of the Dutch business world, it is important that societal ambitions in the Netherlands regarding statutory audits remain in line with international ambitions.

We do however continue to be aware that we can and must do better, and this is what we are focussing on in our transformation process.

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PwC is het merk waaronder PricewaterhouseCoopers Accountants N.V. (KvK 34180285), PricewaterhouseCoopers Belastingadviseurs N.V. (KvK 34180284), PricewaterhouseCoopers Advisory N.V. (KvK 34180287), PricewaterhouseCoopers Compliance Services B.V. (KvK 51214406), PricewaterhouseCoopers Pensions, Actuarial & Insurance Services B.V. (KvK 54228388), PricewaterhouseCoopers B.V. (KvK 34180289) en andere vennootschappen handelen en diensten verlenen. Op deze diensten zijn algemene voorwaarden van toepassing, waarin onder meer aansprakelijkheidsvoorwaarden zijn opgenomen. Op leveringen aan deze vennootschappen zijn algemene inkoopvoorwaarden van toepassing. Op www.pwc.nl treft u meer informatie over deze vennootschappen, waaronder deze algemene (inkoop)voorwaarden die ook zijn gedeponeerd bij de Kamer van Koophandel te Amsterdam.



We remain committed to becoming a purpose-led and values-driven organisation and, in this context, we have revisited and refreshed our core values during this past year, and we continue to challenge ourselves on our conduct and behaviour.

The public interest is paramount to us. We are learning to view the issues our audit clients face through the eyes of our clients' various stakeholders, and this is definitely benefitting our clients.

Much has changed in our profession since 2014; our clients can attest to that. We are investing more time in our audits and in our audit files. We are setting the bar higher for our clients in terms of the quality of their own internal control processes and the depth of our audits. Some of them have needed to get used to this; it's a question of finding a new balance. In recent years, we and our clients have had to absorb all of the effects of mandatory audit firm rotation, while at the same time implementing the 53 measures for improvement published in the 2014 sector report 'In the public interest'.

All this change asks a lot from our people, and they have worked with great diligence, pulling out the best in themselves sometimes in difficult circumstances. We are proud of the commitment they have shown to continue to do things even better and of the way in which they have embraced our purpose and values. At the same time, we are also well aware that there is still much to be done. Attracting and retaining talent is an absolute must, and this means that the sector must offer prospects and societal relevance.

Change takes time, and results are not always immediately clear. We learn today from what we did yesterday, and this enables us to work towards a future with the public interest at the core. On this journey, we come across dilemmas, many of which are inherent in our profession. The public interest requires transparency and ongoing dialogue with all our stakeholders, including our clients and people, the political world, society in general and also you as our supervisory body. Their and your trust is, after all, our very *raison d'être* and it is at the core of what we do.

We would like to thank you and your colleagues for the cooperation we have had during both inspections.

Yours sincerely,
PricewaterhouseCoopers Accountants N.V.

Drs. A.H.M. van Gils RA
Chairman of the Board of directors of PricewaterhouseCoopers Accountants N.V.