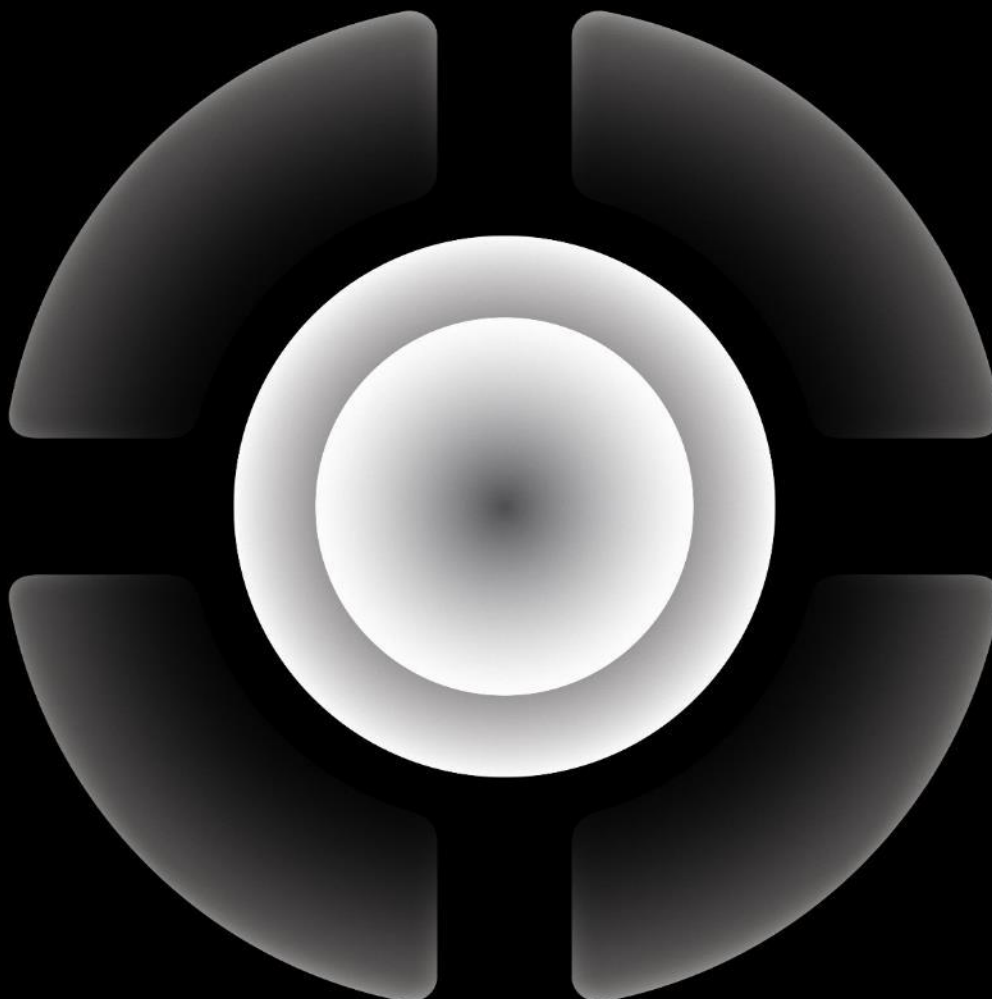


Deloitte.



2021 Transparency Report

Deloitte Accountants B.V.

Date published September 29, 2021



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Deloitte Accountants B.V.

Leadership message

This report sets out the practices and processes that are currently employed by Deloitte Accountants B.V., in accordance with the requirements of the European Union's Regulation 537/2014 on specific requirements regarding statutory audit of public-interest entities.

The purpose of our Audit & Assurance business is to protect the public's trust and confidence in the capital markets. Our core objective is to carry out consistently high-quality audits and provide assurance services. We connect with the finance professionals and audit committees of the entities we audit, as well as with our people and with society. In doing so, we aim to deliver a superior quality experience that serves the public interest and inspires our people.

Launching Strategy 2023

2020/2021 was the first reporting year on the road to realising our firm's 2023 ambitions, and marked the launch of the Audit & Assurance business Strategy 2023. We made sure all our professionals and partners were actively involved in a wide range of initiatives, including a series of internal dialogue and engagement sessions that spanned the full breadth and depth of our practice.

Underpinning the roll-out of our Strategy 2023 are our culture programme and culture compass. These will be invaluable tools as we strive to become more inclusive, adaptive and focused on team efforts – both strengthening and celebrating our teamwork. We made considerable progress in these areas in 2020/2021 and they will remain important points of focus for the years ahead.

Five foundation pillars

Our Audit & Assurance business's Strategy 2023 centres upon five strategic pillars. Each pillar covers several focal themes, to guide us and help us realise our aspirations.

- *Unrivalled talent experience:* (1) broad roll-out of our culture programme, (2) enhanced focus on well-being and learning, and (3) execution of talent transformation programmes;
- *Balanced growth:* (1) focused targeting opportunities (2) enhancing our growth capability, and (3) optimizing our growth processes;
- *Transform & Technology enabled:* (1) shift to a more agile, adaptable and 'future-aware' mindset, (2) accelerated embedment of our transformed audit approach, and (3) further development of our automated data-driven audit;
- *Future of Audit:* (1) developing meaningful and relevant responses to evolving stakeholder needs, and (2) pro-active in the public debate on the future of auditing, actively engaging with a broad range of stakeholders on relevant themes.

Themes like financial viability, fraud, climate sustainability and cyber security are becoming ever more prominent in audit practices, accompanied by an increased pace of change – especially technological change – and a greater need for adaptability. Responding to these and other non-financial themes will expand our impact and improve what we are able to do to help our clients and other stakeholders. We also aspire to leverage our leading market position and our high audit quality, so we can sustainably grow and transform our business in preparation for the next round of mandatory auditor rotations.

People

In line with our purpose, we foster a culture of learning and inclusiveness, invest in our leadership capabilities and provide opportunities, growth and purpose for our people. This year, we have become more diverse, with, for example, 9.7% non-Dutch and 34% female professionals among our 1,644 partners and employees.



Society

Beyond our own people, it is important for us to connect with external stakeholders. This is a key part of our Future of Audit efforts, that focus on enhancing audit quality. This quality agenda is especially relevant as we prepare for the next round of mandatory audit rotations in 2023/2024 as to us audit quality is a key differentiator. In 2020/2021, we actively contributed to various sectoral initiatives, such as by leading the taskforce focused on improving fraud detection.

Future of Audit

We find ourselves at a pivotal moment in time, with increased interest from a wide range of stakeholders for our role in the financial ecosystem. Expectations are high, and we strongly believe we are up to the task of delivering on those expectations. We believe to be leading in audit quality, and we have built a strong foundation as we continue to transform the way we perform our audits in the upcoming years and develop the audit product of the future. We aspire to have a leading role in the 'Future of Audit' developments, as we focus on (i) transparency through Audit Quality Indicators, (ii) moving the needle on how auditors address fraud risks and going concern, and (iii) further ramping up our efforts to strengthen our culture of learning and inclusiveness. We are taking an active role to lead the public debate on the future of the profession as we have a responsibility to do the right thing in the public interest. We have to keep pace with the ever-changing world.

Clients

We have a positive impact on numerous organisations thanks to our first-class audit and assurance expertise. Beyond our central audit and assurance services, this reporting year we were called upon to provide support

to various COVID-19 state aid programmes ('NOW') for the entities we audit.

Key challenges

The first main challenge we face is to ensure we keep up with the changes in our industry and the amount of initiatives taken by key stakeholders. We believe the best way to do this is in fact to stay ahead of these changes and initiatives where possible. For example, we aim to drive transformation and innovation, leading the way for our profession. Our clients require a range of highly relevant, high-quality services, and our task is to anticipate – and deliver on – their needs, with solutions that are fit for the Future of Audit. In doing so, we must not lose sight of a healthy work-life balance.

A second key challenge is to improve inclusion and diversity in our business. We know that by fostering an environment where people from all backgrounds feel valued and included, we can add value and thereby improve the impact we have not just on our employees, but also on our other stakeholders. Our ambition is to be a 'learning organisation' by making sure we are transparent, reflective and open to change.

In this Transparency Report we share insight into the development and activities of Deloitte Accountants B.V. over the past financial year. I trust you will find it both interesting and insightful. Please contact me at nlaudit@deloitte.nl to share any feedback.

Rotterdam, September 29, 2021

On behalf of the Executive Board of Deloitte Accountants B.V.

Rob Bergmans





Report from Supervisory Board of Deloitte Coöperatief U.A.

The outbreak of the COVID-19 pandemic, now more than a year ago, involved many uncertainties - for society as a whole, but also for our clients and employees. Like many other organisations, Deloitte was confronted with unprecedented challenges. From working with colleagues on location for or with clients, we moved to working remotely from home. For some, that involved solitude or working with children at home – everyone had different private circumstances. The COVID-19 situation has put pressure on the organisation and in some cases has affected the wellbeing of Deloitte staff. The Supervisory Board would like to express its utmost appreciation and thanks for the way in which employees, management and partners have continued to dedicate themselves to serving clients and implementing the new 'Connect for Impact' strategy.

Contrary to our initial expectations, 2020/2021 turned out to be a strong year financially. This is because clients have continued to place their trust in Deloitte; in our capabilities to carry out audit assignments. Deloitte's financial results make us humble in the knowledge that some companies and people are experiencing the negative effects (economic and beyond) of the crisis.

With our Connect for Impact strategy and focus on our purpose, Deloitte aims to drive long-term value creation for clients and make an active contribution to solving major social issues. Deloitte does so through and together with our clients, for example by adding trust in financial reporting through our audit work, and through the Deloitte Impact Foundation. This strategy was frequently discussed in the Supervisory Board meetings. The Supervisory Board makes its contribution by continuing to challenge and act as a sounding board for the Executive Board and supervise the execution of the strategy, putting the public interest first when performing audit and non-audit activities, and further developing Deloitte's own talent strategy.

This year, the Supervisory Board had to work mostly digitally, with shorter but more frequent meetings. The agenda topics were once again diverse. Due to the

unexpected circumstances related to the COVID-19 situation, our focus at the beginning of this Financial Year was primarily on crisis management. Crisis management focused on (i) the internal organisation, in the form of supervising scenario planning, monitoring the liquidity of the firm and discussing the implementation of government measures, (ii) discussions about people, which focused on keeping as many talents on board in order to warrant their employment and the ability to kick-start our client work after the crisis and (iii) guaranteeing the continuity of services for clients. In this financial year, the Supervisory Board's role also included frequent discussion of important strategic themes, such as inclusion & diversity and succession management. In this broad agenda, Audit Quality remains a key theme, and the future of the accountancy profession and Deloitte's role therein is one of the important focus areas.

A substantial number of initiatives have been launched by Audit leadership to continue to meet the highest Quality standards and to enhance the Quality-driven culture. External expectations regarding audit quality have also risen in parallel. The Supervisory Board wholeheartedly supports this direction, in order for Audit to fulfill its public mandate. Notwithstanding its general support, the Supervisory Board wishes to express its concern with the possible consequences of the intensity of the change agenda and the increased compliance burden on the attractiveness of the profession and the perceived work load, particularly for young talent.

The Supervisory Board will continue to encourage Audit leadership to pursue its strategy of continuous quality improvement. Also, based on the believe that trust in financial accounts is dependent on the whole reporting chain to operate flawlessly, the Supervisory Board continues to emphasize the importance of the dialogue with all key stakeholders. Only through a concerted extra effort are we likely to succeed in meeting public expectations.

The past year gives us confidence that Deloitte - together with employees, partners, clients and other



stakeholders - has chosen the right strategic direction in order to expand its leadership position in audit quality.

Rotterdam, September 29, 2021

On behalf of the Supervisory Board,

Hans van der Noordaa, Chairman of the Supervisory Board



Composition of the Supervisory Board

The Supervisory Board of Deloitte NL is comprised of five external members. All members of the Supervisory Board are also independent within the meaning of paragraph 2.1.8 of the Corporate Governance Code and article 22a.4 of the Wta, and in the opinion of the Supervisory Board, all independence requirements of paragraphs 2.1.8 till 2.1.10 of the Code and the Wta/Bta were met during 2020/2021.

Name	State of first term	End of present term
Hans van der Noordaa (Chairman)	April 2020	April 2024
Frans E. Rooda (Vice-Chairman)	Sept. 2013	Sept. 2021
Jacqueline P. Rijsdijk	Sept. 2013	Sept. 2021
Vincent G. Moolenaar	Nov. 2016	Nov. 2024
Nienke E.C. Meijer	July 2017	July 2025

Most important Supervisory Board resolutions and discussions in 2020/2021

Strategy 2023

During 2020/2021, the Supervisory Board monitored the execution of strategy 2020/2023 in various ways: (i) by discussing the strategy impact assessment in the months after the COVID-19 outbreak, (ii) by monitoring the progress based on the strategic KPI dashboard, (iii) by discussing dilemmas and key themes, like inclusion and diversity and purpose, and (iv) by having the annual 'zoom in' on the strategy performance and 'zoom out' session on the strategy. The SB also frequently interacted with Business Leads to monitor the execution of business strategies.

Audit Quality and the Future of Audit

The Supervisory Board has continued to consistently and frequently interact with the Audit Business about, for example, initiatives to further enhance quality, the System of Quality Control, the company culture and interaction with external regulators and stakeholders. Some other highlights:

- Conversations with (i) the Dutch Authority for the Financial Markets (AFM) and (ii) the quartermasters (kwartiermakers toekomst accountancysector)

focused on the future of audit and other developments;

- In line with Deloitte Audit's ambition to be a learning organisation, the SB has approved the proposed changes of the malus policy;
- The Supervisory Board was briefed several times on the implementation of ISQM1, with one deep dive during the Education meeting;
- The Supervisory Board monitors progress on selected Future of Audit priorities, like the development of Audit Quality Indicators, the acceleration of culture initiatives and efforts related to fraud and business discontinuity.

Inclusion and diversity

One of the priorities of the Supervisory Board is to further enhance inclusion and diversity at Deloitte. Last year we reported that efforts and initiatives in previous years were beginning to gain traction. During Financial Year 2020/2021, Deloitte has again made good steps, with welcoming more female partners in the team and a first step in improving cultural diversity. Inclusion and diversity will remain a top priority in the upcoming financial years.

Employee value proposition

As Deloitte personnel is the most important 'asset' of the firm, the Supervisory Board and Executive Board have discussed several times the intention of the EB to further improve the employee value proposition.

Internationalisation

The Executive Board frequently updates the Supervisory Board on international developments and developments regarding the NSE operating model. In addition, a deep dive on the NSE integration was on the agenda of the strategy meeting in December 2020, partly in presence of the NSE CEO. The Supervisory Board Chair is also a non-voting independent non-executive member of the NSE Board. This enables him to participate in discussions and to express and share the Dutch firm's point view.

Annual self-evaluation of the Supervisory Board

After the onboarding of the new Supervisory Board Chairman, the Supervisory Board made an internal evaluation of its performance, and the performance of its committees and members. This year's evaluation was performed with internal support of a Human Capital expert and resulted, among other things, in a different set-up of meetings. In addition, the SB has evaluated its contribution to the mission, vision and strategy of the Audit firm and, as a consequence,



invited the quartermasters to find out first-hand how their work is progressing and proactively offer support.

Supervisory Board Succession

In November 2020, Vincent Moolenaar was re-appointed for four years as Supervisory Board member, following a binding nomination of the Supervisory Board. The Selection & Nomination Committee (SNC) has also started the search for two new Supervisory Board members, as the term for both Jacqueline Rijdsdijk and Frans Eelkman Rooda will end in September 2021. The SB has evaluated and updated its profile. For the purposes of these succession files, the SNC is comprised of Nienke Meijer, Hans van der Noordaa and Vincent Moolenaar.

Annual performance evaluation Executive Board and Audit management

In accordance with relevant legislation, the Supervisory Board has also evaluated the performance of the Executive Board and the daily policymakers of Deloitte Accountants B.V. in 2020/2021. The Remuneration Committee of the Supervisory Board has held two sessions (i.e. mid-term and year-end) with each member of the Executive Board regarding their individual performance and long term and short-term objectives. The Supervisory Board has also provided input for the performance evaluation of the Business Lead Audit & Assurance and NPPD Audit and has received feedback with regards to their evaluation as basis for determination by the Supervisory Board of their remuneration.

Other agenda items of the Supervisory Board

Besides recurring corporate topics like the approval of Deloitte's Financial Plan and the Plan for Deloitte Accountants B.V., the Integrated Annual Report and financial/business and industry updates, other important agenda items for the Supervisory Board include: (i) embedding purpose, (ii) Ethics, (iv) the transparency report of Deloitte Accountants, (v) high profile/risk engagements, including the Steinhoff matter.

Committees

The Supervisory Board has assigned, under its responsibility, a number of its specific tasks to four subcommittees (Committees), that are comprised of the following Supervisory Board members:

Audit & Finance	Selection & Nomination	Remuneration	Quality, Integrity & Risk
Frans Eelkman Rooda (c)	Jacqueline Rijdsdijk (c)	Nienke Meijer (c)	Vincent Moolenaar (c)
Vincent Moolenaar	Vincent Moolenaar	Hans van der Noordaa	Hans van der Noordaa
Jacqueline Rijdsdijk	Nienke Meijer	Frans Eelkman Rooda	Nienke Meijer

The findings and recommendations of Committee meetings were reported to the Supervisory Board during the regular meetings of the Board.

Highlights of the work of the Audit & Finance Committee during 2020/2021

The Audit & Finance Committee (A&FC) assists the Supervisory Board in fulfilling its oversight responsibilities regarding the quality of internal and external reporting, financial risk management, the control framework, internal audit, engagement with the external auditor, financing and tax. In doing so, it considers the outcome of internal audits, the audit report of the external auditor and assessments of compliance with applicable laws and regulations.

The A&FC held five regular meetings during 2020/2021, additional informal and preparatory meetings with the COO and CFO and the A&FC also met in a private setting with (i) the Chief Audit Executive and (ii) the external auditor to discuss the auditor's report.

In addition to the above, work of the A&FC was focused on, among other things, liquidity management and an increase of the credit facility, structure of the control framework of the group including tax controls, implementation of the new financial management and reporting system (SWIFT), a review of the Internal Audit Function and Deloitte's profit distribution policy.

Highlights of the work of the Quality, Integrity & Risk Committee during 2020/2021

The Quality Integrity & Risk Committee (QIRC) assists the Board in fulfilling its oversight responsibilities



regarding quality, integrity and risk management of the Executive Board. Within this scope, the QIRC discusses the principal strategic, operational, financial and compliance risks that the company expects to be exposed to and the steps taken by management to mitigate those risks. It does so, based on reports of, among others, the Risk and Reputation Lead, the Compliance Officer Wta, the Director of Independence, the Ethics officer and General Counsel. During 2020/2021, the QIRC held five regular meetings and one extra meeting. Key highlights include:

- Audit Quality | Besides a regular update on Audit initiatives and progress on the Audit Quality Plan, the QIRC thoroughly discussed, among others, the Audit firm's response to COVID-19, the portfolio risk review, the annual audit of the System of Quality Control, Audit Policy amendments, the Future of Audit selected priorities and culture programme;
- The QIRC prepared the ratification process of the Supervisory Board regarding the Executive Board's appointment of Audit partners and directors as external auditor;
- Several businesses provided in-depth quality, integrity and risk management updates;
- The Committee discussed litigation and risk management cases;
- The QIRC discussed the process and shift in risk profile and monitored developments regarding Deloitte's Enterprise Risk Framework. Increasing attention is and will be paid to large (often tech-enabled) business transformation and associated risks.

Highlights of the work of the Remuneration Committee during 2020/2021

The Remuneration Committee (RC) supports the Supervisory Board in decisions regarding the remuneration of the Executive Board members, including an assessment of their individual performance. Based on Audit legislation, decisions of the Executive Board regarding the remuneration of daily policymakers of the Audit firm are subject to approval of the Supervisory Board as well. In addition

to the three Executive Board members, who are also daily policymaker of Deloitte Accountants B.V., this also concerns the two other statutory board members of Deloitte Accountants B.V.: the BL Audit & Assurance and the NPPD Audit.

The RC has held four meetings during 2020/2021. The RC's work focused on, among other things, preparation of the performance evaluation of all daily policymakers of Deloitte Accountants, preparation of the decision-making for determination of short and long-term objectives (KPIs) of the Executive Board and validation of the goalsetting of the BL Audit & Assurance and NPPD Audit.

Highlights of the work of the Selection & Nomination Committee during 2020/2021

The Selection & Nomination Committee (SNC) is responsible for preparing the selection and nomination by the Supervisory Board of new members of the Executive Board, daily policymakers of Deloitte Accountants B.V. and the Supervisory Board.

The SNC has held five regular meetings and many ad hoc meetings and calls in relation to the succession files mentioned below. Key highlights include:

- Supervisory Board and Executive Board succession planning;
- Update of the Supervisory Board profile, the preparation of the reappointment of Vincent Moolenaar and Nienke Meijer, and the search for two new Supervisory Board members;
- The annual and marginal review/test of the partner mapping process;
- The SNC regularly discussed succession management of the firm, partner performance evaluation process and leadership development.



Deloitte network

Legal structure and ownership

Deloitte NSE LLP (Deloitte NSE) is a member firm of Deloitte Touche Tohmatsu Limited (DTTL), a United Kingdom (UK) private company limited by guarantee. Deloitte NSE, with affiliates in 28 countries across Europe and the Middle East, is not engaged in professional practice itself. All trading continues through local country practices, including the practices of Deloitte Netherlands.

Deloitte Netherlands is the Dutch Affiliate of Deloitte NSE and Deloitte NSE No2 CLG, a legal entity according to Irish law. Both are members of Coöperatief Deloitte U.A. ('the Cooperative'), Deloitte NSE No2 CLG having a two-thirds majority of the voting rights in the General Meeting. Deloitte Holding B.V. (Deloitte Holding), a 100% subsidiary of the Cooperative, is the centre of the governance structure of Deloitte Netherlands.

The Board of Deloitte NSE is primarily responsible for ensuring high-quality governance and stewardship of Deloitte NSE. The single elected NSE Chief Executive Officer (CEO) leads the NSE Executive. The NSE CEO is accountable to the NSE Board to deliver on the agreed long-term strategy of Deloitte NSE. The Deloitte NSE ways of working are based on the principles of connected+ autonomy: Deloitte Netherlands, as well as the other

national practices within NSE, maintain a significant degree of marketplace, talent and operating independence. Importantly, our Strategy 2023 is also fully aligned with the overall NSE Strategy 2023.

The Dutch Corporate Governance Code and Audit legislation

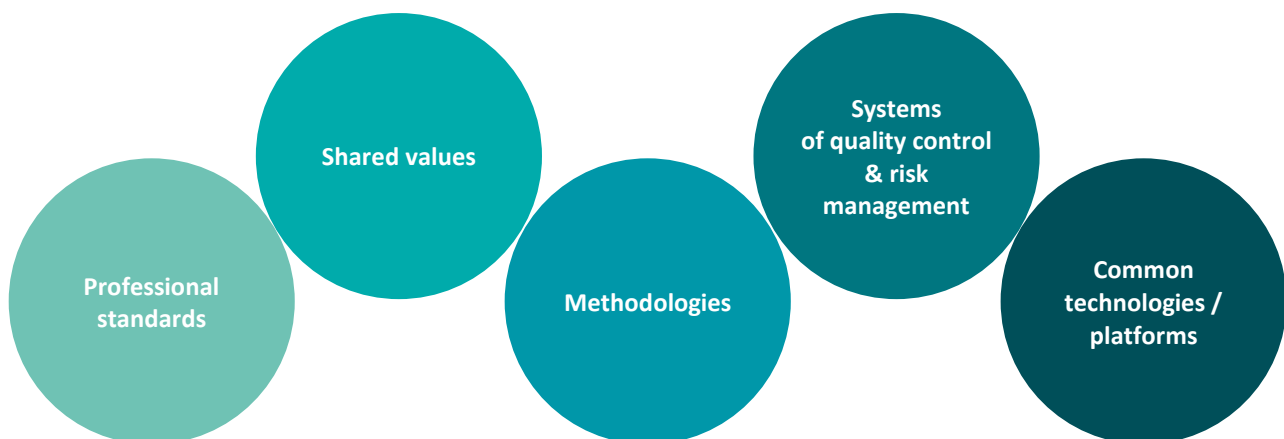
Deloitte, as a non-listed company, is different from the companies for which the Dutch Corporate Governance Code ('the Code') is intended. However, on a voluntary basis and in addition to applicable Dutch civil law, Deloitte applies the principles of the Code to a large extent and acts in the spirit of the Code. Some of the best practices mentioned in the Code either may not be applied in identical form within Deloitte, or are not suited to being applied, such as protective measures against takeovers, the certification of shares, the publication of price-sensitive information and the information supplied to and discussions held with parties in the financial markets. Furthermore, neither the Executive Board nor the Supervisory Board members are granted share options.

Deloitte's Articles of Association and rules and regulations contain the best practices of the Code to a large extent and are fully in line with the applicable Audit legislation, such as the Wta and Bta.

Network description

The Deloitte network

The Deloitte network (also known as the Deloitte organization) is a globally connected network of member firms and their respective related entities operating in more than 150 countries and territories across the world. These separate and independent member firms operate under a common brand.



**Deloitte Touche Tohmatsu Limited (DTTL or Deloitte Global)**

Deloitte Touche Tohmatsu Limited is a UK private company limited by guarantee incorporated in England and Wales. DTTL serves a coordinating role for its member firms and their related entities by requiring adherence to policies and protocols with the objective of promoting a consistently high level of quality, professional conduct, and service across the Deloitte network. DTTL does not provide professional services to clients, or direct, manage, control, or own any interest in any member firm or any member firm's related entities.

"Deloitte" is the brand under which approximately 345,000 dedicated professionals in independent firms throughout the world collaborate to provide audit and assurance, consulting, financial advisory, risk advisory, tax, and related services to select clients. These firms are members of DTTL. DTTL, these member firms and each of their respective related entities form the Deloitte organization. Each DTTL member firm and/or its related entities provides services in particular geographic areas and is subject to the laws and professional regulations of the particular country or countries in which it operates. Each DTTL member firm is structured in accordance with national laws, regulations, customary practice, and other factors, and may secure the provision of professional services in its respective territories through related entities. Not every DTTL member firm or its related entities provides all services, and certain services may not be available to attest clients under the rules and regulations of public accounting. DTTL, and each DTTL member firm and each of its related entities, are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm, and their respective related entities, are liable only for their own acts and omissions, and not those of each other. The Deloitte organization is a global network of independent firms and not a partnership or a single firm. DTTL does not provide services to clients.





Coöperatief Deloitte U.A.:

leadership in action

General Meeting

The General Meeting brings together the entire partner community, Deloitte NSE and Deloitte NSE No2 CLG as participating shareholders. The company's annual results, long-term policy and certain other matters referred to in the Articles of Association require the approval of the General Meeting.

Supervisory Board composition

The Supervisory Board is composed of five members: Hans van der Noordaa (Chairman), Frans Eelkman Rooda (Vice-Chairman), Jacqueline Rijdsdijk, Vincent Moolenaar and Nienke Meijer. All members are independent. The Supervisory Board has drawn up guidelines for its size and composition, considering the nature of the company and the expertise and experience required of Supervisory Board members.

Hans van der Noordaa, Chairman of the Supervisory Board of Deloitte Netherlands is a (non-voting) independent Non-Executive member of the NSE Board. The Independent Non-Executive members of the NSE Supervisory Board are remunerated for their role by Deloitte NSE.

Tasks and responsibilities

The Supervisory Board oversees and advises the daily policymakers of the Cooperative and Deloitte Accountants B.V., and supervises all general developments at Deloitte. The Supervisory Board is collectively responsible for the execution of its tasks and reports to the General Meeting. In fulfilling its duties, the Supervisory Board focuses on, among other things, the interests of the Audit firm and the public interest in ensuring the quality of statutory audits. The Supervisory Board always acts in the company's best interests, taking account of the relevant interests of all stakeholders.

The Supervisory Board is entrusted with the supervision of the policies and activities of the Executive Board and the daily policymakers of the Audit firm, inter alia in relation to the following: (i) Realisation of the company's objectives; (ii) Strategies pursued by the company and the risks involved; (iii) Design and implementation of internal risk management, quality and control systems; (iv) Quality, independence, integrity, ethics and other matters

of public interest; (v) Deloitte's financial reporting process; and (vi) Deloitte's compliance with laws and regulations.

Supervisory Board committees

The Supervisory Board has formed four committees, each with its own rules of procedure: (i) Audit & Finance Committee; (ii) Quality, Integrity & Risk Committee; (iii) Remuneration Committee; and (iv) Selection & Nomination Committee. The committees prepare the decision-making of, and frequently report to, the Supervisory Board.

Executive Board

The Executive Board is composed of three members: Hans Honig (CEO and Chair), Oscar Sniijders (Chief Operating Officer) and Liesbeth Mol (Chief Quality Officer). Executive Board members are appointed for a period of four years and are eligible for re-appointment for a further period(s) of no more than four years.

Tasks and responsibilities

The Executive Board is responsible for, among other things, creating a strategic and policy framework and objectives, monitoring the implementation of policies and maintaining cohesion between the company's various businesses and service lines. The Executive Board reports to the Supervisory Board and to the General Meeting. Executive Board members are collectively responsible for leading and managing the company. The Executive Board acts in the company's best interest at all times when fulfilling its duties, considering the relevant interests of all stakeholders. It is responsible for observing relevant laws and regulations, managing the risks involved in the company's activities and overseeing its financial affairs.

Structure of the Audit & Assurance function

Deloitte Accountants B.V. is connected to the Deloitte network through Deloitte North & South Europe, a member firm of Deloitte Touche Tohmatsu Limited.

The policymakers of Deloitte Accountants B.V. consist of Hans Honig (CEO) and Oscar Sniijders (Chief Operating Officer), Liesbeth Mol (Chief Quality Officer), Rob



Bergmans (Audit Business Leader) and Johan Hopmans (National Professional Practice Director).

Rob Bergmans and the Audit & Assurance management team develop and implement the strategy for the Audit & Assurance practice, including related policies and procedures. In all activities, senior Deloitte Netherlands leaders are responsible for the overarching objective of audit quality, including compliance with applicable professional standards and regulatory requirements. Deloitte Netherlands' strategy is aligned with the overall strategic direction established for the Deloitte network.

The Audit & Assurance management team during the reporting year comprised:

- Rob Bergmans, Business Leader
- Johan Hopmans, National Professional Practice Director & Audit Risk Leader
- Theo Jongeneel, Transformation
- Gera Hamer, Operations
- Christian Binkhorst, Talent

The extended Audit & Assurance management team during the reporting year comprised:

- Aad den Hertog, succeeding Remy Maarschalk as Service Line Leader – FSI/International
- Bas Savert, Service Line Leader – Listed/PCAOB
- Albert Jan Heitink, Service Line Leader – Private
- Vincent van Stijn, Service Line Leader – Public Sector

The Audit & Assurance management team members participate in various Deloitte network groups that set and monitor quality standards, and from which various audit quality initiatives originate.

Audit Quality & Risk Meeting

The periodical Audit Quality & Risk Meeting (AQRM) is where all matters relating to the 'Wta' [Audit Firms Supervision Act], audit quality and the system of quality control are discussed. Through the Audit Quality & Risk Meeting, the Executive Board of Deloitte Accountants B.V. pro-actively initiates and monitors operations and the duty of care relating to the quality of our statutory audits and other audits. Our Chief Quality Officer Liesbeth Mol chairs the monthly Audit Quality & Risk Meeting.

Compliance Officer

Our Compliance Officer, Wiel Moonen, supervises compliance with regulations such as the Audit Firms (Supervision) Act [Wta] and reports on compliance to the Executive Board and the Supervisory Board, both on request and at the officer's own initiative. For that purpose, the Compliance Officer initiates meetings and provides advice on designing, reinforcing and complying

with the quality assurance system, the independence policy and the integrity policy. The Compliance Officer is also part of the Audit Quality & Risk Meeting. Machiel Hendriks performs as the deputy Compliance Officer.

Professional Practice Department

The importance that Deloitte attaches to its quality of service is shown by the organization of the Professional Practice Department (PPD). Johan Hopmans, the National Professional Practice Director (NPPD) and Audit Risk Leader (ARL), supports the Business Leader of Audit & Assurance in the field of quality and manages the PPD.

The NPPD/ARL also acts as the first point of contact in the event of claims and disputes in the Audit & Assurance business, defines proposals for strengthening the quality of the assurance system and provides input for evaluating partners in the fields of quality and risk management.

Table: Staffing PPD	20/21	19/20
Professional Practice Department		
Accounting	6.9	6.4
Audit & Audit Risk	18.5	14.4
Technology (incl. transformation)	16.6	10.9
Quality	6.7	6.7
Training Placement Bureau	3.7	3.7
Total	51.9	45.6

Criteria: Total number of FTE on May 31 of the financial year in the departments responsible for supporting compliance, independence and auditing. The FTE for Audit & Audit Risk includes approximately 2 FTE for the service line PPDs.

The NPPD is supported by four partners ("service line PPDs") in a quality role designed to further strengthen leadership and agility in the quality agenda. Under the NPPD's management, these partners have authority and responsibility for a wide range of themes in these service lines' quality agenda, including setting targets and evaluating the performance of partners and directors, and motivating teams to implement our Global Audit Imperatives. As the ARL's deputies, the service line PPDs are also the primary point of contact for decision-making relating to the acceptance of entities and other engagements with a high-risk profile. In 2020/2021, the four service line PPDs were:

- Ronald Spijker succeeding Aad den Hertog (FSI/International)
- Veerle Fruytier (Listed/PCAOB)
- Rob Vervoort (Private)
- George Straatman (Public Sector)



The PPD also includes Wim de Leeuw succeeding Ronald Spijker as Practice Review Director and Louise Zwama-Bombbeck, who manages the Engagement Quality Control Review (EQCR).

Reputation & Risk Leadership Office

Employees in our Reputation & Risk Leadership Office (RRL) manage risks in areas such as reputation, independence, corporate privacy, legal and regulatory compliance. They regularly report their findings and recommendations to the Executive Board and the Supervisory Board. These employees also facilitate the embedding of our independence and compliance policies across all Deloitte businesses. Our Reputation & Risk Leadership Office is led by Carlo Renne.

Table: Staffing RRL		20/21
Reputation & Risk Leadership		
Conduct & Risk (including Ethics)		5.3
Customer Due Diligence		5.2
Client & Engagement Acceptance		9.7
Confidentiality, privacy & security		5.9
Firm independence		10.7
Personal independence		4.7
Support (US India)		6.0
Total		47.5

Criteria: Total number of FTE on May 31 of the financial year in the Reputation & Risk Leadership Office.

The categorization of the table above differs from the categorization we presented in previous years which is the reason that we cannot provide historical data at present.



Our purpose and commitment: instilling trust and confidence

At Deloitte Netherlands, our purpose is to make an impact that matters. For Audit & Assurance, this means a focus on delivering independent high quality audits and instilling confidence and trust in the capital markets through the services we deliver. This requires us to continuously build capabilities to support the delivery of high quality audits and make leading contributions to shaping the future of the audit profession.





The future of work: talent experience

Our professionals are our greatest asset and are at the heart of our strategy. As our business is evolving, expectations are increasing. Through the moments that matter most to our people, we are committed to providing an exceptional human experience and a career that is challenging, personalized and meaningful. As we transform, we need professionals with diverse backgrounds, capabilities and skill sets to power the audit of the future. By expanding new Audit & Assurance service capabilities and making increasing use of appropriate technologies, we can offer a wide variety of career paths, greater flexibility and further development opportunities for an evolving mix of professionals. We have to plan for this radical change in our workforce structure and talent mix, and for the need for new and evolving skill sets. With our ongoing focus on development, flexibility and well-being, we aim to be the profession’s undisputed leader for talent.

Audit culture

Within Deloitte Audit we are continuing to focus on our culture program. Everything we do has an impact on our culture. Our cultural compass guides us in our decision-making, with the aim of ensuring we foster the culture we want and need.

We have high ambitions. These include wanting to make an impact on clients and society by adding trust to financial statements and being the undisputed leader in the profession. Achieving our ambitions demands a strong enabling culture, with a balance between high-quality, care for each other and growth, and in which we:

- Have fun together and feel proud of Deloitte, our team and ourselves;
- Display model behavior through ownership, responsibility and accountability at all levels;
- Feel welcome, healthy and safe;
- Work as a team on our shared long-term strategy;
- Are able to cope with and contribute to the ever-changing future of audit;
- Continually improve and develop, both individually and as an organization;

- Attract and retain talent who are driven by our purpose and live our values;
- Dare to speak up for what we believe in, and be bold yet respectful.



From vision to capabilities

The continuing conversations with our talent on themes such as well-being, a transparent performance evaluation process and a focus on personal development and team targets resulted in various changes being implemented from June 1, 2021.

Examples of these changes include:

- Collective targets for partners and directors to encourage working as a team and experiencing ownership of Audit’s shared long-term strategic goals;
- Next year’s planned introduction of team targets, based on behavioral indicators, for all talent. The reason for setting collaborative behavioral indicators, alongside individual target-setting, is to switch the focus from an individual mindset to a more collaborative mindset that prioritizes the



achieving of team goals above individual targets. The Key Performance and Behavior Indicators that have been set are based on behaviors designed to improve collaboration and impact on key work processes. We envision achieving these aspirations in the Audit & Assurance 2023 strategy by cascading the desired behavior throughout the jobgrades;

- Introducing the role of the Career Coach. Our talent can choose to have a Career Coach, who is not involved in their performance review and with whom they can discuss their long-term objectives, with a focus on their career, personal development and well-being;
- Piloting an all-round assessment system as part of the performance experience. This assessment includes 360 degree feedback to help individuals gain insight into their strengths and development needs;
- Improving communications by installing the culture network in all our communities. This will start with our Community Matters meetings, a platform for informing, celebrating, learning and evaluating with the whole community.

Diversity and inclusion

Strength from diversity is a core Deloitte value and rooted in our belief that diversity drives quality and innovation -and, therefore, the Audit function's overall performance -and that diverse teams' better listening abilities result in better solutions.

This year, a total of 33% of our Audit professionals were female (2019/2020 financial year: 32.4%), which means we have not yet reached our target of 40%. A total of 42% of new Audit hires in the year under review were female.

The target for female partners in the 2022/2023 financial year is 15%, while the percentage of female partners rose over the past year from 13% to 14%. In the 2020/2021 financial year, 9.7% of our Audit staff were of non-Dutch nationality.

During the year under review we focused on inclusiveness by offering our partners and directors an Inclusive Leadership workshop, followed by a 360 degrees assessment. The outcomes were discussed in a personal coaching conversation with a coach experienced in inclusive leadership. All partners and directors participated in the workshop, which will be extended to senior managers and managers next year.

We demonstrated our commitment to cultural diversity during the past year by setting up the Audit Cultural

Diversity Network (Audit CDN). So far this has involved organizing various initiatives and programs for Audit, primarily linked to cultural inclusion and diversity, as well as initiating dialogue sessions on cultural diversity and inclusion with Audit Leadership, and organizing the expat workshop, various awareness campaigns and an Iftar event.

Talent retention

We aim to provide a truly distinctive experience by offering career-enhancing assignments and opportunities for broad-ranging development. This includes giving our talent the chance to work on assignments with a range of different clients so that they can discover for themselves which type of clients suits them best: public sector clients (such as universities or municipalities), private sector clients (such as family businesses) or listed entities (large multinationals). The COVID pandemic made the past year an exceptional year, with our talent having to work primarily from home instead of at clients' premises or in the office.

In figures

This year's engagement score (7.4 out of 10) was equal to last year's, while the personal commitment score (8.1) came out slightly higher than last year (7.8). The leaving rate increased slightly from 12.9% last year to 13.3% this year.

Employee Value Proposition

Our plan to implement the Employee Value Proposition (EVP) that Deloitte developed last year was delayed by COVID-19. Instead, we used the past year to align all our HR policies with this EVP. The various changes in our policy have now been discussed with the Works Council and, have been approved, with implementation in the 2021/2022 financial year.

Our new Employee Value Proposition (EVP) is linked with our *'experience ambition'*. The experience ambition outlines how we aim experiencing working at Deloitte. Our reward package is determined in line with this EVP and Experience Ambition and again puts our values and themes at the center fairness, transparency and inclusivity have also been important drivers. Changes have been made in fixed, variable reward and in benefits.

Well-being

Our professionals' evaluation of their work-life balance emphasizes the importance of this theme. The pressure is experienced as high, certainly in the "busy season" (Q2 measurements). On the one hand, we have sought



to reduce the volume of work by (i) targeted acceptance and targeted termination of work, and (ii) standardization, centralization (regional delivery) and automation. On the other hand, we are focusing on making our professionals more resilient to internal and external pressure by, for example, providing coaching on project management skills.

This year’s score for work-life balance was 6.3, compared to 6.4 last year. This score points to the adverse effect of COVID-19 on well-being. On the one hand, our talent enjoyed the greater flexibility that resulted from not having to travel to and from work; on the other hand, however, they experienced virtual meetings as more tiring, and not everyone has optimal circumstances for working from home full-time.

During the past year, therefore, we focused on:

- Providing budgets to enable staff to buy the right equipment for working from home, and a monthly allowance for extra costs;
- Budgeting for indirect hours so as to make clear how many hours are available and how the professional will spend these hours (this was included in the development conversation at the start of the year);
- Arranging for workshops on health awareness and “brain-friendly working” and for energy programs in all our communities;
- Encouraging staff to get a proper rest by taking a holiday of at least three weeks;
- Introducing our Braid planning system to enable planners and community leaders to monitor assignment hours and traveling times more closely

and to generate more information for managing workloads more efficiently;

- Increasing our recruitment target for the 2021/22 financial year.

Bright start

During the year under review we developed a program to offer new recruits a bright start by combining a focus on developing professional skills with gaining broad insight into strategic developments within Audit & Assurance. After this onboarding program, recruits will follow “tasting” sessions to learn more about what Audit Transformation, Innovation, IT Audit, Culture, Data Analytics, Quality and Advisory entail. This will broaden their scope and provide a clearer basis for choosing the areas they want to focus on in the next few years of their careers.

Table: headcount & turnover	Headcount	Turnover
	20/21(19/20)	20/21(19/20)
Partner	70 (65)	2 (2)
Director	58 (62)	4 (5)
Senior Manager	129 (120)	21 (15)
Manager	194 (177)	48 (38)
(Senior) Staff	919 (900)	117 (107)
Total	1.370 (1.363)	192 (176)

Criteria: Average headcount & turnover within Deloitte Accountants B.V. over the previous 12 months at the year-end. This is including support but excludes headcount & turnover of employees in our non-Assurance practice.





What Deloitte Audit & Assurance brings to capital markets

Deloitte Touche Tohmatsu Limited (*DTTL or Deloitte Global*) serves a coordinating role for its member firms and their related entities by requiring adherence to policies and protocols with the objective of promoting a consistently high level of quality, professional conduct, and service across the Deloitte network.

Deloitte Global leadership

The Deloitte Global Audit & Assurance Leadership Team is led by Jean-Marc Mickeler, Deloitte Global Audit & Assurance Business Leader whose responsibilities include:

- Developing and driving Deloitte Global Audit & Assurance strategy;
- Setting audit methodology standards and approving audit policy and methodology changes with the objective of enhancing audit quality across the Deloitte network;
- Driving key audit quality initiatives and policies across the Deloitte network.

Entities Deloitte audits

As part of Deloitte Global Audit & Assurance’s commitment to supporting the capital markets, Deloitte is focused on auditing entities where it serves the public interest and where Deloitte has the capabilities to perform a quality audit with objectivity and in compliance with applicable ethical and professional standards.

Engagement acceptance and continuance

As a part of Transformation efforts, global initiatives are underway to foster a standard approach to audit engagement acceptance across the Deloitte network, resulting in consistent decisions and consideration of risks. This is including the use of a global acceptance center for certain cross border listed clients as well as a range of other public interest entities.

Deloitte Netherlands has detailed policies and procedures in place for accepting prospective clients and engagements and assessing engagement risk.

The process of client and engagement acceptance comprises five steps performed by practitioners, Lead Client Service Partners, relationship managers (the first two steps) and the RRL Office (the last three steps):

- Identification of prospective clients
- Client risk assessment
- Adding client data
- Background check
- Approval

These policies and procedures are designed to ensure that Deloitte Netherlands accepts engagements only where it:

1. Is able to perform the engagement and has the capabilities, including time and resources, to do so;
2. Can comply with all relevant ethical requirements and professional standards, including independence and conflicts of interest assessments and considerations;
3. Has considered the integrity of the potential client’s management team, as well as the provisions in the legislation on preventing money laundering and terrorist financing (*Wwft*).

Audit & Assurance Transformation

Being a relevant profession of the future and a sustainable practice that evolves with the pace of change in technology and society is critical. Driving this goal is the Deloitte Audit & Assurance Transformation initiative, which is currently being developed and deployed across the Deloitte network, including Deloitte Netherlands. Audit & Assurance Transformation is an important shift across the network in the way Deloitte professionals work.





Audit innovation

With The Deloitte Way, Deloitte is bringing innovation into the core of how our audits are executed: with automation that improves routine tasks, analytics that yield a deeper and more insightful view into the data, and artificial intelligence that enhances human discovery and problem-solving. As a result, clients get an experience that is less burdensome, with more transparency and deeper insight.

Innovation and technology enablement are an expectation in today's fast-changing business environment, and this expectation holds true for the audit profession as well. Today's complex business environment requires that the audit be dynamic, multidimensional, and insightful. There is a demand for real-time, relevant information, and clients expect audits to evolve as they innovate their businesses and processes. Deloitte Netherlands auditors are enhancing procedures by making more use of data-driven analytics, as well as cognitive and cloud-based technologies such as artificial intelligence (AI). This is due in part to the increased automation and effectiveness these provide, but also the need for Deloitte Netherlands to stay ahead of technological advances used by the entities that we audit.

Deloitte Audit & Assurance globally has invested—and continues to invest—hundreds of millions of euros to transform our audit business with innovations like Deloitte Omnia and Deloitte Levvia—the profession's first end-to-end, data-driven, globally integrated audit platforms. These platforms are cloud-based with the flexibility to seamlessly incorporate new technologies and processes, making them highly responsive to clients' evolving needs in the dynamic regulatory landscape. Further development, enhancement, and broad deployment of both solutions will continue over the next few years. Deloitte also has a global analytics platform, as well as an integrated suite of enabling innovation tools all connected in the cloud.



Environmental, social, and governance (ESG) reporting

To better assess the resiliency of corporate strategies to climate-related and other ESG matters, investors and stakeholders are seeking reliable and comparable information on the potential impacts of these matters. These matters could have implications on a company's financial accounting and reporting, in the context of the existing accounting standards and the financial statement audit. Companies follow financial reporting standards such as the International Financial Reporting Standards (IFRS) and US Generally Accepted Accounting Principles (GAAP). Auditors follow auditing standards such as those established by the International Auditing and Assurance Standards Board (IAASB), International Standards on Auditing (ISA), and Public Company Accounting Oversight Board (PCAOB) related to the audit of the financial statements. These standards require auditors to identify and assess the risks of material misstatement in the financial statements of the companies they audit, and design and perform audit procedures responsive to those risks. Deloitte is increasing awareness of the potential impacts of climate-related and other ESG matters on financial reporting through guidance, tools, templates, learning, and leading practices.

Corporate reporting of the future

In addition, market participants and broader stakeholders are calling for greater insight into corporate performance, specifically demanding enhanced transparency around ESG impacts and dependencies of a company's business model and strategy. Over time, many standard setters and other organizations have developed frameworks or standards for reporting metrics and ESG information for use by companies. However, currently there is no global enforcement mechanism or assurance requirements for consistent adherence or adoption. Deloitte supports the International Financial Reporting Standards Foundation's (IFRSF) proposal to establish a International Sustainability Standards Board (ISSB) that, alongside the International Accounting Standards Board and under the governance and oversight of the IFRSF, would provide a set of global standards.

There is a growing interest for companies to integrate climate-related and other ESG considerations into systems of internal control, enhancing the maturity of systems, processes, and governance over climate-related and other ESG information. Those charged with governance (e.g., Audit Committees, Boards) are moving toward incorporating ESG considerations in their oversight responsibilities of companies' management—companies' readiness, companies' management skillsets, and implementation of processes and controls to collect data.

Deloitte supports efforts to make publicly disclosed ESG information consistent, comparable, and reliable. Assurance provides a greater confidence in ESG information.

Deloitte supports the continued collaboration of all participants in the financial reporting ecosystem, working together to develop and implement common standards upon which to measure, disclose, and ultimately assure ESG information. Further, to help the world achieve the goals of the Paris Agreement, Deloitte has launched [WorldClimate](#), a strategy to drive responsible climate choices within the Deloitte network and beyond.





Coronavirus disease (COVID-19)

Deloitte's highest priority is the safety and well-being of its professionals. In this changing global environment as the impacts of COVID-19 continue to unfold, investors and stakeholders are looking to auditors more than ever to provide an independent opinion on companies' financial statements. Deloitte remains committed to this critical role and delivering the highest quality audits.

Entity management and auditors alike are affected by restrictions on travel and requirements to stay at home. With travel restrictions affecting entities' personnel and auditors, companies may obtain information in new or different ways. In addition, entity management is faced with significant uncertainty in making judgments to project future operating results and cash flows, going concern, and developing valuation analysis, etc. The financial reporting process likely requires careful analysis and further considerations of impact from management and auditors given the current environment.

All stakeholders of the financial reporting ecosystem must exercise significant judgment in this unprecedented and uncertain environment—governments, when projecting the length of closures; bankers, when deciding whether a loan can be repaid in full; management, when evaluating if a company can continue operating as a going concern and audit committees providing oversight of management; auditors, when assessing these judgments; and investors, when analyzing the available financial information in light of these unprecedented uncertainties.

Although the existing accounting frameworks have provisions for uncertainties, it is important for financial statement users and regulators to expect a higher degree of market and economic volatility in the near future.

Deloitte welcomes the public statements and guidance issued by regulators that recognize the current uncertainties and emphasize the importance of high-quality, forward-looking corporate disclosures. Importantly, some regulators have conveyed that good faith attempts to provide investors and other market participants with appropriately framed forward-looking information will not be second-guessed. There is benefit to the public for greater transparency from various financial reporting ecosystem stakeholders raising awareness about these issues. This includes providing more clarity on the responsibilities of management, audit committees, companies, auditors, regulators, and other stakeholders.

Deloitte's overarching strategic objectives are principles-based and remain unchanged (e.g., investments in quality, people, and technology), however, some related

processes have been modified or prioritized to factor in unanticipated changes due to the pandemic. Deloitte firms were required to implement monitoring and consultation processes to maintain high standards of quality and reinforce key areas of focus impacted by the implications of COVID-19.

Deloitte has been focused on setting the necessary tone for the historically challenging period that followed. From an audit risk perspective there was a continuous pressure on the risk of fraud, asset impairments, and going concern in certain industries. In some industries operational challenges manifested into financial reporting challenges, while other industries may be benefiting from the current environment.

The professional standards, Deloitte policies and guidance, strong consultation and specialist networks, and steadfast diligence continue to be the basis for Deloitte's execution of high-quality audits. Deloitte's global technology and infrastructure allowed for an agile and rapid response to the various impacts of the COVID-19 pandemic. Deloitte prepared for various contingencies in order to support changing needs and to support professionals during periods when they have been required to work remotely. Deloitte Global has launched and continues to maintain the Deloitte Global Audit & Assurance Technical Delivery Resource Center - a central location for all Deloitte professionals to access globally relevant and locally adaptable COVID-19-related audit resources and guidance. These responses have allowed us to continue to reinforce execution of the Deloitte audit approach throughout the pandemic.

Deloitte has also led global initiatives to understand the implications of working virtually for professionals, to provide them with support to enhance team collaboration and to consider new ways of working in a remote environment. Despite the virtual working environment, learning was successfully delivered to Deloitte professionals through virtual programs and we are using this experience to drive continuous improvement.

The transformation of audit execution in an increasingly dynamic work environment has led Deloitte to respond to the rapidly changing needs and requirements of the talent landscape. As Deloitte is organizing the return to the workplace in several countries, it is challenging its historical working methods and emphasize a hybrid working environment.

Going forward, Deloitte will continue to focus its efforts and provide a consistent audit experience in a way that embraces the evolving expectations of clients and professionals.



Government support (“NOW”)

Since March 2020 the Dutch government has been providing financial support to employers whose turnover has been adversely impacted by the corona crisis. This government support (NOW) has enabled employers to continue paying their employees on permanent and flexible contracts and thus preserve as many jobs as possible. The first tranche of the NOW support cost almost eight billion euros: as spending so much public money requires properly organized controls, audit protocols for the NOW support have since been developed and almost all audit firms have performed their first NOW audits.

Engagement acceptance

Although this support has been vital for the Dutch economy, Deloitte has remained critical on accepting NOW audits engagements from new clients, given that these audits have to be performed during a period of limited capacity. Additionally, the protocols for the NOW audits have proved to be complex, with multiple audit firms, including Deloitte, indicating them to be unnecessarily complicated.

Deloitte has therefore set up a NOW technical knowledge team, consisting of 29 colleagues from all service lines and offices, to answer questions from the teams performing

these audits. Deloitte is also participating in the NOW workgroups and NOW panel set up by the Royal Netherlands Institute of Chartered Accountants (NBA).

Ethical dilemmas and NOW

The NOW government support has also given rise to some ethical dilemmas, specifically regarding companies that have received financial support, but do not actually need it. Deloitte believes that auditors cannot simply walk away from such discussions. Attention has therefore been drawn to ethical issues on several occasions, while a sounding board group—the NOW panel—has been set up to support auditors in this regard.

The NOW panel has two aims:

1. To provide guidance to partners and directors on the principles to be applied in situations involving possible ethical dilemmas;
2. To act as a sounding board for auditors in specific cases.

The panel has also drawn up guidelines on, for example, i) fair fees, ii) discussing ethical dilemmas, and iii) teaming up with colleagues facing similar issues.

Multidisciplinary model (MDM)

MDM is an important contributor to high-quality audits. Auditors increasingly use the work of specialists in a number of areas, including to assist in their evaluation of accounting estimates and fair value measurements. This has been more important than ever as companies' financial statements were required to reflect the uncertainties presented by COVID-19. Financial statements may continue to grow in complexity due to new ESG considerations and other focus areas. Further, as big data utilization becomes more pervasive in line with other digital advances, the demand for data analysts and IT specialists will grow accordingly. Among the benefits of the MDM are:

- Possibility to develop industry insights through multiple lenses, which enhances auditors' understanding of business risks relevant to conducting audits.
- Immediate access for the audit practice to specialized resources in other business lines. This promotes audit quality because auditors can leverage the knowledge and experience of advisory professionals who are skilled in subjects beyond audit and assurance.
- A diverse organization helps attract and retain premier talent.
- Availability of intellectual capital within the network to innovate audit processes, technologies, etc.
- Parts of the business grow at different rates during various time periods across markets. Deloitte's MDM provides a safeguard against market volatility that is important to long-term viability of the network and makes significant investments in audit quality and innovation possible, even in times of financial pressures on the audit business.

Deloitte's response to COVID-19 demonstrates both resiliency in putting audit quality and the public interest first which is further supported by the significant benefits of the MDM. Each non-audit Deloitte business has a shared and vested interest in supporting audit quality initiatives and Deloitte's strategy to deliver high-quality, globally consistent service to clients.



Professional development and performance management

Deloitte culture and the design of learning programs place people at the forefront. Deloitte professionals are technically proficient with high levels of ethics, integrity, professional skepticism, and objectivity, and are continuously enhancing their skillset and experience.

Deloitte is committed to delivering an unrivalled talent experience, developing professionals, and furthering their careers by creating a life-long learning environment—advancing audit education, skillsets, and flexible career options that appeal to future auditors.

Deloitte professionals bring diverse backgrounds, knowledge, and skillsets that enhance capabilities as an organization in delivering the highest quality audits.

In addition, operational discipline, effective management of the business, and the development of a singular approach to doing audits known as The Deloitte Way, provide the foundation for Deloitte’s commitment to bring consistency to our audits.

Deloitte is driving a sustainable audit and assurance business that recognizes and rewards its people and ongoing investments in their future.





Learning and development initiatives

Deloitte's transformed approach to audit delivery is changing the audit experience for professionals. Audit teams are empowered by advanced tools and technologies and more extensive use of data analytics within a guided workflow to execute the end-to-end audit cycle. For Deloitte professionals, this means focusing on how the engagement is planned, executed, and managed consistently across the globe using forward looking techniques and capabilities. It also offers opportunities to enhance their technical and professional skillsets and competencies. For example, the following skills become more important—enhanced data analytics, project management, critical thinking, communication, enhanced professional judgment, and the application of accounting and auditing principles to work more effectively and deliver higher quality engagements.

Not only does Deloitte deliver value in more areas, but as capabilities and skillsets are enhanced, we build greater confidence and become ever-better evaluators of risk.

Deloitte has made substantial investments in talent and learning strategies and transformed the technical audit curriculum to build the refreshed skillsets and proficiency required by level:

- At the core, Deloitte has a single, global mandatory audit technical learning curriculum for auditors, targeting learners by level, using a dynamic blend of live instructor-led, digital on-demand courses, and on-the-job activities.
- All client service professionals have clearly defined role expectations and global Talent Standards outline the capabilities that are required of practitioners at each level.

Deloitte has also established specific learning opportunities for specialists working on audit engagements to support their knowledge and understanding of the audit process. Enhanced project management, a key capability for executing audit engagements, has been included in annual development programs which provide a blend of technical and soft skill learning development.

The objective of the Deloitte Netherlands professional development program is to help partners and practitioners maintain and enhance their professional competence and ensure consistency of audit execution. To supplement on-the-job development, Deloitte Netherlands provides formal continuing professional development programs in relevant subject areas consistent with the Deloitte Global Audit & Assurance Curriculum.

The 2020 global Audit Learning Curriculum that DTTL launched in December 2019 includes further reinforcing of Audit Learning and a significant expansion of the learning activities available to our employees.

The mandatory global Audit Learning Curriculum consists of e-learning, webinars and classroom courses. The classroom courses comprise:

- Milestone Programs:
 - Jump In
 - Go the Distance
 - Raise the Bar
 - Accelerate the Pace
 - Manager Journey
 - New Manager Transition Experience
- Audit Excellence (for ISA/PCAOB-accredited professionals)
- Internal Control & Fraud
- Project Management
- IFRS Learning
- Excel Analytics

The COVID-19 pandemic required changes to be made to the curriculum format between April and September 2020 in order for us to continue offering development opportunities. As a result, all the classroom courses were converted into virtual sessions on Zoom or Teams.

Audit Learning Experience 2020

Each year, the classroom courses in the global Audit Learning Curriculum are rolled out in the Netherlands via the Audit Learning Experience. However, COVID-19 meant that the past year was different. While all the classroom sessions were virtual, they were nevertheless still able to be given, as originally planned, during two two-week periods in early and late summer.

For our assistants and senior staff we arranged for three milestone programs – Go the Distance, Raise the Bar and Accelerate the Pace – to be given virtually. These coach-led programs are mandatory and designed for practitioners on ISA and PCAOB engagements.

The Audit Excellence program adopts a continuous learning approach, including just-in-time flexible learning and in-depth application workshops, with the overall aim being to equip participants to identify key issues and develop action plans to continue enhancing and driving audit quality.

Owing to the pandemic, the focus of the Audit Experience was on the global Audit Learning Curriculum. For training in “soft skills”, meanwhile, Audit employees were able to refer to the cross-function learning journeys, which



offered a wide variety of training opportunities throughout the year.

Attendance

Each year, client-facing Audit employees have to attend all that year’s mandatory training courses. The job levels applying during the reporting year were those as at April 1, 2020. Employees are given several opportunities during the two rounds of courses to participate in their mandatory training.

Attendance is monitored closely. The personal app made available to participants includes a scan functionality so that they can scan the QR code of each training course that they attend. Participants scan the code at the start and end of each training event, with the actual timing of the scan being recorded. All regulations on attendance, absence and no-shows can be found in the Audit Learning Cancellation policy.

Digital learning

Deloitte provides a number of learning resources to aid our professionals’ development and growth.

Harvard Business publishing gives our professionals access to The Harvard Business Review Channel, which offers 400+ short videos on a broad array of business topics, and the HMM portal with over 40 e-learning courses and online resources.

The LinkedIn Learning Platform is an ideal learning resource for increasing Deloitte professionals’ skills. It offers unlimited access to on-demand courses, consisting of bite-sized videos focusing on key topics of interest

GetAbstract is a book abstract/summary service that allows our professionals to read 5-page summaries of leading business books in a magazine-page format.

Skillsoft, a world-leading provider of business, IT and desktop e-learning skills, offers all Deloitte professionals free access to courses and books on a wide range of business topics.

Bizquiz – COS knowledge test

Audit employees in the Netherlands can voluntarily take part in the Bizquiz, a weekly online COS knowledge test facilitated by PPD. ‘Specials’ are also arranged on specific subjects. A stable average of around 400 colleagues fanatically participate in these battles on a weekly basis.

Learning hours

Deloitte Netherlands has established minimum levels of continuing professional development to be undertaken by

partners and other professionals within a specific period of time. These include a minimum of 20 hours of structured learning each year and 120 hours of structured learning in every three-year period (i.e., an average of 40 hours per year). To achieve these levels of development, Deloitte Netherlands offers structured, formal learning programs, such as internal or external courses, seminars and e learning covering all areas of the competency model (including shared competencies, function-specific technical competencies, and competencies in areas of specialization).

Table: learning hours	20/21	19/20
Mandatory technical hours	107	107
Average learning hours per headcount	130	146

Criteria: *The mandatory technical audit learning hours based on the curriculum provided by DTTL and the hours spent by Deloitte Accountants B.V. employees (partners and fee earners) on internal and external training courses as recorded in the financial administration during the reporting year.*

COVID-19

Looking ahead, we face both challenges and opportunities as a result of the continuing COVID-19 pandemic. There will be no physical Audit Experience in Nieuwegein during the 2021/22 financial year. Instead, all sessions will be given virtually, with the desired learning outcomes being achieved through a combination of live virtual training (on Zoom and Teams), webinars and e-learning.



Deloitte University

Deloitte actively cultivates the collective knowledge and skills of its professionals around the world by continuing to invest in Deloitte Universities. These are state-of-the-art learning and development centers focused on Deloitte culture and rooted in the principles of connectedness and leadership in a highly inclusive learning environment.

Deloitte University has evolved beyond The Leadership Center. There are now five other campuses globally: DU India in Hyderabad, DU D'Lideres in Mexico City, DU EMEA in Brussels, DU North in Toronto, and DU Asia Pacific in Singapore.

The Deloitte University curriculum is vital for the development of professionals within Audit & Assurance. It offers a variety of soft-skill training courses on, for example, (i) becoming a manager or senior manager, (ii) high-impact leadership, (iii) boardroom and negotiation skills, and (iv) programs tailored to specific industries.

Deloitte University EMEA (Europe, Middle East & Africa) has two locations: i) La Hulpe, Belgium and ii) Chantilly, France. In 2020, over 8,300 colleagues from all over Deloitte EMEA participated in one or more of the 119 different (online) offerings provided at these locations, involving over 1,050 facilitators from the various member firms.



Our contribution to academic research

The Foundation for Auditing Research ("FAR") represents a unique collaboration between the academic world and practice. The primary goal of the FAR, which was founded in 2015, is to provide the auditing profession with academic information on developing and improving audit quality. In seeking to achieve this important goal, Deloitte supports this foundation financially and also provides researchers involved in FAR projects with archival data and access to its professionals for research purposes. During the past financial year Deloitte collaborated in several projects, varying from survey-based research to archive-based research or combinations of the two. Deloitte gathered over 400,000 unique data fields for the archival-based research projects that it was involved in last year, spending over 3,500 hours on our contribution to academic research.

In 2018 Deloitte set up its own PhD research program to enable professionals to pursue a part-time PhD alongside their work. During their PhD research, on a topic of their choice, they have unrestricted access to all Deloitte data they consider relevant and are given a written guarantee that they will be able to perform their research independently. The program aims to enable these selected professionals to make academic knowledge available to Deloitte's audit practice, while also allowing them to utilize their own practical experience to contribute to academic literature. Four professionals are currently participating in this program: Frank Duijm since 2018, Rick Dekker and Ivan Hagenbeek since 2019, and Renske Evers since 2021.

Deloitte is also strongly represented in education, with multiple colleagues teaching at higher professional education institutions (HBO) or on university bachelor, master and post-master programs.

Audit & Assurance (A&A) Leadership appointments

Critical A&A Leadership roles are clearly defined. A role profile and key performance indicator framework provide a basis for consistent leadership appointment and evaluation across the Deloitte A&A network and align member firm and Deloitte Global A&A strategic objectives. Deloitte has introduced globally consistent standards for member firm A&A leaders, including A&A Business Leaders, A&A Quality Leaders, and A&A Risk Leaders through clearly-defined roles, responsibilities, and expected success outcomes. These inform objective setting and evaluation processes and reinforce Deloitte's culture of quality and excellence. Robust monitoring of succession planning is in progress to ensure Deloitte is developing and appointing the appropriate individuals with the capabilities to achieve these consistent standards.



Audit Quality Reward & Recognition

Execution of high-quality audits is expected from all professionals and is embedded across the Deloitte network. Audit quality is built into performance standards at every level, against which professionals' overall evaluations are measured.

Since the 2018/2019 financial year, the Global DTTL Audit Quality Reward and Recognition Program has distinguished "Foundational Audit Quality Behaviors" from "Exceptional Quality Behaviors" in the partner reward and remuneration model. Foundational audit quality behaviors are required of all professionals in order to execute high-quality audits. Demonstration of these behaviors is a basic or foundational requirement for continued participation in the performance of audits and includes topics such as ethics, integrity, having thorough knowledge of accounting principles and auditing standards, proactively managing compliance with independence requirements, receiving a compliant rating from an external/internal inspection and meeting archiving deadlines.

Exceptional audit quality behaviors go above and beyond the foundational quality behaviors that are required of our professionals and that are consistent with our values and core beliefs. In this spirit, we expect our professionals (i) to demonstrate courage in seeking to protect the public interest, (ii) to "run into the fire", using their expertise and experience to voluntarily assist partners/teams in difficulty and challenging auditing matters that arise, and (iii) to share and learn from mistakes. As stakeholders' expectations evolve over time, our partner reward and remuneration model encourages professionals (iv) to display agility and an adaptive mindset in developing innovative solutions contributing to high-quality audits, and (v) to build or develop deep knowledge/eminence and to teach or instill that knowledge in others.

Partner remuneration

In accordance with DTTL and North & South Europe policies, the performance of Deloitte Netherlands' partners is evaluated annually, and depending on the outcome of the evaluation, the remuneration of partners may vary. Specifically, partner evaluations take the following factors into account: i) audit quality (through for example the results of practice reviews and external inspections), ii) contribution to set objectives and competencies and iii) behavior expected of partners.

The remuneration received by a partner depends also on i) the equity group to which the partner is assigned, ii) the number of NSE units allocated to that partner and iii) on the value of each NSE unit.

The Equity Group and unit allocation is discussed and approved in a unit level meeting, a meeting of the Executive Board and Executive Committee, with involvement of the NPPD of the Audit & Assurance function and the Reputation & Risk Leader (RLL). The Remuneration Committee of the Supervisory Board performs a review of the meeting results to ensure recognizability, consistency and careful execution of the process. The Executive Board submits the unit allocation for all Deloitte Netherlands' partners for final approval by the Deloitte NSE Board. The value of the NSE unit is based of Deloitte's financial results and is determined after the end of each financial year.

The remuneration received by salary partners and directors consists of a fixed element, a variable element (profit-sharing) and, in the event of exceptional performance, a personal excellence bonus. The amount of the profit share is determined by three factors: the number of profit points for the job classification, the assessment score (including the multiplication factor) and the fixed value per profit point.

Claw back scheme

As part of the NBA recommendations 'In het Publiek Belang', Deloitte has a claw back scheme with a six year term applicable for equity partners who serve as external auditor and are involved in statutory audit engagements. These partners deposit a lump sum, or accrue an amount over six years from a reservation of profit amounts to one average annual profit share received during the most recent six-year period. If it becomes apparent, before the relevant expiration date under the claw back scheme, that the auditor made gross mistakes which are seriously culpable and which resulted in issuing an incorrect opinion for a statutory audit which in its turn resulted in damage to society, the amount accrued pursuant to this claw back scheme may not be paid out. Instead, the relevant auditor may lose all or part of his/her entitlement to this amount.



Deloitte's priority focus on audit quality

Deloitte's commitment to audit quality is central to everything we do, from instilling a culture of quality and excellence across the network, to business and financial priorities, and the processes, tools and technologies applied in the execution of audits. Making sure audit quality keeps pace with emerging economic, business, and regulatory conditions, as well as technological advances is critical to the continual enhancement of Deloitte's role in protecting the public interest and supporting the effective functioning of the financial ecosystem. Deloitte's brand is defined by the high-quality audits delivered and by the unwavering commitment to continuous improvement.





Young Audit Board in 2020/2021

Deloitte Netherlands maintains policies and procedures designed to promote an internal culture that recognizes that quality is our top priority. And one where our Young Audit Board – which has been in existence since 2013 – acts as a differentiator. The Board, a group of five ambitious young professionals, effectively acts as the voice of our next generation of auditors.

The Young Audit Board enables young professionals to lead the way in carrying out high-quality audits and seeking to create an environment with a healthy and open culture that people want to be part of.

Working together to make the profession more attractive means working together in a culture where young professional can continually develop within a future-proof Deloitte that is sustainably adapting to the changing environment.



How are we seeking to achieve this?

- By opening a conversation with policymakers in which we represent the voice of young professionals;
- By providing solicited and unsolicited input, insight and feedback to internal and external stakeholders and ensuring that attention is paid and follow-up given to our ideas;
- By taking leadership in submitting and implementing suggestions and solutions for improving the profession;
- By reporting on technical and other relevant audit topics for and to young professionals.

Opening the conversation

During the year under review, the Young Audit Board initiated a conversation with the Audit MT and our young professionals during the Strategy Calls. We challenged the Audit MT on its new audit strategy and provided opportunities for young professionals to ask questions. In this way, we are enabling young professionals to contribute both to their own future and to that of Deloitte.

We gathered input by actively reaching out for input from young professionals throughout the organization. This included activities during our Roadshow initiative, when we organized and facilitated eight sessions for each job level. The key topic at these roadshows was: Take control!

To help young professionals take control, we took a closer look at certain theoretical models and how to put these into practice. This input, from the job levels up to and including manager, provided valuable information for further strengthening our internal organization.

Providing solicited and unsolicited input, insight and feedback

We reflected on the input obtained at the periodic meetings held during the year with various stakeholders – including the Supervisory Board and the Audit MT – involved in managing the organization. This year we provided the Audit MT with a Management Letter, just like we do with our clients. As well as critically reflecting on our internal organization, this letter included suggestions for achieving improvements. The letter was shared broadly within the organization and is being used as input for various initiatives, such as the CultureDate, for further reinforcing our organization.

Taking leadership and reporting to our young professionals

At the start of the year the Young Audit Board identified the following key areas (“our pillars”) we want to contribute to:

Innovation

In November 2020 the Young Audit Board organized the Tech Event, which aims to inspire our young professionals to make our audits better and smarter and to



differentiate through innovation. The various workshops held during the event created a learning environment where young professionals could familiarize themselves with tools for use in their day-to-day work and be empowered to innovate.

Personal development

Personal development is essential for challenging our young professionals and ensuring they remain engaged and enthralled. We on the Young Audit Board want to reinforce a mindset in which everyone's personal development stands central. The action we took to promote this during the past year included organizing two workshops for our community leaders.

In addition, we organized the Buddy Days in September and February as part of the onboarding weeks. We welcomed our new hires by providing them with a starter kit containing all the information they need to kick-start their careers.

Quality

Quality is our license to operate. During the year we supported young professionals in delivering high-quality audits by publishing an audit manual taking them through the process step by step. We also summarized valuable outcomes from internal inspections in the Insights for Young Professionals so as to help create a learning organization.

As well as a Young Audit Board member being intensively involved in one of the Kwartiermakers working groups, we combined forces with Young Audit Boards from other audit firms in the public debate.

In December 2020 we hosted a College Tour event with Marco van de Vegte, chair of the professional body NBA. A group of enthusiastic young professionals virtually attended the event, where Marco spoke about changes in the audit practice and his role at the NBA.

Culture

Throughout the COVID-19 pandemic, we have acted as a sounding board for Deloitte's young professionals. As well as actively engaging in discussions about concerns and challenges in COVID times, we confidentially discussed the input with the Audit MT and plotted out actions to improve our organizational culture and quality.

We also actively participated in the *CultureDate* and the working groups set up as part of this initiative, with our role being to represent the voice of young professionals and to empower change by challenging the impact of action taken.

Get ready, go!

We remain committed to achieving our mission and vision in the upcoming audit season, when the topics on our agenda will continue to include quality, transformation, culture and personal development.



Leadership commitment and tone at the top

Deloitte’s culture of quality and excellence begins with strong tone at the top, starting with senior leadership through to the leaders in all our offices and audit engagements. Deloitte’s focus on audit quality is evident through the direct involvement of leaders across activity levels and consistent messaging that reinforces the importance placed on audit quality. Deloitte’s relentless pursuit of quality defines not just what we do, but who we are.

Independence, objectivity, and professional skepticism

The execution of high-quality audits requires independence, objectivity, and professional skepticism. This means a continuous and tangible focus on Deloitte’s critical role in protecting the public interest, including creating a culture of quality, where doing the right thing is of paramount importance. As evaluators, Deloitte employees consistently reinforce the importance of maintaining a mindset of professional skepticism throughout our work. This approach to the audit is reflected in many aspects of Deloitte’s policies, methods, procedures and learning, and is reinforced through quality control and accountability measures.

Audit approach

Deloitte’s approach to a high-quality audit involves an audit methodology, common across the Deloitte network, supplemented by audit tools for use by our professionals to plan, perform, supervise, review, document, conclude, and communicate the results of each audit. Deloitte’s audit approach is underpinned by professional standards.

This audit methodology is dynamic—it evolves continuously to keep pace with the changing demands of investors, companies, and other stakeholders. It recognizes that advances in the availability and management of large data sets and in statistical science are relevant to continuing to enhance the quality of Deloitte audits.

Deloitte audit methodology is risk-based, focusing on the financial statement account balances, disclosures, and

underlying assertions that have a reasonable possibility of being materially misstated.

Processes to support Deloitte professionals in the execution of high-quality audits

The resources applied by Deloitte professionals in the performance of their audits include the proprietary tools, guidance, materials, and practice aids used in conducting audits, which are available to all our professionals in the Deloitte Global Technical Library, an extensive online library. Deloitte regularly issues accounting and auditing guidance to our professionals and communicates developments that may affect audit quality.

Consultation

Quality and risk management considerations are integral to Deloitte’s audit business. That is why Deloitte views consultation as an essential, collaborative process—one that helps determine the most appropriate answers to complex questions. Deloitte consultation policies require conclusions to be documented, understood, and implemented. In addition to formal consultations, engagement partners and teams needing additional information or perspectives are encouraged to seek assistance from the Audit Quality team, or from others in the organization with specialized knowledge.

Table: Consultations	20/21	19/20
Audit	599	641
Reporting	65	151
Legitimacy	6	9
Total	670	804

Criteria: *The number of written mandatory and non-mandatory consultations submitted to the PPD in the financial year. Where a consultation relates to more than one advice category, it is classified on the basis of the category to which the query primarily relates. “Consultations” are formal queries from professionals on interpreting legislation, regulations and procedures in the field of audits and reporting.*



System of quality control

Deloitte believes an effective system of quality control is crucial for the consistent performance of high-quality audit engagements and we continue to make significant investments in the people, processes, and technologies that underlie Deloitte’s quality control processes.

Regulators and standard setters in the Netherlands and globally are also focused on driving further improvements in firms’ systems of quality control. In December 2020, the IAASB released its new, revised suite of quality management standards, including International Standard on Quality Management 1 (“ISQM 1”). With effect from December 15, 2022, ISQM 1 will focus on quality management at the firm level.

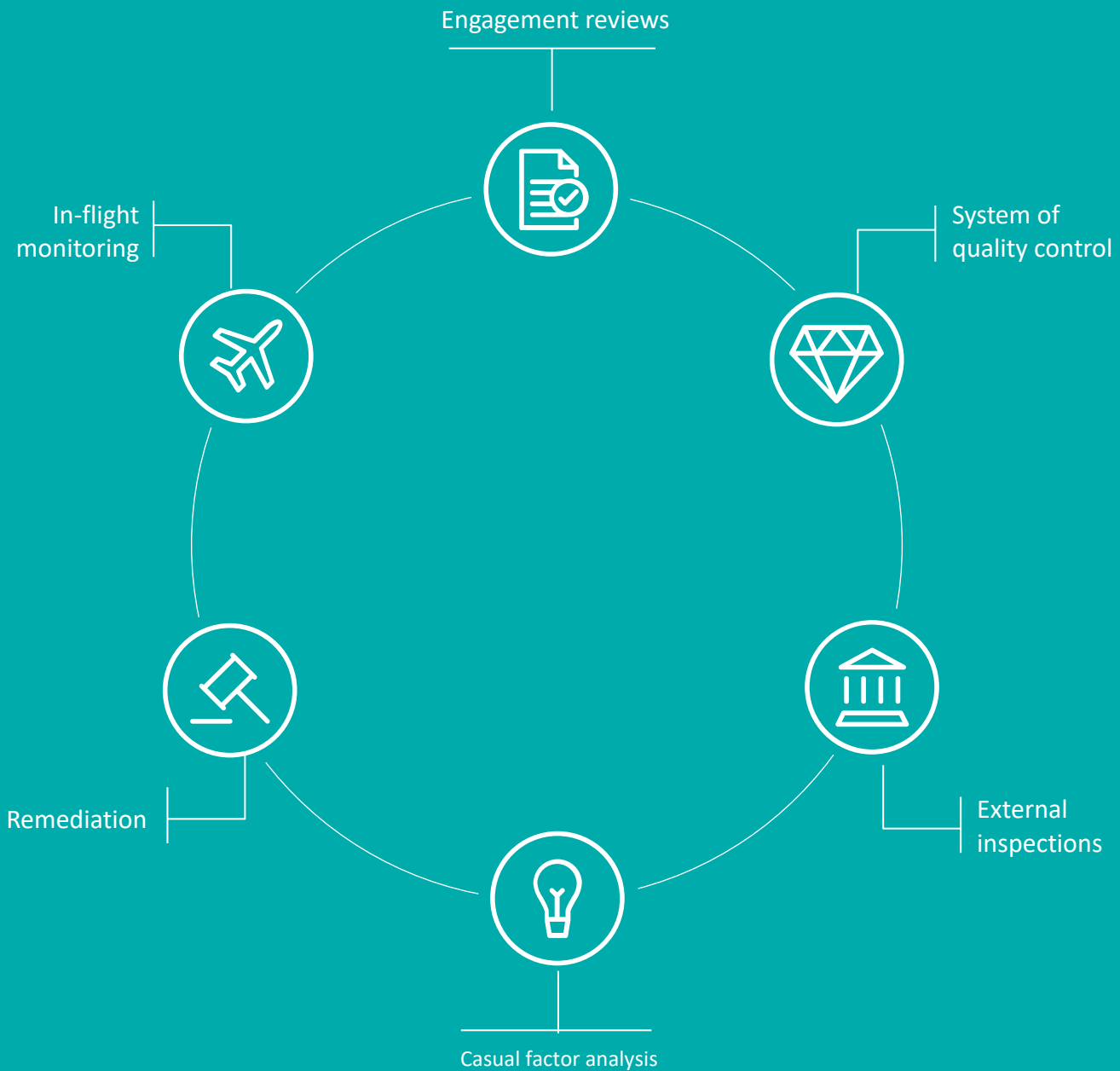
Deloitte’s ISQM 1 implementation activities are well underway, working with leaders across Deloitte Netherlands, as well as the broader network, to further enhance our proactive approach to managing the quality of engagements performed, identifying and addressing risks to audit quality, and driving continued advancements in quality control processes.

Consistent with Deloitte’s culture of continuous improvement and innovation, these standard-setting activities provide the opportunity to challenge ourselves by examining those areas where we can further support and transform the system of quality control. Audit quality is always front and center, and robust audit quality monitoring and measurement processes play an integral role in our ability to continually improve.





Audit Quality Monitoring & Measurement





External and internal audit quality monitoring

Audit Quality Monitoring & Measurement

A continued focus on audit quality is of paramount importance to the Deloitte brand. It is critical for all the stakeholders in the financial ecosystem that a Deloitte audit is consistently executed and of high quality, wherever in the world it is performed. The objectives of the Deloitte Global Audit Quality Monitoring & Measurement (AQMM) program are to:

- Transform the way audit quality is monitored and measured and audit deficiencies are resolved; and
- Enhance the internal system of quality control which all Deloitte network firms follow

The AQMM program is focused on driving:

- Continuous, consistent, and robust monitoring of completed and in-flight engagements
- Fundamental understanding of deficiencies and timely execution of corrective actions by all member firms consistently
- Greater transparency and consistency in reporting key measures of audit quality



In-flight monitoring

Continuous audit quality monitoring by Deloitte Netherlands drives a faster response to audit issues on “in-flight” engagements, driving identification, timely solutions, and real time corrective actions achieved by:

- Deployment and monitoring of a series of core diagnostics, enabling engagement partners and teams, as well as Deloitte Netherlands audit quality leader(s) to continuously monitor audit quality and take immediate action.
- A program of subject matter specific “health checks” to assist Deloitte Netherlands audit quality leader(s) in assessing progress and identifying potential issues on in-flight engagements.
- Performance reviews of live engagements which allows Deloitte Netherlands to proactively identify and remediate any quality issues throughout the audit.

- In-flight monitoring results are evaluated overall to determine whether additional communication and support is needed for audit engagement teams with respect to adherence to the audit methodology or updates thereto.



Engagement reviews

Key components of engagement reviews (internal practice reviews) include:

- Risk-based engagement selection and consideration of all major industries served by Deloitte Netherlands.
- Mandatory moderation panel to drive consistency in findings and engagement ratings.
- External partners and deputies who oversee practice reviews to drive global consistency.
- Identifying appropriate resources (from within Deloitte Netherlands as well as from other Deloitte geographies) with the right experience and industry knowledge, including establishing central review teams.

In 2020/2021 a total of 22 files (2019/2020: 33 files) were inspected internally. These included archived files as well as files relating to ongoing engagements (in-flight). A total of 17 archived files were inspected in 2020/2021 (2019/2020: 28 files). Two of these files were rated “non-compliant” (2019/2020: 1 file), while four files were rated “improvement required” (2019/2020: 5 files).

Internal inspections of archived files	20/21	19/20
Statutory audits	14	21
<i>Of which, PIE audits</i>	3	4
Non-statutory audits	3	7
Total	17	28

Criteria: The publication of the final inspection results is leading in attributing an internal inspection to a financial year.



Five in-flight inspections were held in the 2020/2021 reporting year (2019/2020: 5). Two of these files were rated “minimal intervention” (2019/2020: 3), while one was rated “moderate intervention” (2019/2020: 2). Two file reviews were stopped and not finalized in 2020/2021 because of illness of a senior member of the audit team.

Internal inspections (in-flight)	20/21	19/20
Statutory audits	4	5
Of which, PIE audits	1	2
Non-statutory audits	1	0
Total	5	5

Criteria: The publication of the final inspection results is leading in attributing an internal inspection to a financial year.

Engagement Quality Control Reviews (EQCR)

Internal inspections in previous years showed that our policies on Engagement Quality Control Review could be improved. Taking this into consideration, the EQCR plan for 2020-2022 was built around our assessment of quality risks (“What could go wrong?”), our proposed responses to these risks and our monitoring activities. Our initiatives are concentrated around the Deloitte Conditions for Success: i) Recognition and reward; ii) Audit workload; iii) Client quality and profitability; iv) Workflow and sequencing, and v) Investment in quality. We continued our focus on the robustness of EQCR procedures applying to (i) engagements for public interest entities (PIE) and (ii) other complex engagements with an increased risk profile due to their nature, size or complexity.

In terms of hours, we observed that the number of EQCR hours compared to the number of team hours showed a significant increase compared to the previous year (2,7% in 2021/2020 compared to 1.6% in 2019/2020).

EQCR performed & hours spent	20/21	19/20
Mandatory EQCR (OKB)	135	202
Voluntary EQCR	589	290
# EQCR on statutory audit	724	492
% of hours spent on EQCRs for statutory audits with EQCR	2,7%	1,6%

Criteria: Total number of EQCRs and hours spent (based on hours registered in financial administration) for statutory audits with a normal, greater than normal or much greater than normal assignment risk.



System of quality control (SQC) review

The SQC review comprises numerous elements, including documenting key areas of the SQC processes and controls and performing procedures for testing the operating effectiveness of the SQC, as well as executing a comprehensive SQC review program. Deloitte is also preparing for the future by focusing on readiness activities for monitoring related to implementation of ISQM1. These preparations are further advancing quality control processes and the approach to monitoring, as well as strengthening our culture of seeking to continually improvement.

Audit Quality Indicators (AQIs), used in conjunction with other metrics, further assist Deloitte Netherlands in developing and monitoring audit quality action plans and reporting on the progress in its audit quality journey. AQIs are integrated with ongoing AQMM activities.

In addition, proper timing and sequencing of audit activities, including timely reviews of work performed and the resolution of matters identified, are closely associated with high-quality audits. Audit Quality Milestones are intended to drive the consistency of engagement teams in project management and the timing of when work is done, as well as ensure the necessary focus on engagement staffing, including sufficiency and the skills, knowledge and experience of assigned resources.



Causal factor analysis and remediation

Continuous improvement is essential to Deloitte’s culture of quality and excellence. Understanding why audit deficiencies occur is critical to the design of effective actions to remediate findings. Action is also taken if any audit deficiencies are identified during the performance of an engagement. Engagement-level remediation is imperative for driving continuous improvement in audit quality and avoiding similar findings in the future. An audit quality plan is prepared by Deloitte Netherlands and provides for effective implementation and monitoring of key audit quality priorities.

In 2021/2020, one set of financial statements (for the 2017 financial year) audited by the organization was found to contain a fundamental error (2019/2020: 1).



External inspections

In addition to Deloitte Netherlands' own monitoring of audit quality, we are subject to external inspections by the Royal Netherlands Institute of Chartered Accountants (NBA), the Dutch Authority for the Financial Markets (AFM), the US Public Company Accounting Oversight Board (PCAOB), the Dutch Central Government Audit Service (ADR) and the Dutch Ministry of Education, as summarized in the table below. The external inspections performed by the AFM, PCAOB and NBA are not performed annually.

In March 2021 the PCAOB published [its final result](#) of the inspections performed of audits in 2019. A total of three files and our system of quality control were inspected. The PCAOB reported an audit with a single deficiency (on revenue) and one instance of non-compliance with PCAOB Rule 3526, communication with Audit Committees Concerning Independence. Deloitte has evaluated the matters identified and taken action in accordance with PCAOB standards to comply with our professional responsibilities.

In the 2020/2021 reporting year, the AFM conducted inspections on audit files as part of an investigation into the system of quality control and internal supervision. Three files were inspected on specific focus areas. Although the AFM has not yet formally published the outcome, Deloitte is confident that it will be positive.

In 2020/2021 Deloitte was also subject to inspections by the Dutch Central Government Audit Service (ADR) and the Dutch Ministry of Education. All seven files subject to inspection combined were graded "compliant".

External inspections	20/21	19/20
AFM	3	n/a
PCAOB	3	n/a
SISA (incl. WNT)	1	1
Ministry of Education	6	5
NBA	n/a	n/a
Total	13	6

Criteria: The publication of the final inspection results is leading in attributing an inspection to a financial year.



Anti-Money Laundering (AML)

Deloitte expects its auditors to be fully committed to acting in the public interest, particularly with regard to issues related to fraud, corruption, non-compliance with legislation and regulations, and anti-money laundering. This means not only having a critical mindset, but also upholding professional standards when facing high-pressure, challenging matters. This behavior is key both for our young professionals and for our more experienced auditors. We consequently target our efforts at each separate level within the organization. One example of these efforts was the masterclasses that were organized for (junior) managers. These masterclasses were held twice during the year (in both Dutch and English) to provide our practitioners with in-depth information on fraud and anti-money laundering.

The number of unusual transactions reported in 2020/2021 was lower than in the previous year. This was caused by: i) the removal from legislation of the objective indicator during reporting year 2019/2020; (ii) a number of clients improving their internal procedures, and thus preventing these reports from happening, and (iii) our terminating of our relationship with some audit clients.

Unusual transactions reported	20/21	19/20
Number of unusual transactions reported	171	285

Criteria: The number of unusual transactions reported by Deloitte Accountants B.V. to the Financial Intelligence Unit (FIU).





Overview of incidents and complaints

Incidents in 2020/2021

In 2020/2021 Deloitte reported one incident to the AFM. This related to an independence threat in the audit of a public interest entity as a result of an online workshop on digital analytics being provided by Deloitte Consulting B.V. This qualified as the provision of non-audit services to an entity we audit. We discussed the situation with the entity's Supervisory Board and informed the AFM accordingly. The Supervisory Board agreed on the measures, as well as on our conclusion that, based on the facts and circumstances, our objectivity, integrity and professional skepticism had not been compromised. We received an instructive letter from the AFM on compliance with standards ("norminformerend") in this respect.

Steinhoff (reported in 2017/2018)

In February 2021 agreement was reached with Steinhoff on the support by Deloitte of the Steinhoff shareholder settlement offer with an additional settlement compensation. In the following months, additional compensation offers have been made by the D&O insurers of Steinhoff. The additional settlement offer by Deloitte is supported by a number of global shareholders representatives including the VEB. Steinhoff initiated SOP ("suspension of payment; surseance van betaling") proceedings in the Netherlands and equivalent proceedings in South Africa aimed at creditor voting on the shareholder settlement offer. These proceedings are still pending.

Following the acceptance by VEB of the Deloitte shareholder compensation offer the pending litigation of VEB against Deloitte Accountants BV was terminated.

The litigation by a number of shareholders against Deloitte Accountants and several other defendants, including Steinhoff and existing and former Board members of Steinhoff before the Dutch Court as reported in the 2019/2020 Transparency Report is still pending.

In 2020/2021 the AFM filed disciplinary complaints against the auditor who signed the audit opinion on Steinhoff's 2015/16 accounts, following the findings of the AFM in the AFM investigations.

In July 2021 the Disciplinary Court has awarded all allegations by the AFM relating to the 2015/16 audit with a sanction for the auditor of temporary suspension of 3 months. The auditor has filed an appeal against this judgment.

Complaints procedure

Recourse was sought to the Deloitte Netherlands complaints procedures on seventeen occasions during the 2020/2021 financial year (2019/2020: 16). Two of these cases were internal complaints. One of these concerned a secondary employee benefit (company fitness facility), while the other was an integrity-related issue. The first was resolved with the help of the Talent organization, while the second was investigated and found not to be justified.

Complaints	20/21	19/20
Internal complaints	2	8
External complaints	15	8
Total	17	16

In addition, fifteen external complaints were registered. Seven of these related to the Audit function (Deloitte Accountants B.V. or Deloitte MKB Accountants & Advies B.V.) Two of these seven complaints were not effectively audit-related and were either not dealt with (which was communicated to the complainant) or resolved differently by the Complaints Committee. Of the four audit-related complaints, two were resolved by the function, while one was found not to be justified, and the other is pending. The seventh complaint was made by another audit firm and concerned the offering of services to one of their clients; this complaint was resolved amicably.

Two external complaints were facility-related; one of these was resolved by Deloitte's Facilities department, while the other was not Deloitte-related and the complainant was redirected to the landlord's facilities manager. Two complaints regarding the recruitment process were remedied, after internal referral, by our Talent organization. One complaint regarding tax advice given was investigated and found not to be justified. One complaint was social media-related and resolved amicably. One complaint concerned a private matter (a rental issue) and was dealt with through the Complaints Committee. In the last of the fifteen external complaints, relating to alleged harassment by a Deloitte employee on social media, an investigation was unable to establish any link with a Deloitte employee.

Civil proceedings

No new civil proceedings were instituted against Deloitte Accountants B.V. during the 2020/2021 financial year.



Lessons learned from deficiencies and good practices

We believe in the concept of continuous improvement and recognize the value of insights derived from deficiencies identified through the internal monitoring procedures in our Audit Quality Monitoring and Measurement (AQMM) program. The questions raised in our consultation process, as well as findings from internal and external reviews, the results of the causal factor analyses we perform, and themes identified during engagement quality reviews also provide us with detailed insights. It is these insights that help our professionals to reflect and learn in an ongoing effort to improve our products, services and processes. To enable our professionals to benefit from such lessons, we centrally log occurrences in situations where we conclude that compliance with the requirements of the Audit Firms Supervision Act could be enhanced, as well as logging details of the good practices we encounter. This log is a standardized source of information that can be used for performing causal factor analyses and as input for developing training materials and coaching programs. In a

combined meeting with the various process owners of our AQMM program we then determine the steps to be taken in accordance with our Plan-Do-Check-Act (PDCA) cycle.

In seeking to create a learning organization, we differentiate systematic, repetitive and other significant deficiencies from deficiencies of a more isolated character or that are clearly trivial in nature or impact. By communicating lessons learned, the next steps and our considerations in this respect, we aim to create an environment where professionals feel free to discuss the concept of audit quality, to openly share potential dilemmas in day-to-day practice and to help each other to do the right thing from a public interest perspective. We use our digital platforms (specifically our intranet, webcasts and our Technical Library) to communicate the lessons learned. During the reporting year we also organized specific office visits, including learning and coaching sessions, a seasonal flyer and our weekly BizQuiz to share lessons learned.





See below for a selection of examples from our consultations process, as well as findings from reviews.

Theme	Explanation	Actions taken
Accounting		
Disclosure of board remuneration	<ul style="list-style-type: none"> A non-standard remunerations scheme was inadequately disclosed. 	<ul style="list-style-type: none"> We made amendments to our internal guides and published an article in our bi-monthly Lessons Learned flyer by the team that encountered the issue.
Audit		
Risk assessment	<ul style="list-style-type: none"> Our internal inspections found that risks of material misstatement were sometimes described too generally, thus increasing the likelihood that planned further audit procedures would not be appropriately tailored (i.e., would not be sufficiently responsive to the risk existing). 	<ul style="list-style-type: none"> We facilitated a mandatory learning course on this topic and communicated expectations regarding the thoroughness of risk assessment in our bi-monthly flyer so as to raise awareness of various technical matters. Our annual coaching program includes risk assessment coaching on a risk-based selection of audit engagements. We also developed a separate e-learning module on data analytics to support our risk assessment with a fact-based analysis.
Fraud	<ul style="list-style-type: none"> We noted that, in some cases, journal entry testing (part of the mandatory audit response to the presumed risk of material misstatement due to management override of controls) lacked sufficient focus and rigor, thus making the procedures designed to reduce the risk of fraud less effective. 	<ul style="list-style-type: none"> We released a guide specifically aimed at journal entry testing and facilitated a training session for all audit professionals on this particular topic. The material includes detailed information on expectations and examples of the proper scoping of these procedures, as well as mentioning common pitfalls related to the execution of procedures.
Internal controls	<ul style="list-style-type: none"> Our internal reviews identified scope for improving the operating effectiveness of our audit clients' internal controls. 	<ul style="list-style-type: none"> For a variety of valid (technical) reasons, audit teams do not always test, and instead often rely on, the operating effectiveness of clients' internal controls. Acknowledging, however, the public interest in this respect, we have raised the bar concerning our expectations of the demonstrable effectiveness of clients' internal controls. This has been translated into a strict requirement for consultation if audit teams do not intend to rely on the operating effectiveness of revenue-related controls. As part of our annual coaching program, we also provide internal control coaching on a risk-based selection of our audit engagements to ensure that we maximize efforts to increase the effectiveness of clients' internal controls.
System of quality control		
Consistency in execution of Engagement Quality Control Review (EQCR)	<ul style="list-style-type: none"> Consistency in execution of EQCR is important and an area of improvement, based on internal deep-dives and external inspections. 	<ul style="list-style-type: none"> We continue to do deep-dives on EQCRs executed; We have updated the template documentation used by our EQC reviewers; We organize specific EQCR academies for our EQC reviewers.
Overdue timing of engagement level remediations (following internal reviews findings)	<ul style="list-style-type: none"> We identified instances where remedial work was not finalized in good time. 	<ul style="list-style-type: none"> Timely realization is monitored on a monthly basis, and adherence with deadlines for timely realization has become a formal element in the performance evaluations of our partners and directors.
Adherence to audit milestone dates (staging of the annual audit)	<ul style="list-style-type: none"> Delays were noted in the adherence to pre-set (generic) audit milestone dates. 	<ul style="list-style-type: none"> Audit milestones dates are now pre-set for each partner and director, and adherence to audit milestones has become an element in their performance evaluations.
Lessons learned	<ul style="list-style-type: none"> The "time-to-market" of sharing lessons learned was considered too long. 	<ul style="list-style-type: none"> We have introduced a bi-monthly flyer that includes lessons learned from our internal inspections and consultation processes. In this way, information on good practices and areas where we can improve is now being shared more frequently.



Audit Quality Indicators

Table– Distribution of relative expenditure of time for P/D hours

	2021/2020	2020/2019
Leverage on audit assignments by the number of partner/director hours as a percentage of the total number of hours	6.0%	6.2%

Criteria: The hours recorded for partners and directors in the financial administration for statutory audit engagements of Deloitte Accountants B.V. in relation to the total number of hours recorded for these engagements. The hours recorded include hours spent on these engagements by other Deloitte Netherlands businesses contributing their expertise to audit engagements.

Table – Hours per FTE spent on audit and other engagements in total and by position

	2021/2020			2020/2019		
	P/D	(Senior) Manager	Other	P/D	(Senior) Manager	Other
Hours spent on audit assignments	620	789	954	614	749	924
Hours spent on other assignments	271	393	401	277	391	382
Total direct hours per FTE	891	1,182	1,355	890	1,140	1,306

Criteria: The hours recorded per FTE (from Deloitte Accountants B.V.) in the financial administration, divided between activities on statutory audits and other activities. Recorded hours of other Deloitte companies are excluded.

Table: Specialists deployed during PIE and non-PIE audit assignments

	2020/2021		2019/2020	
	PIE	Non-PIE	PIE	Non-PIE
Risk Advisory (including IT audit)	13.3%	7.0%	10.4%	5.5%
Tax & Legal	1.4%	0.6%	1.3%	0.7%
Financial Advisory	3.2%	1.9%	2.6%	1.7%
Miscellaneous	n/a	0.1%	0.5%	0.1%

Criteria: The hours of specialists, based on the company that provides support to the audit assignment, recorded in the financial administration and divided between activities on statutory Deloitte Accountants B.V. audits on PIE and non-PIE engagements. The hours calculated include hours spent by specialists on sub-assignments set up in other entities linked to the statutory audit performed by Deloitte Accountants B.V.



Independence, ethics, and additional disclosures

Deloitte Global Independence



Sets **independence policies and procedures** based upon the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and the independence standards of the US Securities and Exchange Commission and the Public Company Accounting Oversight Board. Performs full reviews of independence quality controls on a three-year cycle; provides an annual focused review program to be performed by member firms as part of their Audit Practice Review for the off-cycle years; and performs in-depth follow-up reviews as needed.



Performs **on-going monitoring** activities of firms—enabling continuous enhancements to global policies, quality controls, tools, and practice support activities.



Delivers **global systems** to provide professionals with entity information to support compliance with personal and professional independence requirements, including financial interests and scope of service approvals.



Supports **independence awareness** across the Deloitte network through active engagement with independence and business leadership groups, periodic communications and alerts, and development of guidance, learning and instructions.

Deloitte Netherlands Independence

Deloitte Netherlands has policies and procedures designed to address compliance with applicable professional standards that relate to independence. These policies and procedures are based on the Deloitte Global Independence policy, and are supplemented, as appropriate, to reflect additional national or regional requirements that may be more restrictive than Deloitte Global policies. For the Netherlands the supplemental independence requirements are Regulation (EU) 537/2014, the Audit Firms Supervision Act [Wet toezicht accountantsorganisaties, Wta], the Audit Firms Supervision Decree [Besluit toezicht accountantsorganisaties, Bta] and the Dutch Regulation on Auditor Independence [Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten, ViO].

Deloitte Netherlands leadership reinforces the importance of compliance with independence and related quality control standards, thereby setting the appropriate tone at the top and instilling its importance into the

professional values and culture of Deloitte Netherlands. Strategies and procedures to communicate the importance of independence to partners, other professionals, and support staff have been adopted, emphasizing each individual's responsibility to understand and meet the independence requirements. The Director of Independence is responsible for overseeing independence matters within the member firm, including the design, implementation, operation, monitoring, and maintenance of the system of quality control related to independence.

- The key elements of the system of quality control that Deloitte Netherlands implemented in accordance with global independence policies include the following:
- Engagement acceptance and monitoring
- Monitoring long association of partners and professionals with audited entities
- Business relationship assessments and monitoring
- Use of independence business process tools, including the Deloitte Entity Search and Compliance (DESC) system, the Service Request Monitoring (SRM)



application, and the Global Independence Monitoring System (GIMS).

- An Inspection & Testing program, and annual and special purpose independence confirmations, to monitor individuals’ compliance with independence requirements
- Consultation processes including the identification of individuals who are to be contacted for independence matters
- Procedures to identify and analyze non-compliance with independence requirements and apply related disciplinary measures and actions
- Independence-related learning and communications
- An internal review of independence compliance was conducted during the year.



DESC
Deloitte Entity Search and Compliance

Global, searchable database containing specific entity information relevant in determining personal and professional independence restrictions



SRM
Service Request Monitoring

Application integrated with DESC that provides a standard business process workflow for submitting and reviewing preapproval requests to provide services to clients



GIMS
Global Independence Monitoring System

Application that contains financial relationship data with relevant independence compliance indicators

Long association requirements of audit partners and professionals

Deloitte Netherlands complies with the applicable rotation requirements of the Wta, ViO, IESBA Code of Ethics and the US Securities and Exchange Commission, where required.

Monitoring of rotation requirements and overall threats to independence arising from the long-term association of senior members of the audit team is an integral part of the independence practice reviews performed on a selection of audit files. Approval from the Director of Independence is required if a member of the Audit/Assurance team has been involved in a senior role in the provision of assurance services to the Audit/Non-audit Assurance Client and/or its affiliates for seven or more consecutive financial years and the engagement team concludes that there is no independence threat.

Monitoring of long association for Partners and Key Audit partners is in place for PIEs.

Inspection and testing procedures of personal independence

Deloitte performs an annual assessment on a selection of partners, directors and senior and other managers in order to establish whether they observe the independence rules and compliance requirements relating to personal independence. All individuals holding a leadership position are tested annually. Based on the DTTL requirements, all partners and directors are assessed at least once every five years. On an annual basis, in accordance with DTTL instructions, a percentage of the senior and other manager population is tested. Additionally, Deloitte performs inspection and testing procedures on all candidates for partnership and directorship and for new hires. The Director of Independence annually reports the outcomes of these procedures to the Reputation & Risk Leader, the Executive Board, the Supervisory Board and DTTL Global Independence.

Firm transactions

Deloitte Netherlands has policies and procedures in place to ensure—among other things—that potential independence concerns related to transactions, such as acquisitions or divestments, are identified and resolved in a timely manner. During FY21, there was one Geography Firm transaction. Deloitte has announced in May 2021 its acquisition of Iperion Life Sciences Consultancy, a Netherlands-based life sciences group.

Compliance with applicable policies

Deloitte Netherlands has a disciplinary policy targeting non-compliance with internal and external independence policies or procedures. During 2020 Deloitte Netherlands performed 232 personal independence assessments of partners and employees (2019: 242 assessments). The findings involved instances of non-compliance with the applicable internal policies on timeliness and accuracy of the registrations in the Global Independence Monitoring System. An external inspection had similar findings. Deloitte Netherlands did not find any breaches of external independence rules.

In 2020/2021 Deloitte reported one incident to the AFM which related to an independence threat in the audit of a public interest entity. For further information we refer to the “External and internal quality monitoring” section in this report.



Ethics

Deloitte Netherlands maintains policies and procedures that build on the global policies and are designed to provide reasonable assurance that its professionals comply with relevant ethical requirements.

The ethical requirements for audit and related assurance services provided by Deloitte Netherlands are in accordance with Rules of Professional Conduct and Practice Regulation for Accountants [VGBA]. Deloitte Netherlands also complies with Deloitte Global policies and procedures, which align with the requirements and guidance set out in the international Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, a standard-setting body of the International Federation of Accountants (IFAC). Where VGBA rules are more restrictive than the Deloitte Global policies and procedures, Deloitte Netherlands follows the VGBA.



All Deloitte professionals are expected to act with integrity in accordance with high ethical standards as described in the Deloitte [Global Principles of Business Conduct](#) (“Global Code”). Our NSE Code of Conduct sets out our values and ethical principles. These are critical to our reputation and continued success, and are embedded in everything we do: how we serve clients, how we direct our businesses, how we work together and how we contribute to society. Fundamentally, the reputation of our firm rests on the personal ethics of every Deloitte employee. Our ethics program is designed to build trust in our professions and among our professionals, to strengthen our reputation and relationships with stakeholders, to minimize ethical risk and to help our people make the best professional choices. This is even

more important, given our growing and increasingly diverse organization.

Governance

We have appointed an Ethics Leader in the Netherlands to engage leadership, to address and resolve ethics reports and to consult on tough issues. The Ethics Leader is also responsible for ensuring a strong tone at the top regarding the importance of ethics and integrity in the workplace. Communication is key to building a consultative and “speak-up” culture.

The NL Ethics team also includes three confidential counselors (*vertrouwenspersonen*), who are tasked with receiving reporters and providing guidance and after-care during the process, and who have a statutory duty of confidentiality. Their role is not to establish the truth, but instead to support reporters in proposing and discussing possible solutions. Employees, suppliers, business relationships and other parties can also file a report – anonymously, if they wish – using Speak Up, our 24/7 hotline run by an independent party.

We have also appointed twelve ethics ambassadors (partners and directors) in our businesses to help broaden the scope of the ethics program, to reach out to all partners and Deloitte professionals, to act as a linking pin between the business and the ethics team, and to promote our core values at a business level. The NL Ethics Leader periodically reports on ethics issues and progress on the ethics program to the NL Executive Board and NL Supervisory Board.

Learning

In the 2020/2021 financial year, more than 97% of our partners attended the Leading with Integrity workshop. This interactive two-hour session is delivered across Deloitte’s global network to help partners drive consistency in the way they lead and build our Deloitte culture. A total of 93% of our professionals completed the Speak Up for Values e-learning for partners and employees during the year. This dives deeper into acting on our values and supports the establishing and maintaining of a speak-up culture. Meanwhile, 98% of our partners and professionals participated in the Respect & Inclusion e-learning designed to help them contribute to an inclusive and ethical workplace, where everyone feels treated fairly and respectfully, regardless of their visible or invisible characteristics.

Case trends

We saw a decline in the number of reported incidents this year (64 in 2020/2021, compared to 91 in 2019/2020 and 81 in 2018/2019). Although we cannot be sure about the



exact reason for this, we assume it to be partly due to a year of remote working. We are therefore taking action to further improve the visibility of our Ethics Office and reporting channels and to encourage Deloitte employees to report incidents, also if they are working remotely.

Table: Number of reported incidents	20/21
Professional conduct	16
Fair treatment or inequality	25
(Sexual) harassment	5
Corruption	0
Other or inquiry	18
Total	64

The presentation of our ethical incidents in above categories is meant to provide improved insight in the diversity of reports (and differs from the categorization we presented in previous years which is the reason that we cannot provide historical data at present).

Ethics survey

In September 2020, we measured the effectiveness of the ethics program through our annual ethics survey. With an almost 38% response rate and a good spread of respondents across businesses, this provided us with a clear view on the extent to which partners and employees see Deloitte as an ethical employer.

The survey results show that:

- An increased number (97%) of all respondents see Deloitte as an ethical place to work;
- The overall level of awareness (ethics team, learning, values and Code of Conduct) is strong and higher than last year. There is even a good level of awareness of the recently launched policies on anti-harassment and anti-discrimination (84%) and non-retaliation (73%);
- There is a clear understanding of the responsibility to report conduct perceived to be unethical and of the need to be able to trust that independent and confidential action will then be taken. Respondents increasingly trust that they will be able to report misconduct without fear of retaliation, while the feeling of being pressured to compromise ethical standards in order to achieve business objectives is decreasing;
- Some people nevertheless indicated that they had experienced or perceived misconduct without reporting it. The reasons given included a belief that no corrective action would be taken or that reporting

it would adversely affect relationships with co-workers;

- We also see an opportunity for our partners, leadership and management to regularly discuss the importance of ethics and integrity within their teams, while recognition of ethical leadership also remains an issue for attention.

Anti-corruption

Anti-corruption is one of our Global Key Commitments and requires the attention of partners, employees and external hires alike. We are against corruption in all its forms and want to contribute to good governance, economic development and the improvement of social welfare wherever we do business. Our professionals are required to comply with the applicable anti-corruption laws, including, as a minimum, the provisions of the Dutch Criminal Code, the UK Bribery Act (2010) and, if applicable, the Foreign Corrupt Practices Act (FCPA). Our fully implemented and comprehensive Anti-Corruption Framework, in which our colleagues are intrinsically motivated to comply with our anti-corruption values, consists of seven elements that mitigate the risk of corruption within Deloitte and support our employees and partners by providing guidelines for reporting corruption, if needed. These elements are:

Governance

Program strategy and objectives are determined by our Anti-Corruption Committee, which also periodically discusses the progress of our operational plan. Our Reputation & Risk Leader is a member of the Anti-Corruption Committee and acts as our Anti-Corruption Champion, as well as having final responsibility for the NL Anti-Corruption Program. The other members of this Committee are subject matter experts and relevant stakeholders in the Anti-Corruption Program, which the Committee is responsible for actively overseeing.

Policies, procedures and guidelines

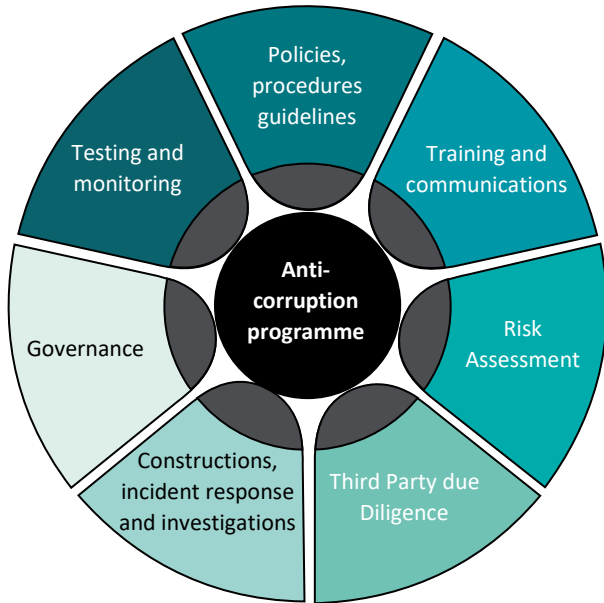
Anti-corruption is fully implemented in our policies, procedures and guidelines. The anti-corruption policies in place are DPM 1550, DPM 1551, DPM 1552 and the NSE ABC policy, including a list of the applicable NSE ABC laws.

Training and communications

Every two years, all employees and partners at Deloitte Netherlands have to successfully complete the anti-corruption e-learning. In September 2020, we launched the refreshed and mandatory Deloitte Global Anti-Bribery and Corruption training, which has now been completed by 96% of our partners and professionals. This e-learning is also mandatory for all new hires. Our communications



in this respect focus on tone-at-the-top messages emphasizing the importance of anti-corruption measures.



Risk assessment

We will be updating our anti-corruption risk assessment, along with the ethics risk assessment to be performed at the NSE level, in June 2021. Therefore, the conclusions of the risk assessment performed in 2019/2020 still stand. During the assessment, the key risks for anti-corruption and ethics will be discussed and assessed in consultation with all the relevant NSE stakeholders in the Anti-Corruption Program. The results will be shared with and challenged by the Anti-Corruption Committee. During the coming year, anti-corruption as a risk will also be discussed with our assignment partners in the Portfolio Risk Reviews. These partners will be asked to take a critical look at their portfolios from a perspective of the corruption risks they face and ensuring that all the necessary mitigating measures have been implemented.

Testing and monitoring

The Anti-Corruption Framework is tested and monitored annually, with a focus on two aspects: the operating effectiveness of the anti-corruption elements, and process-level testing (relating, for example, to the hiring of referrals, and gifts and entertainment). Internal Audit performed specific internal audit procedures for Deloitte Netherlands from March to April 2021. This year, process-level testing was in scope for the following corruption-related topics:

1. Gifts, entertainment and hospitality;
2. Interaction with government officials;
3. Third-party due diligence.

Throughout the year we continued our second line of defense monitoring activities. This monitoring allows us to act more quickly and pro-actively upon identifying risks.

Third-party due diligence

Anti-corruption is not only implemented in our client processes, but also for third parties in the third-party due diligence process. An anti-corruption risk is assigned to every new business relationship, while our procurement policies are designed to ensure that suppliers and contractors are selected through a fair, honest and transparent process.

Consultation, incident response and investigations

Anti-corruption is integrated in our ethics consultation and incident response procedures. No confirmed anti-corruption incidents involving Deloitte partners or employees were reported in 2020/2021, and neither were any brought to the attention of our Reputation & Risk Leader.



Statement on the effectiveness of the functioning of the internal quality control system

The Board of Deloitte Accountants B.V. recognizes its responsibilities for setting up and maintaining a system of quality control and related monitoring. Partly in response to the continuous internal evaluation that Deloitte Accountants B.V. performs, as described in this report, i) our system of quality control and the performance of our professionals has been further strengthened in the past year and ii) we see reason to continue that strengthening in the coming year.

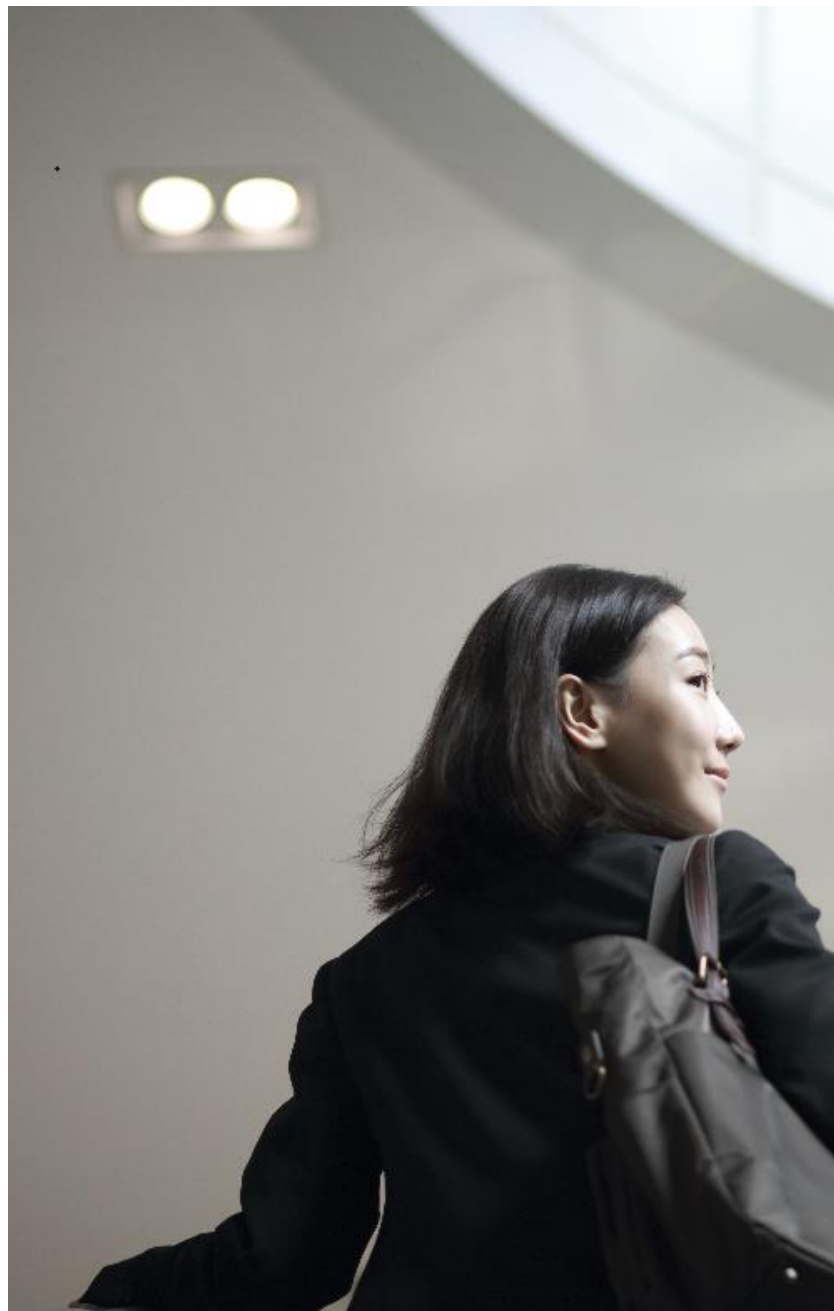
Taking the above into account, we hereby declare that we evaluated the quality assurance and internal quality monitoring system on September 29 2021 and established that:

- In our view, the quality assurance system of Deloitte Accountants B.V., as outlined in this report, performs effectively;
- Internal supervision of compliance with the independence regulations was performed;
- The technical professional knowledge of the employees and partners is of an adequate level and their knowledge of the developments in their professional field is up-to-date.

Rotterdam, September 29, 2021

Executive Board of Deloitte Accountants B.V.

Hans Honig
Oscar Snijders
Liesbeth Mol
Rob Bergmans
Johan Hopmans





Deloitte Global Ethics

Deloitte is committed to conducting business with honesty, distinctive quality, and high standards of professional behavior.

Deloitte's Global Principles of Business Conduct ("Global Code") outlines Deloitte's ethical commitments as a network and expectations for Deloitte's approximately 345,000 people, giving a strong, principled foundation. The foundations of the network's ethics program is comprised of the following elements:





Shaping the future of the audit profession

Deloitte is proactively engaging with a range of stakeholders – including policy makers, regulators, investors, company directors, audit committee chairs and industry bodies – to help to ensure audit and the corporate governance and reporting regime continues to evolve to meet the needs of society and to serve its purpose in promoting confidence and trust in the capital markets. All of these stakeholders play a critical role in supporting the provision of relevant information in the public interest. The drive to bring innovation to the audit reflects Deloitte’s commitment to enhance the audit of today as well as establish a long term vision for the future of audit.



Appendices



Appendix A | EU EEA audit firms

EU/EEA member state	Name of audit firms carrying out statutory audits in each member state
Austria	Deloitte Audit Wirtschaftsprüfungs GmbH
	Deloitte Burgenland Wirtschaftsprüfungs GmbH
	Deloitte Niederösterreich Wirtschaftsprüfungs GmbH
	Deloitte Oberösterreich Wirtschaftsprüfungs GmbH
	Deloitte Salzburg Wirtschaftsprüfungs GmbH
	Deloitte Tirol Wirtschaftsprüfungs GmbH
	Deloitte Wirtschaftsprüfung Styria GmbH
Belgium	Deloitte Bedrijfsrevisoren / Réviseurs d'Entreprises CVBA / SCRL
Bulgaria	Deloitte Audit OOD
Croatia	Deloitte d.o.o. za usluge revizije
Cyprus	Deloitte Limited
Czech Republic	Deloitte Audit s.r.o.
Denmark	Deloitte Statsautoriseret Revisionspartnerselskab
Estonia	AS Deloitte Audit Eesti
Finland	Deloitte Oy
France	Deloitte & Associés
	Deloitte Marque & Gendrot
	Audalian Commissaire
	BEAS
	Cisane
	Constantin Associés
	Constantin Entreprises
	D.B. Consultant
	ECA Audit
	Jacques Serra et Associés
	Laurens Michel Audit
	Opus 3.14 Audit et Conseil
	Pierre-Henri Scacchi et Associés
	Revi Conseil
Germany	Deloitte GmbH Wirtschaftsprüfungsgesellschaft
	Deutsche Baurevision GmbH Wirtschaftsprüfungsgesellschaft
	SüdTreu Süddeutsche Treuhand GmbH Wirtschaftsprüfungsgesellschaft
Greece	Deloitte Certified Public Accountants S.A.
Hungary	Deloitte Könyvvizsgáló és Tanácsadó Kft.
Iceland	Deloitte ehf.



EU/EEA member state	Name of audit firms carrying out statutory audits in each member state
Ireland	Deloitte Ireland LLP
Italy	Deloitte & Touche S.p.A.
Latvia	Deloitte Audits Latvia SIA
Liechtenstein	Deloitte (Liechtenstein) AG
Lithuania	Deloitte Lietuva, UAB
Luxembourg	Deloitte Audit
Malta	Deloitte Audit Limited
Netherlands	Deloitte Accountants B.V.
Norway	Deloitte AS
Poland	Deloitte Audyt spółka z ograniczoną odpowiedzialnością spółka komandytowa Deloitte Audyt spółka z ograniczoną odpowiedzialnością
Portugal	Deloitte & Associados, SROC S.A.
Romania	Deloitte Audit SRL
Slovakia	Deloitte Audit s.r.o.
Slovenia	Deloitte Revizija d.o.o.
Spain	Deloitte, S.L.
Sweden	Deloitte AB
United Kingdom ¹	Deloitte LLP Deloitte Limited Deloitte N.I. Limited

Disclosure in accordance with Article 13.2 (b)(iv) of the EU Audit Regulation

The total turnover achieved by the audit firms that are members of the network, resulting from the statutory audit of annual and consolidated financial statements: € 1.9 billion.

¹ On 31 January 2020, the United Kingdom was no longer part of the European Union. However, pursuant to an agreement between the United Kingdom and EU, the United Kingdom remained part of the EU customs union and single market and continued to apply EU law through the end of the transition period (i.e., 31 December 2020). The disclosure of total turnover from the statutory audit of financial statements includes turnover from the United Kingdom firms for the period from 1 June 2020 to 31 December 2020.



Appendix B | Financial information

Turnover	Statutory audits of financial statements	Other audit and assurance engagements	Assurance-related services	Subtotal	Other Services	Total
Statutory audits of entities' financial statements (PIE)	33 (23)	6 (3)	1 (1)	40 (27)	0 (0)	40 (27)
Other statutory audits of entities' financial statements	128 (118)	53 (11)	10 (3)	191 (132)	80 (17)	271 (149)
Non-statutory audits of entities' financial statements	0 (0)	36 (36)	2 (1)	38 (37)	11 (5)	49 (42)
Other assurance entities	0 (0)	4 (6)	24 (2)	28 (8)	69 (4)	97 (12)
Non-assurance entities	0 (0)	0 (0)	54 (73)	54 (73)	518 (706)	572 (779)
Total	161 (141)	99 (56)	91 (80)	351 (277)	678 (732)	1029 (1009)

Criteria:

- The revenue of Deloitte Coöperatief U.A. refers to the revenue of Deloitte Coöperatief U.A. and its consolidated subsidiaries in the reporting year 2020/2021, as shown in the financial statements of Deloitte Coöperatief U.A.

This revenue is categorized according to the nature of the services provided by Deloitte and the category of the relevant entity:

- The sub-division by the type of service is made on the basis of the service classification of the engagement number under which the relevant revenue is shown in the financial accounts, with these service types being classed in four categories;
 - The sub-division by entity category is based on the classification of the entity, which is linked to the engagement number under which the relevant revenue is shown in the financial accounts, with these entities being classed in five categories.
- The sub-division is consistent with the generally accepted terms in legislation and regulations, as recorded in the Accounting Regulations Guide.
- The revenue amounts shown relate to the 2020/2021 reporting year. Revenue amounts for the 2019/2020 reporting year are shown in brackets for the purpose of comparison.

The above table presents revenues in a more detailed way – in line with the definition of a statutory audit in Article 1(1)(p) of the Audit Firms Supervision Act [*Wet toezicht accountantsorganisaties*], including attachments. This definition is more comprehensive than the definition of a statutory audit in Article 13(2)(k) of EU Regulation 537/2014.



Appendix C | Public interest entities

PIEs audited for statutory purposes by Deloitte Accountants B.V. in 2020/2021

Aalberts N.V.

AFC Ajax N.V.

Algemene Friese Onderlinge Schadeverzekeringsmaatschappij Zevenwouden U.A.

Alliander N.V.

Anadolubank Nederland N.V.

Ansvar Verzekeringsmaatschappij N.V.

Arcona Property Fund N.V.

argenx SE

Bayer Capital Corporation B.V.

BinckBank N.V.

bunq B.V.

Citco Bank Nederland N.V.

CM.com N.V.

CRH Funding B.V.

DCDML 2016-1 B.V.

de Woningstichting

DELA Natura- en levensverzekeringen N.V.

Delft 2017 B.V.

Delft 2019 B.V.

Demir-Halk Bank (Nederland) N.V.

Domi 2019-1 B.V.

DPA Group N.V.

Dutch Star Companies Two B.V.

E.O.C. Onderlinge Schepenverzekering U.A

EDML 2017-1 B.V.

EDML 2018-1 B.V.

EDML 2018-2 B.V.

E-MAC DE 2005-I B.V.

E-MAC DE 2006-I B.V.

E-MAC DE 2006-II B.V.

E-MAC DE 2007-I B.V.

E-MAC NL 2004-I B.V.

E-MAC NL 2004-II B.V.



PIEs audited for statutory purposes by Deloitte Accountants B.V. in 2020/2021

E-MAC NL 2005-I B.V.

E-MAC NL 2005-III B.V.

E-MAC NL 2005-NHG II B.V.

E-MAC NL 2006-II B.V.

E-MAC NL 2006-NHG I B.V.

E-MAC Program B.V.

E-MAC Program II B.V.

E-MAC Program III B.V.

EMF-NL Prime 2008-A B.V.

Enduris B.V.

European FinTech IPO Company 1 B.V.

Eurosail-NL 2007-1 B.V.

Eurosail-NL 2007-2 B.V.

Fastned B.V.

Givaudan Finance Europe B.V.

Heineken Holding N.V.

Heineken N.V.

Hof Hoorneman Investment Funds N.V.

Hof Hoorneman Mix Fondsen N.V.

IMCD N. V.

IZA Zorgverzekeraar N.V.

JDE Peet's N.V.

Just Eat Takeaway.com N.V.

Kendrion N.V.

Koninklijke Vopak N.V.

LafargeHolcim Sterling Finance

Leidsche Verzekering Maatschappij N.V.

Liander N.V.

Louis Dreyfus Company B.V.

Mizuho Bank Europe N.V.

Morgan Stanley B.V.

MUFG Bank (Europe) N.V.

N.V. Koninklijke Delftsch Aardewerfabriek De Porceleyne Fles Anno 1653

N.V. Unive Zorg

N.V. Zorgverzekeraar UMC

Nederlandse Beleggingsmaatschappij voor Zeeschepen N.V.

Norinchukin Bank Europe N.V.

Onderlinge Verzekering Maatschappij ZLM

Onderlinge Waarborgmaatschappij Zorgverzekeraar Zorg en Zekerheid



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Pharming Group N.V.

Randstad N.V.

Redexis Gas Finance B.V.

Renoir CDO B.V.

Roeminck Insurance N.V.

Scildon N.V.

Sligro Food Group N.V.

Stedin Holding N.V.

Stedin Netbeheer B.V.

Stichting Acantus

Stichting Accolade

Stichting Actium

Stichting Alwel

Stichting Bedrijfspensioenfonds voor de Landbouw

Stichting 'De Goede Woning'

Stichting de Huismeesters

Stichting Elan Wonen

Stichting Idealis

Stichting KleurrijkWonen

Stichting Mozaiek Wonen

Stichting Patrimonium Woonservice

Stichting Pensioenfonds Horeca & Catering

Stichting Pensioenfonds KPN

Stichting Pensioenfonds Medisch Specialisten

Stichting Pensioenfonds Metaal en Techniek

Stichting Pensioenfonds van de ABN AMRO

Stichting Pensioenfonds voor Huisartsen

Stichting QuaWonen

Stichting Stadlander

Stichting Studenten Huisvesting

Stichting Thús Wonen

Stichting Trivire

Stichting UWOON

Stichting Weller Wonen

Stichting Wonen Limburg

Stichting Wooncompas

Stichting Woongoed Zeist

Stichting Woonplus Schiedam

Stichting Woonveste



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Stichting Woonwaarts

Stichting Zayaz

Success 2015 B.V.

TenneT Holding B.V.

TenneT TSO B.V.

Urenco Finance N.V.

Vesteda Finance B.V.

VGZ Zorgverzekeraar N.V.

Waard Leven N.V.

Waard Schade N.V.

Waha Aerospace B.V.

Wolters Kluwer N.V.

Woningstichting De Goede Woning

Woningstichting Domijn

Woningstichting GoedeStede

Woningstichting SWZ

Woonstichting Centrada

Woonstichting Stek



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