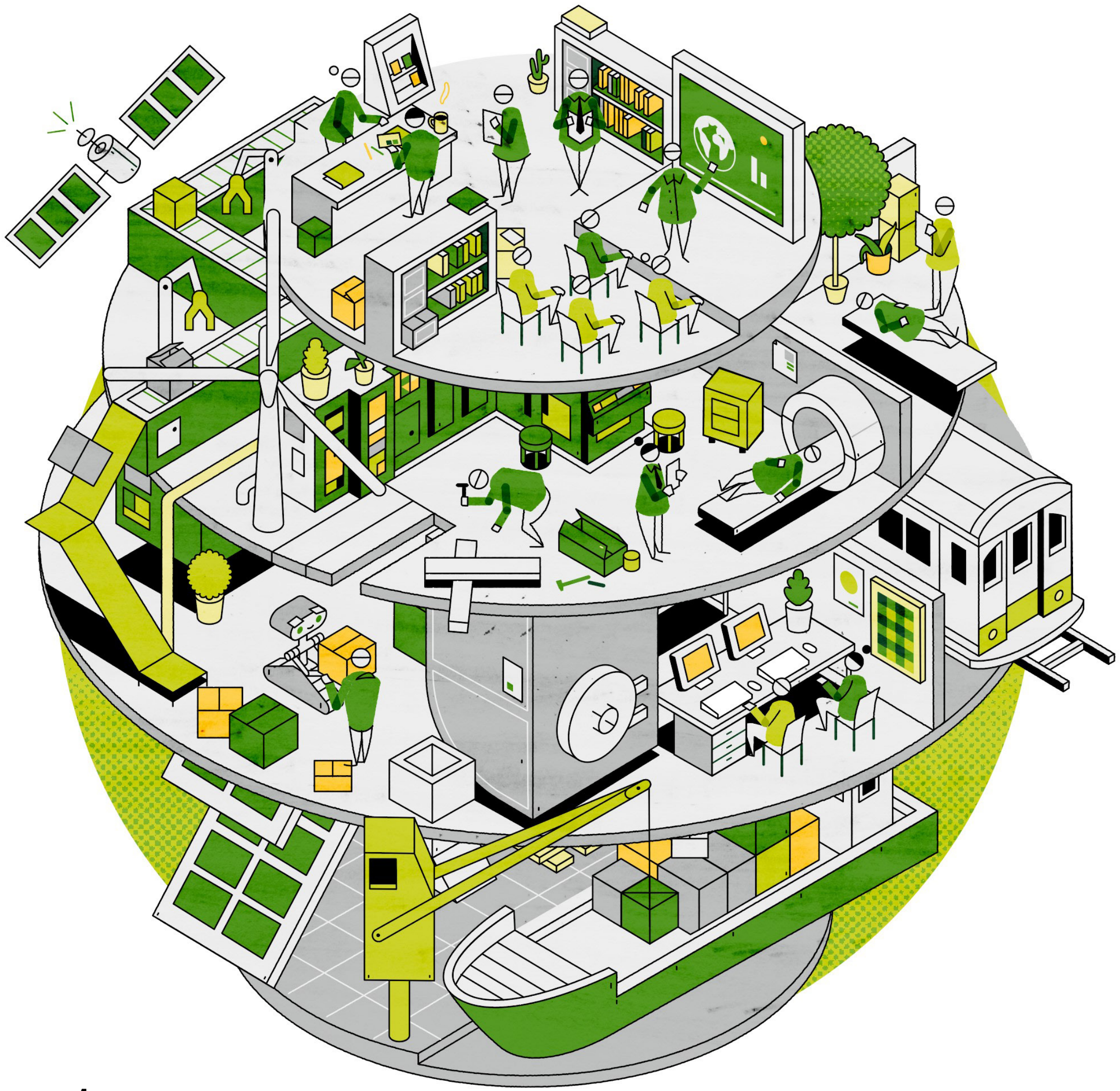


Integrated Annual Report
Coöperatief Deloitte U.A.
2018/2019

- Quality
- Ethics & Integrity
- Talent
- Economic performance
- Innovation
- Impact on society

These are the material topics Deloitte has identified through our stakeholder dialogue (see page 36).
To give guidance throughout the Integrated Annual Report, we have included a special bookmark on top of every page.
This bookmark indicates the material topics covered on each page of the Report.

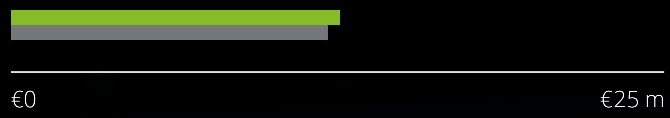
Contents

Our year at a glance

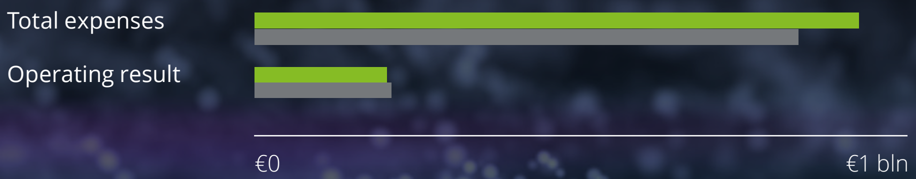
Net turnover

€896.8 m €968.2 m

Innovation



Expenses/result



2017/2018 **2018/2019**

Strategic KPIs based on target setting 2020

A = actual T = target

ENSURE QUALITY

TOTAL CLIENT SATISFACTION
FY18A 7.6 | **FY19A 7.8** | T2020 8.0

CLIENT QUALITY
FY18A 7.7 | **FY19A 7.9** | T2020 7.8

% REGULATORY REVIEWS THAT ARE SATISFACTORY
FY18A 100% | **FY19A 100%** | T2020 100%

PREMIER CAREER DESTINATION

 # EMPLOYER OF CHOICE IN RELEVANT RANKING*
FY18A #9 | **FY19A #8** | T2020 #10

TALENT ENGAGEMENT SCORE*
FY18A 7.3 | **FY19A 7.5** | T2020 7.75

ESTABLISH LEAN OPERATIONS

TOTAL OVERHEAD COSTS / FEE EARNER FTE
FY18A €45.3 k | **FY19A €46.5 k** | T2020 €44.2 k

RELATIVE POSITION IN INTERNATIONAL NETWORK
FY18A 2nd | **FY19A 3rd Q** | T2020 1st Q

ACCELERATE GROWTH AND INNOVATION

REVENUE GROWTH IN CORPORATE ADVISORY
FY18A €181m | **FY19A €232m** | T2020 €200m

AVERAGE CLIENT SERVICE CONTRIBUTION IN GROWTH AREAS
FY18A 47% | **FY19A 47%** | T2020 45%

% OF REVENUES FROM INNOVATIVE OFFERINGS
FY18A 23% | **FY19A 25%** | T2020 30%

IMPACT ON SOCIETY

HOURS SPENT ON SOCIETAL PROJECTS
FY18A 0.4% | **FY19A 0.4%** | T2020 1.0%

COMMENTS

Ensure quality **% regulatory reviews that are satisfactory:** External reviews of our Audit & Assurance practice **Accelerate growth and innovation** **Revenue growth in Corporate Advisory:** Revenue growth realised by the Advisory business of PSI and FSI (excluding Audit & Assurance) compared with 2014/2015 **Average client service contribution in growth areas:** Expressed as the realised Client Service Contribution percentage of Advisory businesses (excluding Audit & Assurance) **% of revenues from innovative offerings:** Revenue of selected innovative business units. In line with the vision from DTTL, we apply a factor 2 multiplier to calculate the effect from innovative service offerings on regular services **Establish lean operations** **Relative position in international network:** Earnings as % of net revenue **Impact on society** **Hours spent on societal projects:** Hours spent on societal projects as percentage of total productive hours in the reporting year. *See page 133 for all definitions applied for Strategic KPIs*

About this report

This is our fourth Integrated Annual Report (IAR). It contains information on our strategy, value creation and related performance and impact for the financial year that started June 1, 2018 and ended on May 31, 2019. It builds on our previous Integrated Annual Report that we published on September 11, 2018.

With this Report, we aim to bridge the mandatory standards applicable to Deloitte for financial reporting with generally accepted frameworks and standards, such as those from the International Integrated Reporting Council (IIRC) and the Global Reporting Initiative (GRI). It begins with the Report from the Executive Board. The section 'Our business' provides insights into the performance and operating context of our five Businesses and our Business Support Organisation. In 'Interactions with stakeholders' we explain how we sought the opinions of our stakeholders to determine the material themes for this Integrated Annual Report.

In the section 'An impact that matters', we cover our impact and how our Plan 2020 enables us to create value for our stakeholders and society at large. In 'Our Plan 2020' we provide an update on the execution of our strategy and insights into the results. 'Our way of working' offers an overview of our governance structure, how we embed our policies on ethics and integrity, and the risks and opportunities we have identified. The aim of this setup is to convey our commitment to the application of integrated performance and reporting. In addition, Deloitte Accountants B.V. publishes a Transparency Report that contains information on the structure, governance and system of quality controls of our Audit & Assurance practice. This Report can be found **here**. Our 2018/2019 IAR also strives to cover the main themes and topics reported in the Transparency Report.

This IAR has been compiled using the International Reporting <IR> Framework of the IIRC, the GRI Sustainability Reporting Standards, and IFRS for reporting our financial statements. Please refer to Annex 1 for the Financial Statements and to Annex 2 for additional non-financial disclosures. We have published the **GRI Content Index** as a separate document on our website.
This Report has been prepared in accordance with GRI Standards: Comprehensive option. The sustainability information in the annual report is assured by our external auditor, and we refer to Annex 3 for the full assurance report. This Report is also our Communication on Progress, as prescribed by UN Global Compact, to which Deloitte Netherlands is a signatory. In this context, we report on our impact with a focus on the Sustainable Development Goals of the United Nations that we deem most relevant to Deloitte.

Scope

In this Report, Deloitte refers to Coöperatief Deloitte U.A. and its subsidiaries as listed in the 'Notes to the specific items on the financial statements' in Annex 1.

Coöperatief Deloitte U.A. was founded on April 10, 2015. On June 1, 2015 the shareholding companies of Deloitte Holding B.V. exchanged their shares in Deloitte Holding B.V. for a membership of Coöperatief Deloitte U.A. As of June 1, 2017 Deloitte Netherlands has become the Dutch Affiliate of Deloitte North Western Europe (NWE). From that date, Deloitte NWE LLP became a member of Coöperatief Deloitte U.A. (with a 2/3 majority of the voting rights in the general meeting). The existing national legal structure of Deloitte Netherlands, with the Cooperative as key entity, remains in place.

Throughout this report, the name NWE is used when it refers to activities under NWE's responsibility. Likewise, given the name change to NSE on June 1, 2019, NSE is used when referring to activities falling under NSE's responsibility.

Materiality

In conformity with GRI Standards and the IIRC's International <IR> Framework referred to in this section, we have defined the material themes for this Integrated Annual Report using input provided by our stakeholders. We provide an overview of this input in the **'Interactions with stakeholders'** section on page 35.

Reporting boundaries

There is an overlap of issues and related opportunities noted by our internal and external stakeholders. Some of these, especially relating to employment, training & education, and health & safety, are a primary focus of our internal stakeholders. Together with diversity and inclusiveness, these key areas also directly influence the quality and continuity of our services. The boundary of our reporting is therefore the performance within our direct sphere of influence (internal organisation and interaction with stakeholders) unless indicated otherwise (e.g. in the section where we discuss our value creation in a broader context).

Restatements

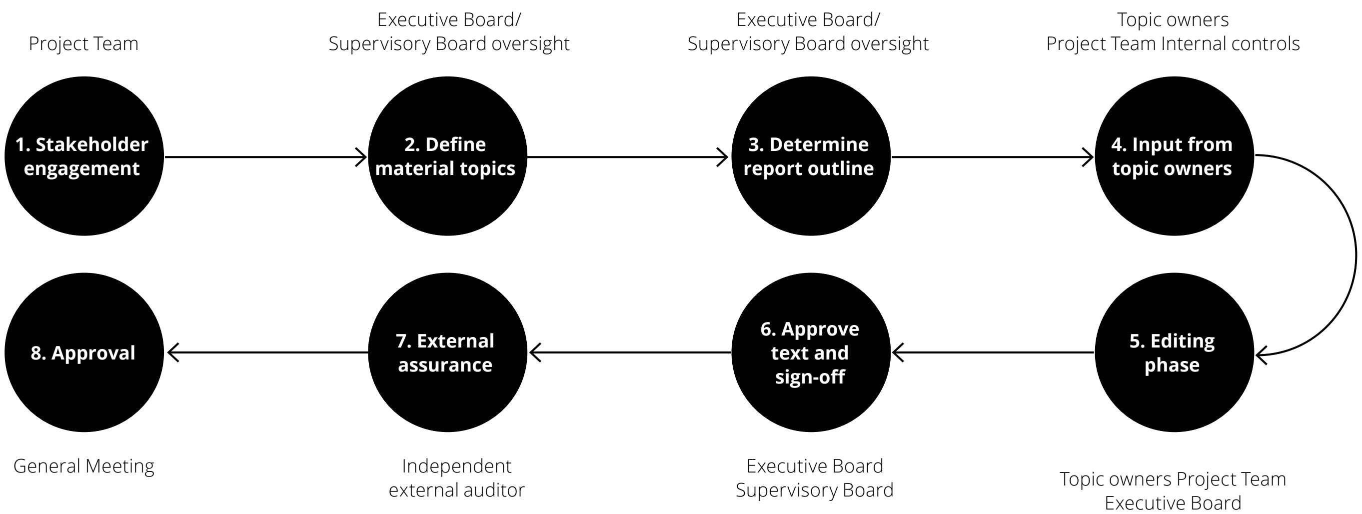
We have no material restatements to report. We do note that the methodology for reporting training hours has changed. See section **'Our Plan 2020'**.

Reliability and completeness

We have collected the relevant performance data from our business information systems as supported by our internal control and monitoring systems, and from suppliers and other sources. This is centrally recorded and thereafter, reviewed by our Finance & Control department. We have engaged our independent external auditor PricewaterhouseCoopers Accountants N.V. to provide reasonable assurance on the sustainability information. The assurance report and conclusions of PricewaterhouseCoopers Accountants N.V. can be found in their Assurance report in Annex 3.

Central in our approach to reporting is the Integrated Annual Report Project team. This team is headed by our Finance Lead and consists of representatives from Control & Accounting combined with experts from the Sustainability Group in our Risk Advisory Business with support from Brand Communication. Content planning and development takes place under responsibility of the Executive Board with internal oversight by the Supervisory Board. The Report is published after approval by the General Meeting.

Process for defining report content



Our leadership in 2018/2019*

During 2018/2019, Deloitte had the following leadership:

Supervisory Board

- Frans Eelkman Rooda – Member
- Jacqueline Rijsdijk – Member
- Floris Deckers – Chairman
- Nienke Meijer – Member
- Vincent Moolenaar – Member

Executive Board

- Mario van Vliet – COO
- Peter Bommel – CEO
- Engelhardt Robbe – CQO

Executive Committee

Business Leads

- Erik Nanninga – Business Lead Consulting
- Bert Albers – Business Lead Audit & Assurance
- Willem Blom – Business Lead Tax & Legal
- Twan Kilkens – Business Lead Risk Advisory
- Oscar Snijders – Business Lead Financial Advisory

Industry Leads

- Manon de Boer – Industry Lead Private Sector
- Hans Honig – Industry Lead Financial Services Industry
- Rob Dubbeldeman – Industry Lead Public Sector
- Ton van Abeelen – Midmarket / SME Lead

Support Leads

- Sander Nieuwenhuizen – HR Lead
- Anton Sandler – Finance Lead
- Liesbeth Mol – Reputation & Risk Leader

* Click a name for more information.

Note: per June 1, 2019, Hans Honig succeeded Peter Bommel as CEO. Also per June 1, 2019, Harvey Christophers has been appointed Business Lead Risk Advisory, replacing Twan Kilkens. Bianca van Elsen has succeeded Manon de Boer as Industry Lead Private Sector and Pieter Hofman has replaced Hans Honig as Industry Lead FSI. Sander Nieuwenhuizen has vacated his position as HR Lead per June 1, 2019; his successor Petra Tito, will be the new lead effective September 1, 2019.

'We want and need to increase the percentage of women in our leadership. Diversity is a dilemma that cannot be solved in the short term; it must be viewed over the longer period. We need time to tackle this properly and that includes making choices for the longer term.'

Ton van Abeelen and Maartje van Zelst

Theme:	More (gender) diverse workforce
Challenge:	Lack of women at the top
Solution:	Female Mentoring Programme
Who:	Ton van Abeelen, member Executive Committee; Midmarket / SME lead and Maartje van Zelst, senior manager Tax & Legal
What:	Equality between men and women in terms of assessment, promotion, inflow, outflow and promotion to partner level is an important element in the pursuit of a more diverse workforce. We are challenged to enable our future female leaders to maximise their potential.

REPORT FROM THE EXECUTIVE BOARD

Introduction

In this Integrated Annual Report, we aim to take a holistic view and reflect openly on our business environment, dilemmas and opportunities. We believe in an open and transparent dialogue and relationship with you, our stakeholder. By sharing this Report, we want to provide you with a better understanding of how we make an impact that matters by creating and sustaining value in the short, medium and long term. As always, we appreciate and welcome your feedback which enables us to further improve our impact and related reporting in the years ahead. Please send any comments, questions or observations you may have to nlbccommunications@deloitte.nl.

Purpose and aspiration

To address our key challenges and opportunities, and fulfil our aspirations, we have defined a clear Plan leading to 2020. This Plan guides us on our journey and is a bridge to achieving our global purpose 'To make an impact that matters: for our clients, our people and society', and our aspiration 'To be the undisputed leader in professional services'.
This means to be:
- the organisation that clients, the public, regulators and talent hold up as a role model of quality, integrity, and positive change;
- the employer of choice, providing the best talent with professional and personal fulfilment;
- the most innovative partner for our clients and our talent;
- able to solve the toughest business challenges with an integrated approach across businesses, service lines and borders;
- the first choice for premium clients;
- always in pursuit of our purpose.

Strategy

Being part of Deloitte NWE, we also focus on contributing to the execution of the NWE Strategy as summarised in the graph below. We have translated this Strategy into our Plan 2020 for the Netherlands, and are executing it accordingly. We are on track and continue to make progress in each of the Plan 2020's six pillars:

- Ensure quality
- Become the premier career destination
- Accelerate growth and innovation
- Improve our client portfolio
- Establish lean operations
- Seek internationalisation

For each of the pillars, we defined key performance indicators (KPIs) and set target values to be achieved by 2020. In the section 'Our Plan 2020' you can find more detailed information on our activities and progress.

Our purpose
Make an impact that matters

Our 2020 strategy

Our three key choices

To serve the most important clients across NWE and in each Geography	To build world-class capabilities in each of our Business	To increase our global influence and lead in EMEA

Our differentiators

Client relationships Earning enviable client loyalty	**Talent and culture** Building a culture of constant opportunity and growth	**Quality** Embedded in all we do	**Multi-diciplinary solutions** Teaming up for maximum client impact	**Exponential organisation** Innovation at our core	**Connected + Autonomy** Seamless collaboration and mobilisation

Sense of partnership
Forging the strongest sense of partnership in the industry, valuing each other and the strength of our diversity

Our 2020 aspiration
Be the undisputed leader in professional services

Although our performance does not yet meet our goals in some areas, such as culture, diversity, and revenues from innovation, we are positive about the execution of Plan 2020 over the past years. To further build on Deloitte's impact that matters , during 2019/2020 our newly elected Executive Committee will launch the new Plan in line with the new strategy from Deloitte North and South Europe (for more information on NSE, see section below).

Organisational changes

On June 1, 2018, Deloitte Ireland joined Deloitte NWE. This means that NWE now comprises the following geographies: the Netherlands, UK & Switzerland, Ireland, Belgium, Finland, Denmark, Sweden, Norway, and Iceland. By working as one enlarged firm we can achieve more - for our clients, our people and the communities we work in - than we could on our own. The operational model of Deloitte NWE is based on the concept of Connected+ Autonomy, a single Deloitte NWE group strategy and a Plan for each geography. Local leadership is empowered to develop and deliver their local plans, which are aligned to the strategy and tailored to local market conditions. The Connected+ Autonomy model establishes clear responsibilities and areas of accountability. The Dutch Executive Board is primarily responsible for Plan execution combined with quality and risk at a national level, this combined with our governance and operating model ensures compliance with relevant national laws and regulations. In the Spring of 2019, partners in NWE and Deloitte Central Mediterranean (DCM), covering Italy, Greece and Malta, voted to combine NWE with DCM to become Deloitte North and South Europe LLP (NSE). This new statutory name and composition will be effective starting June 1, 2019. We view the formation of NSE as a further step for us that reinforces our leading position both within our global organisation and for our clients and our people. NWE and DCM bring together over 4,500 people, and ultimately helping us make an even greater impact in each of our markets.

On January 1, 2019, we merged with the Corporate Finance business of Boer & Croon (BCCF) under the name Deloitte Corporate Finance. BCCF comprised a team of 17 professionals who provide advice on mergers and acquisitions, valuations and market regulation to companies, private equity firms and public institutions. Combining both teams creates one of the largest corporate finance teams in the Netherlands, with well over 100 professionals active in corporate finance, debt advisory and valuation & modelling.

In March 2019, we concluded the sale of our Ctrl business to software developer MUIS B.V. Ctrl is an integrated digital platform for cooperation between clients and accountants which was developed by Deloitte.

Per May 1, 2019, Deloitte Digital has taken over Pervorm, a company of 15 employees specialising in digital marketing services & consultancy. Pervorm works for both Dutch and international clients, with a focus on developing and executing search, social, display and programmatic advertising marketing campaigns.

Our year

Financial performance

Our revenue growth of 8.0% in our second year as a part of Deloitte NSE resulted in revenues of € 968.2 million (2017/2018: € 896.8 million). The primary drivers of our revenue growth were our advisory businesses, Financial Advisory, Risk Advisory and Consulting. All grew at double digit rates while our core assurance business stabilised and Tax & Legal also achieved growth. Our result before taxation and management fee ended at € 167.6 million (2017/2018: € 167.7 million).

As a percentage of revenues our result before taxation and management fee decreased from 18.7% to 17.3% in 2018/2019. The development of our result is a consequence of an increase in our workforce with the total formation working slightly less direct hours on average on clients. This combined with increases in investment in learning and innovation, among others, are reasons for the decline in profitability. Furthermore, in 2018/2019 we saw a significant increase in the deployment of contractors with lower margins. Importantly, our 2018/2019 performance allows for a similar level of variable compensation as last year for our employees amounting to € 42.2 million (2017/2018: € 41.8 million).

Solvency based on equity, membership capital and subordinated loans (group's capital base) increased by € 3 to € 92 million. Our year-end cash balance of € 15.4 million is approximately € 30 million lower than last year and explained by an increasing level of cash used to fund working capital combined with investments in growing the business, ranging from buildings and facilities to innovation and learning.

Our clients

Feedback from clients is essential to improve our business and become 'the undisputed leader in professional services'. Our client satisfaction score for 2018/2019 rose to 7.8 (FY20 target = 8). To close in on our FY20 target, we are implementing several programmes such as intensified soft-skills training of our partners and staff, and an enhanced Engagement Feedback Programme within our businesses. Together with the Client Service Assessment programme, this initiative will give clients the opportunity to give us both general feedback and at assignment level.

To welcome our clients and inspire them to innovate, we opened The Garage in the former Citroen garage next to the Olympic Stadium in Amsterdam. At this new location, co-creation will take place to generate future business solutions. We also opened the new **Greenhouse** in The Edge on the 13th floor. Using the latest technologies, the Greenhouse offers clients lab sessions to solve complex issues or focus on C-level agendas. In addition, we have expanded our office footprint in the Amsterdam area with an additional floor in the Infinity building which is close to The Edge.

Innovation and bringing innovative solutions to market continues to be a top priority. We have made good progress but are not yet where we aim to be. Nonetheless, we are proud of our achievements, which included, for example, our Digital Health Compliance proposition which focuses on issues involving the careful handling of patient data and digitisation in healthcare. This proposition generated € 3 million in revenue in its first (full) year, while turnover in our BlockchainCenter exceeded the € 1 million mark.

Our talent

In 2018/2019, we successfully welcomed 1,981 new Deloitters (including 11 partners) in the Netherlands. Our talent engagement score for 2018/2019 was 7.5 (FY20 target is 7,75). We achieved this with the help and application of various new tools such as pulse surveys, check-in conversations, snapshots and coaching conversations. Further actions are and continue to be needed to improve our attractiveness as an employer and to become the premier career destination for (new) Deloitters.

As it is important that every person can be his or her authentic self within Deloitte, Diversity & Inclusion continued to be a focus in the year. An example of this was the **Deloitte Female Mentoring programme** in which female (senior) managers are coached by partners and directors to provide specific guidance in their careers. Another was the test we performed among Consultancy managers that showed that inequality and exclusion are sometimes hard to detect. For example, organising important meetings on Wednesday afternoons often prevents young parents or part-time employees from participating. Similarly, when asking if employees can cope with the pressures of work and parenthood, new fathers can be overlooked.

With the NWE Impact Awards, we recognised and celebrated our employees, their contributions and the impact we make on clients, people and society. Employees were encouraged to submit their personal impact story – individually or as a team - or to nominate a colleague or another team for the NWE impact Awards. Via various judging rounds, the winners were announced and received recognition for their impact.

Society

We serve the public interest primarily by delivering our services to both public and private sector clients. In addition, we actively participate in debates on social concerns or take initiatives that are aimed at improving collective knowledge and understanding on complex issues. Examples of such initiatives are:

- The creation and launch of **a certified quality mark for Artificial Intelligence and Robotics** that we developed together with the Foundation for Responsible Robotics. In this initiative we were able to share our knowledge and experience in the areas of auditing, innovation and AI;
- Our contribution to the third **Cyber Security Week** in The Hague in 2018;
- The development and launch of the **National AI course**, aimed at teaching as many Dutch citizens as possible the basic principles of Artificial Intelligence.

We are actively involved in and contribute to the societal debate around the 'Future of audit' that is aimed at enhancing public trust. Please **see page 39** for more about our vision in this area.

Our contribution to a variety of social causes via the **Deloitte Impact Foundation** increased from 19,089 hours in 2017/2018 to 24,240 hours in 2018/2019. Among the many inspiring projects we undertook were the **National Money Exam** through which money lessons were facilitated to over 300 children at different Deloitte offices. A further example is our continued cooperation in the project involving **Alice**, an independently operating care robot, and the development of Alice 2.0. We tested a prototype in care institutions and in-home care situations, and a business development team from Deloitte has investigated ways to best commercialise this technology. Finally, we launched Future Academy to help offer refugees a brighter future in the Netherlands. In collaboration with the New Dutch Connections Foundation, 25 former refugees attended a ten-week programme aimed at familiarising themselves with the Dutch labour market and the various facets of Deloitte itself, with each participant receiving direct supervision from a Deloitte colleague.

Our Challenges

In the past year, we have put forward thought leaders in national newspapers, radio and television, online media and trade media. We have received positive attention on topics that are important for both our clients and society, such as projects from the Deloitte Impact Foundation and topics related to cyber security, artificial intelligence, blockchain and digital transformation.

On the other hand, we had negative coverage on the Steinhoff case. The press is less negative compared to last year as Steinhoff has issued financial statements of both FY17 and FY18 along with the related independent auditor's report which was issued by Deloitte following the completion of its audit. Furthermore, there is a lot of attention on the audit profession with the installation of the Commissie Toekomst Accountancy (CTA) in December 2018. The commission will issue recommendations on how to improve the profession. We have made an enormous effort to order to continue, to build and improve on quality.

As noted, we intend to sharpen our focus on areas where we do not yet make the impact that we deem necessary for our business, such as on client quality, employee engagement, diversity, and revenues from innovations. We are determined to continue building and achieving more at a faster pace in these areas, and have launched various improvement programmes and actions to achieve this.

One of our diversity challenges includes recruiting and retaining experienced female managers and partners. While we have already established programmes to address this, we aim to accelerate our progress in the period ahead.

A relentless focus on quality is another important driver for client satisfaction. This comprises the quality of the work we do and how we deliver it, and our compliance with applicable rules and regulations. We have defined a set of clear measurement targets and definitions to quantify client satisfaction and client quality. However, feedback from our clients, clearly indicates that they expect our impact to be even higher. This discrepancy has our full attention, especially in the light of our purpose. In addition, and as an integral part of client quality, we need to maintain our focus on the protection of data, including compliance with privacy regulations.

As part of the Integrity imperative, we launched the Deloitte Speak Up line where Deloitters can report by telephone or online whenever they observe or experience undesirable behaviour, and they have the option to do so anonymously. With the introduction of this worldwide programme, we want to further guarantee a high level of 'ethics and integrity' in our organisation and we are anxious to see the effects that this addition will have.

Investing in our culture

Our culture is a determining factor for the quality of our services and, ultimately, a key differentiator for our people and our clients. To better serve our clients, we need to enhance our interpersonal skills as well as our technical abilities. If we truly want to be viewed as a business partner, we must obtain an even deeper understanding of our clients and their organisations. In doing so,

'Thanks to the hard work and enthusiasm of many contributors within Deloitte, our programme has enabled our colleagues to develop into all-round data masters. Not only have they expanded their skillset, but we've also noticed their increased energy, confidence and team bonding. This is exactly what Deloitte is all about: boosting growth and innovation in people and clients.'

Challenge: Increase client impact by training
Solution: Data Academy
Who: Janvier Jessurun, Bianca van de Voort, Otto van Buuren

Clients are eager to process and understand their data better. Our team identified a need for a common analytics capability standard. As there were no suitable learning programmes in existence, we built a tailor-made one; The Data Academy. It provides a consistent level of talent, quality, and capabilities to our clients at the point of delivery.

we will build trust and help them reflect and address the issues that keep them from meeting their goals, while contributing to achieving them.

To increase our impact, we continue to grow our investments in our people's leadership capabilities, for example, through coaching and programmes at the Deloitte University Europe. Regular feedback and continuous learning are essential to these goals, as only by being open and accessible can we move from being good to great. From our culture survey, we learned that we have to make sure we provide our people with sufficiently constructive challenges and be more direct in the feedback we give.

To have a thorough understanding of our cultural characteristics, we conducted a culture survey in early 2019. This was a follow-up to the first one we conducted in 2016. The survey results show a relative strong position in some areas:

- There is a high level of commitment from our people to their work and to Deloitte as a company;
- The vast majority of Deloitters are aware of the policies and programmes to promote diversity and inclusion in the workplace and feel that they can openly be themselves in the workplace without fear of judgment or isolation from others.

The survey also pinpointed some areas for improvement:

- We do not always have the courage to make our own views known, to give honest feedback or to take risk;
- We do not yet sufficiently live our shared beliefs such as commitment to each other or strength from cultural diversity.

In recent years, we defined concrete actions to address these and other challenges. For example, we developed a 24-hour Leadership Experience and rolled it out to all partners. We are currently rolling out a similar Experience for Directors, for which we have developed a culture toolkit with a game and a discussion format to support conversations within teams. This toolkit was used by our Executive Board when visiting our offices across the Netherlands. We are also raising awareness for our shared values through various digital and physical communication channels, and our Executive Board remains fully committed to steering the firm in this area.

An important element of our culture programme is the attention we give to diversity and inclusion, as we aspire to be a firm in which every partner and practitioner feels at home.
We aim to create an environment in which everyone can invest in their work-life balance, for example, by having the opportunity to take one month of unpaid leave every year. In addition, we have stepped up our efforts regarding the re-entry of talent, especially after maternity leave. Despite our efforts, benchmarks indicate that we continue to lag our peers where women in senior positions are concerned. To address this we have taken additional measures. Please see the **'Become the premier career destination'** section on pages 55-59 for more information.

In control statement

The Executive Board is responsible for actively managing all strategic, compliance, financial and operational risks; ensuring that adequate risk management and control mechanisms are in place, and that the key risks as mentioned in the Risk Management section of this Report are sufficiently assessed and managed. The Executive Board actively promotes our ethical principles and quality standards, including checks for all professionals across the Deloitte organisation.

The Executive Board has reviewed and analysed the risks that Deloitte is exposed to, and it periodically reviewed the design and operational effectiveness of the internal control framework. The outcome of these reviews is reported and discussed with the Supervisory Board's Audit & Finance and Quality, Integrity & Risk Committees, and in the Supervisory Board itself.

We have assessed the design and the operational effectiveness of our risk management and internal control framework, and to the best of our knowledge, identified and disclosed all material risks and uncertainties relevant to our firm's continuity in the foreseeable future. Based on our activities in 2018/2019, the Executive Board considers the framework to have worked effectively and provides sufficient assurance to state that we have been, currently are, and anticipate to be, in control of our key risks, and that this provides reasonable assurance that the financial statements 2018/2019 do not contain any material misstatements.

Outlook

The global and Dutch economies show a slowdown in growth in the second half of 2018/2019. This is expected to continue through 2019/2020, albeit at a stable pace with limited resulting impact on our future performance. Geo political risks and related volatillity continue. Specifically, as it relates to trade wars, political tensions, the impact of Brexit can all result in a more challenging economic environment. We have developed plans to address a severe slowdown should this become reality. While reflecting on the current environment and outlook, our goal is to continue building and executing on our vision and 2020 growth strategy.

The NSE member firm combination has enabled us to accelerate our 2020 Plan by attracting new partners as well as investing in offerings and solutions for our clients. We have done this while increasing our investments in talent development and focusing on innovation. Initiatives are underway to bundle and scale our investments in blockchain, AI, and Robotic Process Automation (RPA). Towards the end of 2017/2018, the Board approved investments in a global SAP 4 Hana solution to support the planned move to a Global Finance Services model. Implementation was initially planned for 2019/2020, but given the decision to further optimise the global template, the Dutch and certain other geographies' implementations have now been deferred to 2020/2021.

Regarding the 2020 Plan, we will continue to build our business and improve our performance by investing in quality, talent development, innovation, and by recruiting and retaining the best talent. Other strategic initiatives will also continue in the areas of improving the client portfolio and ensuring our operations continue to be 'fit for growth'.

After three consecutive record-breaking years in terms of revenue and profit, we experienced a stabilisation including a slight drop in margin and earnings performance in 2018/2019. In the year ahead, we will focus on further investing in quality, innovation and talent, and on building higher quality in our revenues. Based on the current visibility, we plan to continue increasing our number of professionals by approximately 3%. We expect an ongoing ramp up in our investments in innovation and product development compared to the previous year, while also further increasing our investments in talent learning and development and in our impact on society.

Given the fact that Plan 2020 ends next year and that a fair part of the ExCo has been refreshed per June 1, 2019, a new strategic process is underway. Furthermore, it is the intention that a new COO will be formally appointed in September 2019 given that M. van Vliet's term will end.

The Board and our people take this opportunity to thank Peter Bommel for the impact he has made during the past seven years as our CEO.

Rotterdam, July 17, 2019

Executive Board

H. Honig,
Chief Executive Officer and Chairman of the Executive Board

M. van Vliet,
Chief Operations Officer

E. Robbe,
Chief Quality Officer

'The firm's global network, coupled with its excellent reputation in the market, inclusive culture and the breadth and depth of its cyber capabilities, made Deloitte the perfect next step in my career.'

Sir Rob Wainwright

Theme: Employment of qualified people
Challenge: War for talent
Solution: New partner hire
Who: Sir Rob Wainwright, senior cyber partner Risk Advisory

Sir Rob Wainwright – former executive director of Europol - joined Deloitte Netherlands on June 1, 2018 as a senior cyber partner. In that same month he received a knighthood from Queen Elizabeth II for services to policing and security.

REPORT FROM THE SUPERVISORY BOARD

Introduction

Again, the year has turned out to be a satisfactory year for Deloitte in the Netherlands. The Supervisory Board is grateful to all Deloitters who have made this possible. Deloitte's success was not only financial, but its market position has also improved and Deloitte Netherlands has merged into Deloitte North West Europe. Most importantly, Deloitte's ongoing relationships with clients have developed satisfactory.

So-called softer issues have come more to the fore: Company Culture in a broad sense has been an important (agenda) item, not only for the Quality, Integrity and Risk Committee of the Supervisory Board, but also for the Supervisory Board as a whole. Company Culture is also addressed in Deloitte's Audit Quality plans, which are regularly discussed with the firm's Audit Leadership. We have continued to stress Quality in all that we do, not only in Audit, and the Supervisory Board will maintain this as one of our spearheads of attention. A good example of the shift to 'soft themes' at Supervisory Board level is the formal inclusion of Ethics and Integrity in the Board's Quality, Integrity and Risk Committee. We will continue to encourage and support, the Executive Board in their efforts to create a Culture that truly nurtures Quality, even when this may lead to the departure of some long serving practitioners. Overall, we believe that such an orientation will benefit the Quality of Deloitte's services to clients. In the medium and long term.

The year saw further integration into and further expansion of Deloitte North West Europe (NWE). The drive for fewer Deloitte Member Firms is partly driven by the needs of our clients, who are less and less restricted by national borders. It is also partly driven by Deloitte's need for greater conformity, both in terms of client delivery and in terms of Quality, while also driven by the opportunity to reduce costs and the increased capacity to invest at scale to deliver higher quality and sustainable growth in chosen markets. We have made good progress on the first two, and the reduction of national costs and future investments will remain at the forefront of our attention.

Our Audit Practice has consistently and frequently interacted with the Supervisory Board, the only business under strict Regulatory oversight. The Supervisory Board has met once formally, in full, with the Dutch authority for the Financial Markets and some of its members informally several times. As of July 1, 2018, the new legislation 'Additional Measures for Audit Firms' and the amended 'Besluit Toezicht Accountantsorganisatie' are effective. The Supervisory Board has incorporated the new tasks and responsibilities in its regulations where necessary and will continue to spend as much attention as necessary and required on matters broadly indicated as 'Quality Items'. Our strict adherence to Quality standards and the dialogue with the Dutch authority for the Financial Markets will continue to be focus areas for the Board.

Deloitte has further emphasised its, Global Member Firm Standards. These are instrumental to gauging our relative, qualitative position within the Deloitte network, and have therefore been an additional, useful monitoring tool for the Supervisory Board.

The Supervisory Board has been actively engaged by the Executive Board in determining and monitoring execution of the firm's Plan 2020. During a full day meeting of both Boards, the Executive Board has reported on execution progress and sought the Supervisory Board's consent for a number of focused strategy 'sprints' for fiscal year 2018/2019. Individual pillars of Deloitte's Plan 2020, such as Ensure Quality, Become Premier Career Destination and Innovation, have been discussed in regular Board meetings and in meetings of its subcommittees.

Cooperation between the Supervisory Board and the Executive Board has been good. By invitation of the Chairman, (certain members of) the Partnership Council have also joined and will join (parts) of the Supervisory Board and Committee meetings. We will continue to avail ourselves of the knowledge of the members of the Partnership Council.

Most important Supervisory Board resolutions and discussions in 2018/2019

Most important items on the agenda of the Supervisory Board during 2018/2019 include:

Future of Audit - The Supervisory Board has actively participated in the debate on the Future of Audit and its potential implications for Deloitte. Given the importance of the subject matter, two of its members, the SB Chair and the Chair of the Board's Quality, Integrity and Risk Committee, have closely followed and challenged the firm's Future of Audit working group. The Future of Audit will continue to be a priority item on the Board's agenda for 2019/2020.

Management and Supervisory Board Succession - Due to multiple scheduled rotations in the Executive Board, the Executive Committee and the Supervisory Board in 2018/2019 and 2019/2020, succession has been an important item on the agenda of the Supervisory Board and its Selection and Nomination Committee. The Supervisory Board has regularly discussed succession management, updated relevant profiles and procedures in accordance with changes to the Wta/Bta introduced on July 1, 2018, and directed the selection and nomination process for the appointment of Hans Honig as successor to Peter Bommel as CEO of Deloitte Netherlands as of June 1, 2019. The Supervisory Board has also been consulted on changes to the firm's Executive Committee, the members of which are appointed by the Executive Board. The Supervisory Board has started preparations for rotations in the Supervisory Board and Executive Board scheduled for 2019/2020.

Execution of the Audit Quality Agenda - The Supervisory Board has continued to put substantial time and effort in its supervision of the Audit firm with a particular focus on initiatives to further enhance quality and interactions with external regulators and other stakeholders. Execution of the Quality agenda has been on the agenda of all meetings of the Board's Quality, Integrity & Risk Committee (QIRC) and of almost all regular meetings of the Board itself.

Diversity and inclusion – The Supervisory Board has challenged the firm's substantial efforts with regards to diversity, both at leadership level and at the level of its partners and senior professionals. This has resulted in a further step-up of the firm's diversity efforts and initiatives.

Selection external audit firm – Deloitte North West Europe (NWE) initiated a tender process for the selection of a single firm to carry out the external audit of Deloitte NWE and its constituent firms, including Deloitte NL. The Supervisory Board, supported by its Audit & Finance Committee, participated in this process and concluded that the firm preferred by Deloitte NWE is well qualified to act as external auditor of Deloitte NL. The Supervisory Board will propose to the Annual General Meeting to appoint BDO Audit & Assurance B.V. for the external audit of 2019/2020.

Other important agenda items of the Supervisory Board
Besides recurring corporate topics like the approval of the Integrated Annual Report and the budget of Deloitte Netherlands and Deloitte Accountants, other important agenda items for the Supervisory Board include: (i) the appointment of Audit partners and directors as external auditor; (ii) the implementation of changes to the Wta/Bta introduced on July 1, 2018 in the firm's Articles of Association and Supervisory Board and Executive Board regulations; (iii) certain incidents and high profile/risk engagements, including the Steinhoff matter; (iv) certain M&A transactions of the firm.

Annual performance evaluation of the Supervisory Board and the management of the audit firm
This year, the Supervisory Board has again made an internal evaluation of its performance, and the performance of its committees and members. This year's evaluation was performed with the expert support of an external boardroom consultant. The evaluation has resulted in a report with findings and recommendations.

In accordance with relevant rules, the Supervisory Board has also evaluated the performance of the Executive Board and the daily policymakers of Deloitte Accountants B.V. in 2018/2019. A committee from the Supervisory Board has held two meetings (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, including Quality-related objectives. The Supervisory Board has also provided input for the performance evaluation of the Business Leader Audit & Assurance and has received feedback from the Executive Board with regards to their evaluation of the Business Leader Audit & Assurance as basis for determination by the Supervisory Board of his remuneration.

Supervisory Board (Committee) meetings and attendance
During 2018/2019, the Supervisory Board has held:
- 11 Board meetings (8 regular meetings and 3 additional meetings);
- 25 Committee meetings;
- One Strategy meeting with the Executive Board, focused on achievements to date, the planning of a strategy refresh and the Future of Audit;
- One Education Day, focused on the Audit function.

Agendas of regular Supervisory Board meetings include the following standing topics: (I) a report by the Board's Chair; (II) an Executive Board report on highlights, Executive Board priorities, operations and a finance update, Deloitte NWE/network topics and M&A related updates; (III) review and discussion of at least one pillar of the strategy; (IV) a review and discussion of one of the businesses; (V) compliance and regulatory topics; and (VI) Committee updates. All meetings are prepared in advance by the Chairman, CEO and Company Secretary. Attendance of all Board and Committee meetings has been excellent with an attendance rate of approximately 98%. All Supervisory Board members have been present in all Supervisory Board meetings.

The Supervisory Board and its members have had regular contacts with the Executive Board, the Executive Committee, the Partnership Council, individual partners and professionals and the Works Council, and had several meetings with Young Audit Professionals. The Chairman and CEO meet frequently face-to-face, preferably twice a month. Three General Meetings have been chaired. All voting proposals were met with approval by the partners during these General Meetings. The Supervisory Board has also invited the AFM to attend one of its Board meetings.

Members of the Supervisory Board
In 2018/2019 the Supervisory Board comprised five members:

Name	End of term	Current term
Floris G.H. Deckers (Chairman)	July 2020	Second term
Frans E. Eelkman Rooda (Vice-Chairman)	September 2019	Second term
Jacqueline P. Rijsdijk	September 2019	Second term
Vincent G. Moolenaar	November 2020	First term
Nienke Meijer	July 2021	First term

Based on new legislation that became effective as of July 1, 2018, members of the Supervisory Board may be appointed for a maximum period of four years and can be reappointed once for a maximum period of four years. In accordance with AFM guidance, all current members of the Supervisory Board will be eligible for reappointment for one more term (four years maximum).

Members and Committees
The Supervisory Board has assigned, under its responsibility, a number of its specific tasks to four subcommittees (Committees):
- Audit & Finance Committee
- Quality, Integrity & Risk Committee
- Remuneration Committee
- Selection & Nomination Committee

Composition of the Supervisory Board Committees
All members of the Supervisory Board are 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 2018/2019.

The Committees are comprised of the following Supervisory Board members:

Audit & Finance Committee
Frans E. Eelkman Rooda, Chair
Vincent G. Moolenaar
Jacqueline P. Rijsdijk

Quality, Integrity & Risk Committee
Vincent G. Moolenaar, Chair
Floris G.H. Deckers
Nienke Meijer

Remuneration Committee
Nienke Meijer, Chair
Floris G.H. Deckers
Frans E. Eelkman Rooda

Selection and Nomination Committee
Jacqueline P. Rijsdijk, Chair
Nienke Meijer
Vincent G. Moolenaar

Highlights of the work of the Audit & Finance Committee during 2018/2019
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 and control framework, internal audit, engagement with the external auditor, and 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 and one additional meeting during 2018/2019. The findings and comments were reported to the Supervisory Board during the regular meetings of the Board. The Chief Operations Officer, a delegate of the Partnership Council, the Finance Lead, the Risk and Reputation Lead, the controller and the Chief Audit Executive as well as the external auditor, attended the A&FC meetings.

The work of the A&FC during 2018/2019 focused on:
- Structure of the control framework of the group, especially with regards to 'work in progress' balances and IT controls, as well as the redefinition of key controls;
- The adoption of IFRS 9 and 15 concerning revenue recognition and further preparation and impact analysis with regard to IFRS 16 and lease accounting;
- Continuing transformation of the Internal Audit function towards a focus on full operational audits;
- The (realisation of the) annual internal audit plan;
- The work, activities and reporting of the external auditor;
- Internal and external audit findings, including follow-up on previous recommendations made by the internal and external auditors;
- Planning and preparation of integrated reporting, including implementation of new standards;
- Forecasts and financial plans;
- Financial performance of the firm, both at an aggregate level and for the different Businesses of Deloitte;
- Tender process resulting in the proposal for electing a new external audit firm lead by NWE for the group audit, combined with a local evaluation and recommendation for the Dutch statutory audit.

Highlights of the work of the Quality, Integrity & Risk Committee during 2018/2019
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. During 2018/2019, the QIRC held five regular meetings. Key highlights included:

- Audit Quality has been and will be a recurring topic at QIRC meetings. An update of the Audit Quality Plan is a standing item on every agenda of the QIRC. Besides a regular update on Audit initiatives, the QIRC focuses on one or more challenges or dilemmas in individual components of the System of Quality Control. The QIRC has therefore thoroughly and repeatedly discussed, among others, culture and behaviour, ethics, reports from the AFM and the impact of its conclusions on the aforementioned Audit Quality Plan, continuous improvements of PCAOB and PIE Audits, the process and outcome of internal Practice Reviews and status of other initiatives to improve audit quality (for example, inflight monitoring);
- The QIRC prepared the ratification process of the Supervisory Board regarding the Executive Board's appointment of Audit partners and directors as external auditor. In that context, the QIRC and the Supervisory Board have assessed whether Quality (i) is sufficiently embedded in the nomination procedure and (ii) has been reasonably taken into consideration in the appointment decision by the Executive Board thus satisfying one of the requirements of the Wta/Bta.
- Beside Audit, each Business has provided an in-depth quality and risk management update, in order for the QIRC to fulfil its oversight responsibilities regarding quality and risk management of all Businesses of Deloitte NL effectively;
- The Committee has thoroughly discussed material litigation and risk management cases, based on the contentious matters overview or based on Management's assessment of the sensitivity of certain specific engagements;
- The QIRC monitors the Enterprise Risk Framework of the organisation and has discussed the process and determination of new risk priorities. In addition the QIRC has discussed one or more risk priorities each meeting. For example, the defined risks in Security & Confidentiality, Conduct (including to motivate and sustain ethical behaviour), Portfolio Management and Commercial orientation, Audit Quality and the Multidisciplinary model were discussed in the presence of their respective risk owners;
- The Member Firm Standards, relating to Quality and risk, have been used as an instrument of the QIRC to monitor the performance of the Executive Board and the Netherlands Firm. Member Firm Standards were discussed for Quality, Technology and Risk concerning all functions;
- The outcome of the independence inspection and testing;
- Updates and reports of the Risk and Reputation Lead (for example reports on business continuity management, budget for the RRL department, ethics, independence, internal and external complaints, GDPR and reputational risks), reports of the Compliance Officer Wta, the Director of Independence and the General Counsel of Deloitte Netherlands;
- Integrity and ethics have been important topics of the QIRC. Therefore it monitors the implementation of Deloitte's integrity imperative in the Dutch firm.

Highlights of the work of the Remuneration Committee during 2018/2019

The Remuneration Committee (RC) supports the Supervisory Board in decisions regarding the remuneration of the members of the Executive Board (who are also daily policymakers of Deloitte Accountants B.V.), including an assessment of their individual performance. Based on new Audit legislation, decisions of the Executive Board regarding the remuneration of daily policymakers of the Audit firm (in case of Deloitte, the Business Lead Audit & Assurance) are subject to approval of the Supervisory Board as well.

The RC has held six meetings during 2018/2019. Highlights include:

- The performance, short and long-term objectives (KPIs) with regards to the remuneration of the Executive Board;
- The RC has discussed the scope and set up of a process to enable the Supervisory Board to fulfil its legal obligations pursuant to new Audit legislation, for example regarding the remuneration of the Business Lead Audit & Assurance and the validation of his personal objectives;
- The RC has evaluated the current remuneration policy and remuneration of the Executive Board members;
- Discussion on (the principles for) the remuneration (policy) for the Finance Lead and Business Lead Audit & Assurance;
- Discussion on the remuneration for members of the Supervisory Board.

In addition to these six meetings, the RC held three meetings with individual members of the Executive Board, concerning their individual performance and assessment of their objectives.

The remuneration of the Supervisory Board in 2018/2019 has not been changed compared to 2017/2018.

Highlights of the work of the Selection & Nomination Committee during 2018/2019

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 also addressed succession planning of members of both boards, and is closely involved in succession planning of members of the Executive Committee.
Fiscal Year 2019 has been an important and busy year for the SNC due to several changes in both boards and the Executive Committee. Consequently, the SNC has held eight regular meetings. Key highlights included:

- Supervisory Board succession planning, update of the Supervisory Board profile, and the preparation of the reappointment of Jacqueline Rijsdijk and Frans Eelkman Rooda upon termination of their term in September 2019;
- Succession planning of the Executive Board, update of the CEO, COO and CQO profiles, nomination of Hans Honig as new CEO and Chairman [and Oscar Snijders as new COO of Deloitte Netherlands];
- Succession management and leadership development;
- Rotation of NWE elected Board members.

Priorities
The Supervisory Board has selected the following priorities for its supervision of the management and affairs of Deloitte Netherlands in 2019/2020:
- Succession management
- Onboarding new Executive Board members and the relationship with the Supervisory Board
- The Future of Audit
- Audit Quality
- Strategy refresh
- Diversity & Inclusion

Rotterdam, July 17, 2019

On behalf of the Supervisory Board,
F.G.H. Deckers, Chairman

'Change starts with having a conversation, and that starts with people who are willing to tell their story. By sharing our own personal stories with young professionals we feel Deloitte can embrace change at the root of our organisation.'

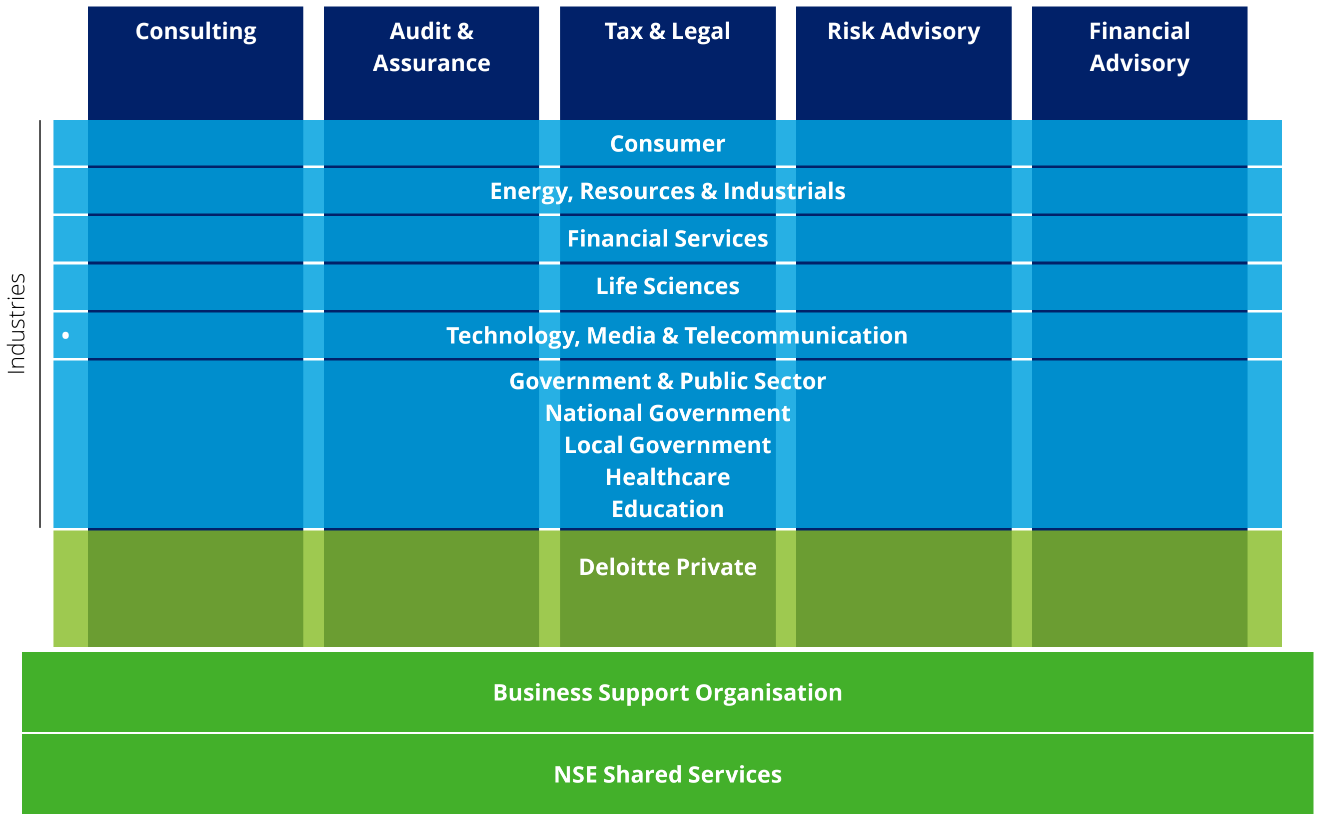
Raoul Ramautarsing

Theme: Diversity & Inclusion
Challenge: More inclusive environment
Solution: Storytelling sessions, as part of the Tax & Legal onboarding programme for new hires
Who: Raoul Ramautarsing, partner Tax & Legal + team

Diversity & Inclusion (D&I) is all about having our people bring their whole self to work. In a new, personal approach to promoting D&I, this group of people shared their own stories of times when they felt different or experienced doubt about whether Deloitte was the right place for them.

OUR BUSINESSES

Deloitte is structured around five Businesses that work across various economic sectors (industries). The businesses are supported by our Business Support Organisation which serves both the businesses and the industries. Working with a matrix of businesses and industries allows us to serve the needs of our clients by combining expertise with experience.
In this section, we provide the financial results and market developments for our five businesses and our Business Support Organisation. We also give insights into the role of innovation and the importance of our talent.



Diversity & Inclusion

Across all our businesses, improving the diversity of our workforce and creating a more inclusive business culture are regarded as overriding priorities. In the area of gender diversity, we are working towards a more balanced composition of our workforce including female leadership, which requires us to focus on the retention and recruitment of senior female staff and leadership, and to eliminate potential bias in our promotion processes. We want our diversity & inclusion activities to attract a new generation of talent for whom purpose and principles are of primary importance. Besides that, a part of building high performing and successful teams is to ensure they are diverse in their composition and truly inclusive in terms of work habits, opinions, viewpoints and beliefs. In this regard, diversity is a point of attention and improvement at all job levels.

Turnover in € million
248.1 -0.5%

Employees (FTE)
1,552 -0.3%

Partners
69 -6.8%

Service lines
Listed & PCAOB
International & Financial Services
Public
Private
Non Assurance

Audit & Assurance

For Audit & Assurance, making an impact that matters means delivering independent audits of the highest quality and pursuing opportunities and activities to address the challenges facing the sector, thereby meeting public expectations. We are committed to a high-quality audit practice and have made strategic choices on:

Innovation
We are innovating our service delivery with the aid of automation (robotics, analytics), standardisation (Deloitte Way), and centralisation (regional delivery centres).

Culture
We have a culture programme in place that focuses on themes such as direct feedback, walking the talk (example behaviour) and accepting mistakes and related learning elements. We have launched initiatives to further professionalise the way in which we work together with a focus on behaviour.

Clients
By making clear choices in our client portfolio we believe that we can better serve our clients and offer more challenging work and optimal working hours for our people.

Due to the choices and investments we make, our Audit & Assurance practice has shown progress on our strategic and quality agenda. This allows for further investments in audit quality and innovation, e.g. in analytics and robotic process automation.

Financial results in 2018/2019 were stable, and our Audit Advisory practice performed reasonably well given the stable economy while identifying and meeting market and client needs.

Key opportunities
One of the biggest opportunities we see in the marketplace is the increasing demand for assurance services. Assurance is the insight we provide and the trust that our work inspires. The skills of our accounting practitioners enhances the trust that stakeholders have in the business decisions taken by our clients. We provide assurance on complex accounting matters, transactional events, finance organisations, regulatory compliance, innovative technologies, and on an ever-expanding range of topics driven by market disruption. We do this by applying our technical knowledge, diverse skillsets and cross-functional collaboration.

We see a promising opportunity for Deloitte Integrated Services to provide services and solutions to the fast-growing start-up and scale-up businesses. We are leveraging Deloitte initiatives such as Fast50 and Rising Star to attract clients in this segment; a segment that shows great potential for delivering value added services. Moreover, Deloitte Integrated Services is looking to broaden its service offerings in the areas of Advisory and Support services.

Key challenges
Our talent plays a key role in making an impact on our clients. The quality, intelligence and perseverance of our teams ultimately determine our value creation. Our ability to attract, develop and retain the right people is therefore a key success factor for our business. We are fully aware that to provide superior quality, we need an inclusive culture comprising people from different cultural and educational backgrounds and experiences.

Within Audit & Assurance we continuously invest in technology and in new and disruptive perspectives. This includes automation that speeds up and improves routine tasks, analytics that help to gain a deeper and more insightful views into data trends, and artificial intelligence that enhances human discovery and problem-solving. To stimulate innovation, we have installed the Audit Incubator Board where colleagues can put forward ideas. After an initial selection of ideas, professionals have to persuade our 'dragons' (members of the Incubator Board) to back their idea in a 5-minute pitch. The dragons will invest in the most successful ideas and act as coaches during the development process to upscale it across the Audit & Assurance business.

Impact on society
We serve the public interest by performing audits on financial statements and issuing a statement on the reliability of financial and non-financial information. In this process, we consider issues such as fraud, corruption and business continuity.

The impact of our work extends beyond audit. Attesting that financial statements give a true and fair view in all material aspects, and providing insight on the conduct, controls and tone at the top of an organisation provides its stakeholders with the confidence to make critical decisions. Deloitte has been granted this trust by society and it is up to us to live up to these expectations. Our goal is no different than that of our regulator - the Authority for Financial Markets (AFM), and other key stakeholders. Together with other firms, Deloitte participates in the Stuurgroep Publiek Belang (Public Interest Steering Committee of the NBA) to further improve the trust that society has in our profession.

Regulatory environment
Please see the section 'Future of audit' on page 39.

Theme: Culture of excellence
Challenge: Bridge the gap between leadership and young professionals
Solution: Global Young Audit Forum
Who: 174 young professionals in 61 countries

Rick Dekker and Lidwien Snijders led the Young Audit Board in the Netherlands until the summer of 2018, after that they took on a new objective: bringing the Dutch Young Audit Board to a global level and helping other member firms installing a local young audit forum. The Global Young Audit Forum is a forum uniting Deloitte's audit young professionals from over the world to bring them together, capture their insights, vision and ideas on audit and Deloitte, amplifying these towards Deloitte's leadership and working together to develop and deploy projects that assist and inspire our young professionals in executing high quality audits. Together with Marnix Pouw (NL) and three other proffessionals around the globe they lead this initiative.

'As young professionals, we are at the basis and future of auditing within Deloitte. Our purpose as a Global Young Audit Forum is to act as intermediary between Deloitte's young professionals and audit leadership.'

'The biggest challenge was getting permission to access sensitive data held by Statistics Netherlands (CBS). The fact that the dataset covers all 64,228 Dutch cancer survivors in a specific year makes this publication unique. By delivering these new insights Deloitte definitely fuelled the societal and political debate on this topic.'

Quote of team

Theme: Innovation
Challenge: Contribution to society
Solution: Research on Life after Cancer
Who: Martijn Ludwig, Marloes de Raad, Kim Lijding, Maarten Snijders, Pouya Zarbanoui, Niels van den Berg, Martin Eikenboom

The team conducted research on what happens to cancer survivors on the labour market. The research shows that young women, low-skilled workers and temps who survive cancer tend to lag the control group in socio-economic factors. The publication got extensive media coverage and led to questions in Dutch parliament.

Turnover in € million
282.9 +13.1%

Employees (FTE)
1,257 +14.8%

Partners
64 +9.8%

Service lines
Human Capital
Strategy & Operations
Technology

Consulting

In 2018/2019, Consulting delivered a robust performance with continued consecutive growth. As part of Consulting within NWE, we have a strong platform to become the undisputed leader in the consulting market segments that we operate in in the Netherlands.

We have continued to see key favourable developments in our market. The adoption of cloud solutions has increased the pace of technological development and provided opportunities in areas such as Customer, Operations, Finance, HR and IT. To capture these, operations and IT are working more closely together in many organisations.

Our clients increasingly demand a Consulting partner that supports them in transforming their business from business strategy to execution. We provide this support through multi-disciplinary services and strategic, operational, human capital and technology capabilities. We have continued to execute our Consulting 2020 Plan and have grown our competences. For example, we maintained a clear focus on innovative capabilities and technology driven services such as Digital, Analytics, Robotics, Cognitive and Artificial Intelligence. All our service areas - Strategy & Operations, Human Capital and especially Technology - contributed to our growth.

Key opportunities

Growth in Consulting in recent years has created advantages through economies of scale and scope. Our growing team of consultants continues to specialise in key competences and industry sectors, combined with recruiting senior talent where necessary. There is also a growing focus on collaboration that helps us to better connect our competencies and our strategy-to-execution offering.

With plans in place for high growth areas and accelerated execution, we are investing in innovation and looking to broaden our asset base. We have experienced strong growth in tailored client and industry solutions. This is being enabled by our capabilities in technology driven services.

At the same time, we have intensified our relationships with key alliance partners and strengthened our position within select ecosystems, such as Healthcare, Energy & Resources, Consumer Products, Retail & Transportation and Public Sector. Our focus is on developing executive relationships with our strategic clients through relevant insights, deep expertise, account structures and eminence programmes. In the Financial, Private and Public sectors, we are increasingly leveraging Deloitte's capabilities around the globe. As a result, we have increased our impact for strategic clients and in many cases, provided a wide range of services to them.

Key challenges

Our Consulting practice has shown strong growth in the past few years, which has mainly been possible due to our growing talent pool. As the 'war for talent' intensifies, we have increased our focus on recruitment, development and retention.
In recruitment we are covering all experience levels and looking for specific industry experience. We are finding new ways to improve our existing talent and performance and broaden our learning programmes. The growing demand for our services requires greater capacity and flexibility in our consulting model. Therefore, we have further developed our near and off shore delivery model, which leverages our capabilities in South/East Europe and Asia. We are also building a flexible pool of resources to address both peak demand and specific competences or industry knowledge.

Our talent experience combined with our alternative delivery model are cornerstones of our fast-growing Consulting practice. Our team of professionals grew by 14.8% to 1,321 FTEs, recruiting more than 350 new consultants in the year. Our talent engagement score has improved to the highest level in the history of our Consulting practice.

Impact on society

We believe that as a leading Consulting practice it is important that we make a positive impact on society. Throughout the year we have invested in advising clients that make a clear positive contribution to society. We support these clients by investing and through high quality consulting projects. Examples of this include the following:

- Together with the Vrije Universiteit Amsterdam, we are developing **'Alice'**, a social robot capable of fulfilling various social and care aspects in the lives of the elderly. Alice is a robot that can fulfil social and care functions for them, thereby lowering the workload of healthcare professionals. Alice can mimic emotions, interact with people and other (care) robots, connect people, come up with creative solutions and translate big data into an understandable language for the elderly.
- Partnering with a key producer of animal feed supplements, Deloitte worked on the 'Clean Cow' project to deliver additional value to the value chain beyond one of the client's products being simply a feed supplement. This included addressing unmet needs, finding new data-driven value spaces, scanning potential partners, and creating a CSR case.
- In the Predict Best Cancer Treatments project, a Deloitte team (data engineers, data scientists and a front-end developer) participated in the Beyond Banking Hackathon. We analysed the DNA data of children with T-Cell Leukaemia. The data was provided by the Princess Maxima Center for paediatric oncology and Erasmus Medical Center. Without any medical background, we were able to build a model to predict the best treatment for these children. This resulted in winning the Social Impact Award. Currently we are working together with Erasmus MC on melanoma (skin) cancer and are helping Princess Maxima Center to validate our model for further research.

We are proud to be able to partner with our clients to have a positive impact on society.

Turnover in € million
219.0 +8.3%

Employees (FTE)
870 13.6%

Partners
69 +4.5%

Service lines
Global Business Tax
Global Employer Services
Indirect Tax
Legal

Tax & Legal

With political developments, tax reforms and emerging regulations, our market continued to change rapidly in the year. International trade relations also came under pressure with financial integrity playing an even more important role. Finally, there were continuous developments in the areas of technology and innovation as the legal market continued to grow both in terms of revenues and in the number of service providers.

With tax reforms and the social debate on ethical taxation fully on the agenda of corporates, demand is growing for special advisory services with a focus on technology and ethics. As a result, we continued to hire new employees at senior manager and manager levels who can meet this demand. We also made significant investments in content, technology and innovation that are essential to our ambition to gaining undisputed leadership by 2020 and beyond.

At the same time, Tax & Legal has continued to build core strengths in several key areas of growth, both locally and across NWE, while remaining mindful of potential alliances and acquisitions to scale and to deepen our penetration in local markets. Finally, we have strengthened the Deloitte Legal brand in the market and made good progress in attracting clients and talent by combining content, process and technology.

Key opportunities

We are helping our people to grow personally and professionally through our coach-the-coach programme. This programme aims to transform all partners, coaches and people leaders into more inclusive and transparent mentors and leaders. For our analysts up to senior managers, we have developed a more personalised learning plan that links to our new Global Talent Standards. Meanwhile, we have reviewed our TOP-programme to provide for a stronger community between peers with more learnings, and a focus on development via the TOP traineeship.

We further optimised our internal delivery model using Robotic Process Automation (RPA) for multiple processes. This combines RPA, Artificial Intelligence (AI) and our tax data analytics platform. We have already developed around 20 bots internally, where we reduced internal costs and generated revenues. In the Dutch Tax & Legal RPA Centre of Excellence (CoE), we were able to streamline our efforts with a strong connection to our Global RPA CoE.

We built substantive pipelines of work in tax technology (ERP, tax engines) through the acquisition of tax automation consultants Tytho, in combination with our existing presence in the marketplace. In Digital and Innovation, we took further steps to align our efforts and developments and accelerated our time to market, making use of RPA and data analytics. We also saw more discussions and work mandates around technology, the future of tax and the future of work.

Finally, we further positioned Deloitte Tax & Legal as an eminent player and a leader in innovation at several large events, while our AI solution on legislation was assessed by two universities with very good results.

Key challenges

Among our key challenges is the need to become a more inclusive culture in which everyone feels able to contribute to the success of our practice.

We have formulated a talent promise to our employees that emphasises a learning journey and personal development. Initiatives such as the TOP traineeship, coach-the-coach trainings, personalised learning paths and reward through experience, are enabling us to fulfil this promise throughout the Tax & Legal organisation.

Our continued investments in Technology and Innovation have gained us widespread recognition as a leading firm in the market place, and helped us to attract new talent and optimise our delivery models. We also experienced, however, that only a part of the tax market is ready to implement our tax technology agenda and fully realise the benefits it offers.

Impact on society

We help our clients to become and remain compliant with tax and legal requirements around the globe. We enable clients to organise their tax and legal processes in a modern and efficient manner. We believe our work contributes to a global economy that enables growth, cross-border trade and stimulates local economies.

We have endorsed the modernisation of international tax rules and changes were implemented as a result. We contributed our technical expertise by providing comments on various proposals from the Organisation for Economic Cooperation and Development (OECD), the European Union (EU) and Dutch government, and engaged in conversations with many of our external stakeholders, including members of parliament and non-governmental organisations. We were also actively engaged in the debate on responsible tax practices in the Netherlands.

Our Tax Review Board consists of both internal and external members and assesses – based on our global tax principles – the acceptability of services and provides guidance to our practice. Last year, the Tax Review Board organised several sessions for all our professionals to present and discuss the Global Tax Principles and to enhance awareness and guidance on this topic.

Regulatory environment

The tax landscape continues to evolve. The OECD / G20 BEPS initiatives have now been implemented and the European Anti-Tax Avoidance Directive (ATAD) has been adopted. In the international landscape, the taxation of the digital economy remains unsolved. Various proposals on this topic have been published and there is growing pressure to reach a global solution or to implement local measures. We also expect further legislation to fight tax avoidance and evasion in other areas.

Next to these amendments in tax law, there is continued focus on the role of the tax advisor. The EU has adopted the Mandatory Disclosure Directive (DAC6) that requires intermediates such as Deloitte to report certain cross-border tax arrangements. Deloitte Tax & Legal has educated and guided its practitioners on this matter and developed a central tool to facilitate the reporting process.

Turnover in € million
180.7 +8.9%

Employees (FTE)
667 +8.1%

Partners
33 +13.8%

Service lines
Cyber Risk
Financial Risk
Managed Risk Services
Operational Risk
Regulatory Risk
Strategic & Reputation Risk

Risk Advisory

The fourth industrial revolution is driving change and creating a global, digital and interconnected world. In addition, a continuously tightened regulatory environment is having a direct impact on the risk landscape across organisations and is profoundly shaping their internal control environment. With greater amounts of data available, organisations can implement their risk management processes much more accurately than before. However, their challenge is now to interpret, use, and control this data correctly.

Against this backdrop, Risk Advisory sees one of its biggest market opportunities in cyber advisory services. To be better able to offer a premium and consistent global experience to our clients, and elevate our practice to maintain our position as a world leader in cyber services, we recently launched the OneCyber initiative across Deloitte NWE.

OneCyber encompasses the following four priorities:
- A laser sharp focus on market impact and on growing senior relationships and sales with Priority and Strategic clients;
- Prioritising our growth offerings and innovation in our key capabilities;
- Building, acquiring and retaining the best cyber talent;
- Evolving towards a new OneCyber governance and operating model.

Key opportunities
There are numerous opportunities that enable us to become the most impactful Risk Advisory practice. These are summarised as follows:
- Going to market as one diverse team within NSE and globally to bring the best set of capabilities to our Dutch clients;
- Building a diversified client portfolio that enables sustainability in changing markets;
- Continuing to invest in the depth of our risk capabilities and expertise while investing in our capabilities in new risk areas through strategic hires and acquisitions, thereby meeting changes in market demand;
- Being an innovative risk advisory brand by implementing risk efficiency and differentiation across all service areas using data and technology, and with services underpinned by innovation data and technology;
- Boosting flexible working arrangements, sabbaticals, and international mobility that support our talent’s expectations.

Key challenges
Instead of making large investments upfront, we aim to de-risk our innovation process by projects/managed services engagements based on a unit price and adding - in a cost-effective manner – automation technology to replace manual efforts. We have four innovation priorities:

i) Scaling our Managed Analytics solutions (Continuous Control Monitoring, our data analyticstool 'X-Ray', Deloitte Data Transformation Platform;
ii) Importing successful managed services from other member firms;
iii) Supporting our Lead Business Partners in developing innovative managed services (e.g. Managed Data Quality, Managed Transaction Monitoring, etc);
iv) Building a solid blockchain team to respond and win large blockchain mandates.

Impact on society
Risk Advisory helps its clients to map, control, mitigate and reduce their risks, thereby contributing to their agility and business continuity. Our technology-based business solutions enable realtime tracking of key risk indicators and, as a consequence, an almost immediate response. Furthermore, our expertise in IT assurance allows for fact-based decisions on the reliability of vital business systems. This is not only good news for our clients but for society as a whole as the clients we support are able to improve their financial and non-financial performances, adding value to their stakeholders.

Theme: Diversity & Inclusion
Challenge: More (gender) diverse workforce
Solution: Deloitte's Women's Network
Deloitte's Cultural Diversity Network
Who: Esther Schagen-van Luit,
junior manager Risk Advisory

Research has shown that diverse teams - in all senses of the word - perform better because they challenge each other on beliefs and assumptions, have more innovative ideas and embrace personal and professional differences better, leading to higher employee satisfaction.

'There is resistance to addressing gender issues - and also other diversity traits - from men believing unfair advantage through correcting initiatives, and from women who see correcting initiatives as impairing their claim to 'have made it on their own'. These views stand in the way of an objective and un-emotional discussion.'

Esther Schagen-van Luit

Turnover in € million
79.5 +14.3%

Employees (FTE)
353 +23.9%

Partners
27 +4.5%

Service lines
Benefits & Pension Advisory
Forensic & Financial Crime
Mergers & Acquisitions
Real Estate

Financial Advisory

The overall mergers and acquisitions (M&A) market is still active but slowing down: deal volumes are decreasing and deals are taking longer to complete. This development directly affects our corporate Finance practice. Our M&A service activities such as Transaction Services, Debt Advisory, and Valuations and Modelling are constantly engaged and teams are still growing, allowing us to further focus on industries including FSI, and launch a team operating from our Rotterdam office. We are also further building capabilities around disruptive M&A following successes after the introduction of these type of transactions.

We have seen an increased demand for advisory work in the financial crime domain given the increased expectations from regulators and society towards Anti Money Laundering (AML) and wider financial crime compliance.

We notice that external accountants are strengthening their approach towards audit clients that encounter fraud or corruption issues. The demand for objective fact-finding has been boosted the Deloitte Forensic investigation teams.

In our Real Estate practice, we see an increase in the complexity of projects. On the one hand, the overheated residential housing market causes a lot of turbulence, while on the other, key themes such as the Future of Mobility and Energy Transition / Circularity require additional capabilities.

Our Benefits and Pension practise saw the abolishment of pension accruals for DGAs and a continuous shift from defined benefits towards defined contributions. The team is shifting its focus towards HR benefits work, as well as tech developments.

We see an increasing diversity in our hires, particularly those with data backgrounds and specific capabilities. We have finally been able to strongly increase our share of female leadership within the partner and director team.

Key opportunities

While, for instance, Deloitte Forensic is already widely recognised as a leader in analytical capabilities, we believe that the opportunities that technology brings in our support to clients in dealing with money laundering, fraud and corruption make this a key focus area. In the M&A, real estate and benefits and pension market we also see many opportunities to further enhance our services with the use of new data technologies. Apart from the adoption of technology, we will broaden our transaction support services with specialties like IT and commercial due diligence.
For the Dutch real estate market, we have developed a blockchain solution in close cooperation with banks.

Our mid-market corporate finance team has been strengthened with the former Boer & Croon team joining in January, enabling us to increase our focus on specific sectors, in particular the healthcare and public services sectors. We see an increased demand for our disruptive M&A services where we connect large corporates with smaller technology-driven companies.

Key challenges

Our main challenge remains the attraction and retention of the right talent. In some of our markets we see some relaxation whereas in other markets, such as financial crime and due diligence, the war for talent is continuing. Finding and retaining the right talent including the changing requirements to skill sets arising from digitalisation, is crucial to helping our clients at critical moments. We continue to push innovation both in the way we do our own work as well as in bringing new solutions to our clients. Data analytics, AI and blockchain remain at the heart of our way forward. There is a difference in pace of acceptance and demand from the market between, for instance, Forensic and the more traditional M&A market.

Impact on society

We help protect our clients from financial crime risks. In doing so, we contribute to a safer and more equal business environment and society. We bring an objective and impartial view when we perform forensic investigations, and differentiate from service providers that serve client interest only.

In the M&A and real estate markets, we provide trust and objectivity to both public and private parties. With our specialist Benefit and Pension, Real Estate, Forensic and Valuation knowledge, we support our Audit & Assurance business with specific analysis.

Turnover in € million
N/A

Employees (FTE)
753 +6.7%

Partners
12 -20%

Brand & Communications
Client Service Org.
Data Management
Finance & Control
IT & Workplace Services
Legal Affairs
Procurement
Reputation & Risk Leadership
Shared Service Center
Talent

Business Support Organisation

To keep up with the solid growth of our business in terms of people (+6.7%), our support organisation stepped up its efforts to optimally handle the increased volumes. More laptops and mobile phones and related service was enhanced while our Service Desk handled significantly more requests. To meet this growing demand, we strengthened our Recruitment efforts to increase our capacity while also making our workforce more flexible and able to respond. Due to these efforts, and thanks in part to the strength of the Deloitte brand, our team succeeded in onboarding more than one thousand new colleagues across businesses rapidly. This also resulted in smoother integrations.

Key opportunities

We have not yet unleashed the full potential benefits of robotics across our relevant processes. There remains a significant opportunity for Business Support Organisation to impact and organise its processes more efficiently while increasing our effectiveness. Automated processes that are well designed can be extremely reliable in performing repetitive activities. With the support of IT, a Center of Expertise will be created which has in-depth knowledge of building robots and making use of proven change processes.

Another opportunity relates to the formation of a larger member firm in the NSE member firm. This will enable our support organisation to learn from each other, standardise and automate processes and apply economies of scale. Global initiatives have already allowed us to start implementing standard software in finance, reporting and CRM, which will also benefit a future NSE organisation.

With the formation of our Business Support & Operations department, we support our businesses and manage the primary back office processes. We see opportunities in this area to improve our processes by aligning the first and second line support, even at a larger scale, which will benefit the future NSE organisation and our Global Shared Services areas. We also see opportunities to support our business in a more efficient way. Self-service solutions and automation of processes are key in this respect. Also involving our Executive Assistants in more supporting processes and becoming an added value in different supporting areas, should increase the overall service experience of our talent. In close cooperation with our Digital team, we constantly look for ways to increase the employee experience by developing and co-creating apps and other solutions.

Key challenges

Deloitte's growth in recent years has led to a significant increase in activities the Business Support Organisation performs, as well as new activities arising from regulatory requirements, especially in the areas of privacy, quality and reporting. While our focus has been on increasing capacity, we have also been keen to improve our efficiency and assess how processes can be organised in a smarter, way. This has resulted in, for example, robotics initiatives started by our employees to automate standardised activities. Others have focused on increasing digitalisation and resulted in greater efficiencies and increased opportunities to perform data analytics. It also resulted in the establishment of a new team with a specific focus on the Digital Employee Experience to address inefficiencies in our processes that can cause dissatisfaction among our people. Through qualitative research, we identified the most impactful pains and opportunities within the Employee Journey at Deloitte. These pains are in the process of being addressed, with a focus on client work and knowledge sharing related activities in 2019/2020.

Impact on society

The impact on society by the Business Support Organisation is diverse and can significantly help Deloitte to reduce its environmental footprint and seamlessly meet legal and regulatory requirements.

Both Procurement and Workplace Services have developed proposals to lower our carbon footprint by promoting the use of lease cars with lower or no direct CO^2 emissions, and also giving employees the option of traveling by train using their NS business card rather than by car. When entering a new lease, especially for new buildings, there has been strong focus on leading in sustainability by example. This has resulted in us occupying one of the world's greenest office buildings -- The Edge located in Amsterdam.

'RegMiner makes it easy for clients to monitor and control their legal obligations, which in turn frees up time for them to better serve their clients, which benefits society as a whole. We're pleased to be making a difference in promoting transparency, levelling the playing field, and safeguarding financial stability and confidence.'

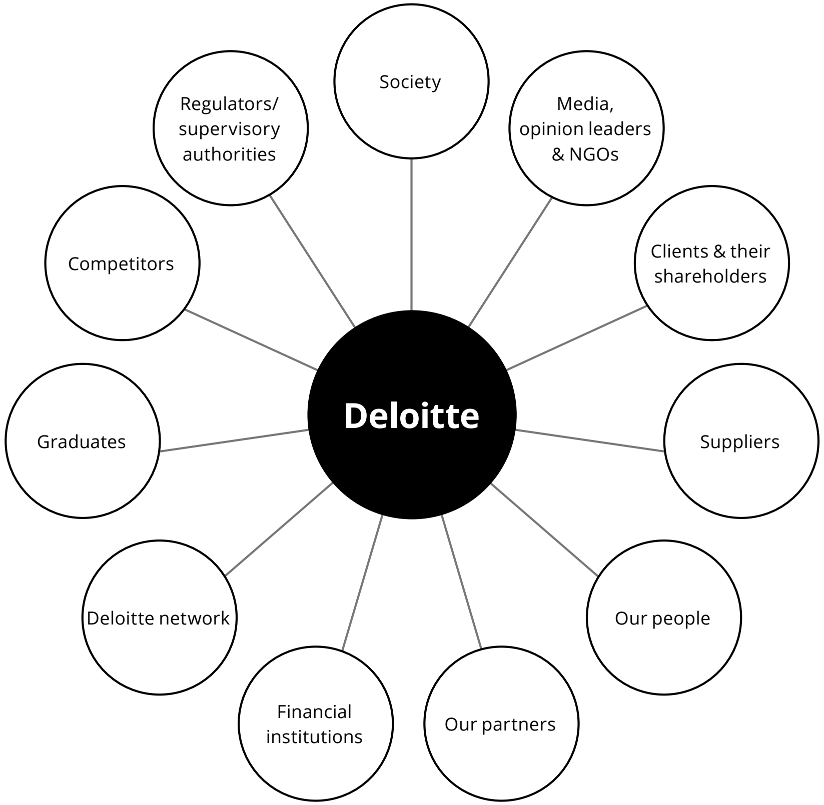
Quote of team

Theme: Innovation
Challenge: 30% revenue from innovations
Solution: RegMiner
Who: The RegMiner team of approximately 15 people

To help financial institutions stay on top of changing laws and regulations, a new internal collaboration was started: RegMiner. This global team consists of developers, designers, legal and regulatory experts, AI experts, mathematicians, and data scientists – the aim is to work together with clients, to make sure the team's work directly corresponds to clients' needs. The deliverable is the RegMiner tool, which has been implemented by several financial institutions.

INTERACTIONS WITH STAKEHOLDERS

Our aspiration is to be a role model for quality, integrity, and positive change. To understand the implications of this aspiration, we interact with our stakeholders to seek their opinions and their expectations. This process allows us to define a timely and adequate response to the issues they deem important to our business and to our ability to make an impact that matters.



Adapting to change

The only certainty in our business environment is that it is constantly changing, requiring us to constantly adapt to new realities. This change happens in four areas:

1. **Market landscape**
   Our clients face emerging technologies, disruptive business models and highly connected networks that are spread across markets (distributed networks). Their service needs and our way of working are affected by these developments and require tailored solutions across diverse teams and expertise. In addition, our ability to deliver consistent, high quality services across the globe is increasingly important as many of our clients nor our competitors are geographically bound or limited to traditional (local) markets.

2. **Labour market**
   We need professionals with diverse profiles to succeed in response to our clients' service needs. Next to talent with a 'traditional education' we are also recruiting and employing engineers, mathematicians, psychologists, scientists and other specialists. In addition, the nature of labour relationships is also evolving. Millennials have different career expectations and online platforms provide mechanisms to collaborate beyond boundaries. It is up to us remain attractive, to retain the talent of the future, and offer an outstanding career experience that attracts, retains and develops the best talent.

3. **Regulatory environment**
   The regulatory landscape is evolving, which includes not only regulators, but also opinion leaders, NGOs and the media. Increased attention and pressure on transparency, quality, integrity and independence are inherently reshaping the rules and regulations of our organisations and our industry.

4. **Societal expectations**
   Parts of society can perceive global professional services providers like Deloitte as 'black boxes', which is leading to a broader call for increased transparency in the way we conduct our business, help our clients, and on how we report. At the same time, there is recognition of the knowledge and experience we bring into the public debate, the impact of our work, and the social initiatives we engage in.

We actively seek our stakeholders' views

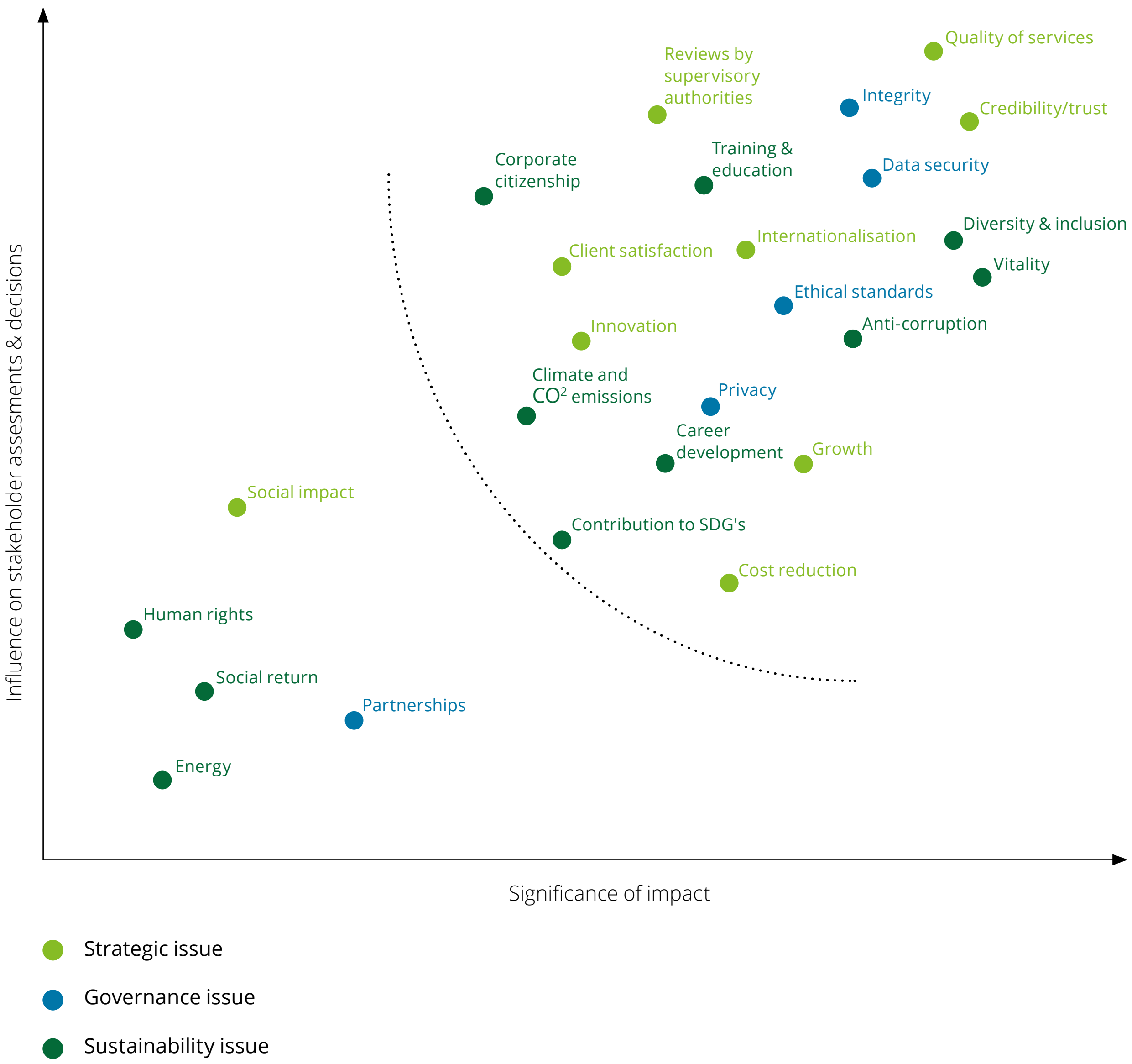
We take our stakeholders seriously. To this end, throughout the year, we actively engage in dialogue or seek their opinions in other manners such as through (social) media scanning. Please see our Stakeholder Engagement summary online for more information on how we have engaged with our stakeholders and the main issues that they raised.

In 2018/2019, we updated our structured stakeholder programme involving the primary stakeholder groups that we identified to assess the materiality of our strategic and sustainability agenda. Based on this engagement, we prepared a Stakeholder Engagement Summary that is available online.

Materiality analysis

In the basis of our stakeholder engagement, we have plotted the materiality of the various topics that are relevant to our stakeholders and thus to our firm.

Materiality matrix



'As the client puts it, ‘Deloitte is building a platform where we can collaborate, get inspired and innovate so we can ultimately achieve a culture of energy, performance and humanity in our organisation.’

Quote of team

Theme: Innovation
Challenge: Healthy & safe work environment
Solution: Innovation in Workplace Wellbeing
Who: Egon Hoppe, Maureen Berkhout, Leonie van Vugt, Hebe Boonzaaijer, Ronald Meijers

With an independent research institute and a major Dutch health insurer, our client, the team is performing a comprehensive study into workplace wellbeing. The aim is to build a model including all the factors that influence high engagement and performance versus stress and burnout. In addition they’re bringing 20 organisations together in a Community of Expertise, where innovation in workplace Health & Wellbeing is shared through events, newsletters, strategy labs, and a network app.

Material topics

Based on the materiality matrix, we have identified the following topics as material for Deloitte and its stakeholders:

Topic	Elements	See pages
1. Quality	- Quality of services	52
	- Client satisfaction	42
	- Credibility/Trust	39
	- Privacy	53
	- Data security	53
	- Reviews by supervisory authorities	5
2. Ethics & Integrity	- Ethical standards	69
	- Integrity	69
	- Anti-corruption	70
3. Talent	- Diversity & inclusion	58
	- Training & education	52
	- Career development	55
	- Vitality	58
4. Economic performance	- Growth	61
	- Internationalisation	67
	- Cost reduction	65
5. Innovation	- Bringing new service offerings to market	61
6. Impact on Society	- Corporate citizenship	48
	- Social impact	45
	- Contribution to SDGs	49
	- Climate and CO2 emissions	65

Compared to our previous report and in line with our materiality analysis, we have expanded "Diversity" to "Diversity and inclusion", broadened the scope of "Health & safety" to "Vitality", replaced "Environmental management" by "Climate policy and CO^2 emissions", and added "Contribution to SDGs" as a material topic.

MAKING AN IMPACT THAT MATTERS

Our business model and value creation

We aim to be an organisation that our stakeholders view as a leading role model for quality, integrity, and positive sustainable change and impact. We recognise the importance of our ongoing dialogue with stakeholders as it helps us understand what they consider important and what their perceptions are about Deloitte and our activities. We are an active participant and contributor in many markets including the professional services market, the labour market and the broader social and regulatory environment. By being proactive, we want to enhance our understanding of the factors that drive our performance and success. Central in our value creation is our business model.

This business model is designed to define, design and implement impactful solutions to the many business challenges our clients face. The combined (professional and industry) knowledge and experience of our talent are essential in this respect. Our business model is powered by our purpose and aspiration and supported by our Plan 2020.

As a business, we take in the resources we need to fulfill our purpose. By operating our business model we make a direct and indirect impact on our stakeholders. On page 40 we describe our business model of value creation in a schematic way, detailing our main inputs and impacts. These impacts are further elaborated on pages 45-48.

We value our multi-disciplinary business model (MDM) that combines our audit capabilities with capabilities in advisory services in – amongst others – the areas of tax, risk, cyber, HR and corporate finance. We believe the MDM enhances client quality:

- It allows us to better meet our clients' needs and expectations, also given the nature of our clients and the nature of the issues they face;
- It allows us to better train our people by enhancing their understanding of complex issues;
- It ensures attractiveness for the labour market as our people have the opportunity to switch between businesses, broadening their horizon and increasing their performance;
- All businesses contribute to a better understanding of economic sectors industries, and provide insights and technology enhancing the overall quality and the economic relevance of the services provided by Deloitte.

Future of audit

Auditors play a crucial role in a properly functioning global financial system, adding independent and objective opinions to financial and non-financial reporting. More than 20,000 statutory audits are performed in the Netherlands every year, involving both public-sector organisations and private companies, local and multinational. Various audit firms, Deloitte among them, have made progress in changing and improving audit quality in recent years. In reality, though, performances overall still offer room for improvement.

Commission on Future of Audit (CTA)

In April 2019, Deloitte delivered its contribution to the CTA first phase survey. In our contribution we emphasised that multiple steps to raise our quality to a higher level were taken in the last years. But that we also endorse the need for a further acceleration.

This translates into additional steps in our efforts:

- Strengthening our organisation's learning ability;
- Building our professionals' resilience against the increasing internal and external pressures they face;
- Quality is enhanced through ongoing standardisation and by applying new technologies in the core of audit procedures.

Enhancing quality throughout the chain

In addition to our own efforts, measures will need to be implemented throughout the reporting chain; after all, the financial reporting quality is mostly defined by successive links: i) the company's internal controls; ii) the management's responsibility in this respect; iii) the Supervisory Board who oversees this and iv) the external auditor who provides an independent opinion on the financial reporting.

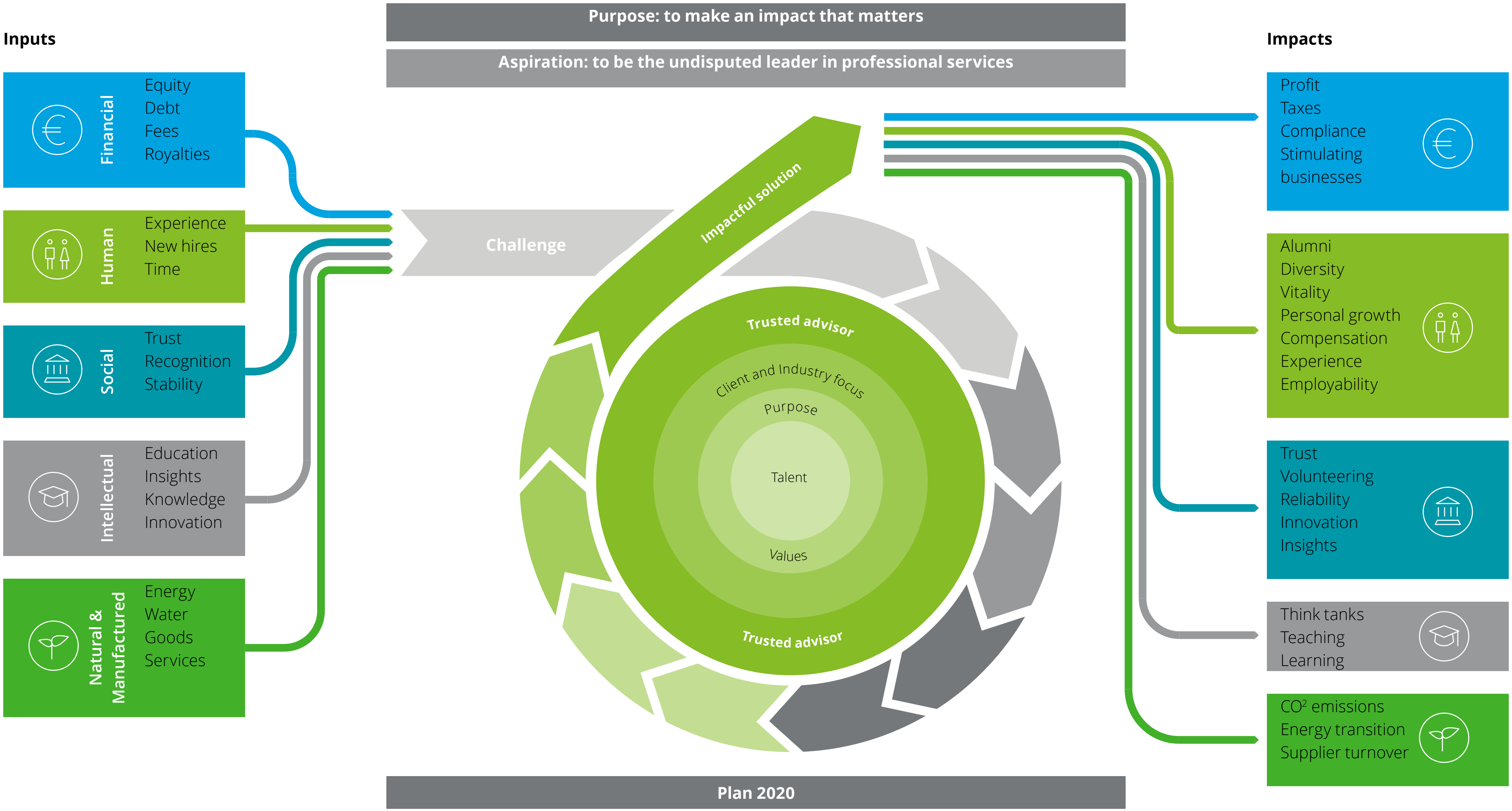
Our analysis shows that in the Dutch context this means:

- The role and responsibility of managing and supervisory directors for financial reporting should be embedded more strongly in legislation and regulations, e.g., in a proportional equivalent of the Sarbanes-Oxley act.
- The design of the AFM supervision should resemble the PCAOB supervision in the US.
- The roles of the Netherlands Institute of Chartered Accountants (NBA) should be restricted to that of a representative body for the members.

Future proof approach

Society's expectations relating to fraud and corruption, continuity, and assessing non-financial information are growing. This is why we engage with our stakeholders to actively innovate our product. We do so individually and as a sector, nationally and internationally. Technologies like Robotic Process Automation (RPA), Artificial Intelligence (AI), Data Analytics, and Blockchain result in changes to business models, processes and controls at audited entities. These technologies are also being applied to further enhance audit quality.

Deloitte and the entire sector face a major task in clarifying the responsibilities and work of independent auditors. Deloitte is positive about the broad attention given to the future of the sector. The current debate in the accountancy sector offers clear opportunities to support the sector, improve the trust and engage in a discussion with our stakeholders. We support any change that demonstrably enhances quality. Quality is our joint priority.



Ensure Quality
Premier career destination
Accelerate growth and innovation

Improve client portfolio
Lean operations
Seek internationalisation

Our business process

Our standard business process is designed to deliver high quality services to our clients. It is depicted as follows:

Prospect and opportunity →

Identification of business opportunities with existing or potential clients.

Client and engagement acceptance →

Deloitte maintains strict acceptance procedures for clients and engagements. These procedures are aimed at:

- Complying with (international) laws and regulations;
- Avoiding reputational damage;
- Understanding client and engagement risks.

Engagement team formation →

We assemble the service delivery team, taking into account:

- Competences of team members necessary to deliver the service;
- Independence of individual team members.

Engagement execution →

The responsibility for the proper and timely execution of the engagement rests with the assignment manager who operates under the responsibility of the assignment partner. Work can only be performed if there is a signed engagement letter.

Quality assurance →

Deloitte has formal Quality Assurance policies for all our services. Per type of engagement, they identify which quality assurance procedures apply (for example review of draft project deliverables by a third party).

Finalise engagement →

After the engagement is finalised, for example by issuing the end report or the assurance report, we file all the engagement documentation.

Client feedback

In many cases, client feedback is sought by means of Client Service Assessments, interviews or online questionnaires. The conclusions of the client feedback are fed into our CRM system.

On the basis of 74 Client Service Assessment conversations (CSAs) conducted among 45 clients in 2018/2019, we received an overall score of 7.8, an improvement compared to last year. We also asked our clients to rate the quality of our services, which resulted in a score of 7.9, also an improvement compared to last year. We believe our continued focus on quality and culture, together with tangible investments in account management capabilities and Lead Client Service Partner (LCSP) training, will form the basis to further build and enhance client impact and client quality in the coming years. To extend the amount of client feedback and to detail the feedback to engagement level, we will implement online survey tooling.

The main conclusions from the CSAs that we performed are:

- In general, our clients are satisfied with the good quality that Deloitte delivers;
- Our advisory services are perceived as innovative and keeping up with (technical) market developments, whereas there is room for improvement in the innovation of delivery of our assurance services;
- The need for global cooperation and knowledge exchange continues to be of key importance to international clients. Clients expect us to manage these processes;
- Clients are interested in the broader range of services that Deloitte delivers. We can improve on the information that we provide to our clients on our portfolio of services;
- Clients prefer a long term personal relationship and regular contact with a single main Deloitte contact person to talk about market developments and their main concerns;
- Clients expect us to share knowledge and expertise as part of the sparring partner relationship. We can improve in offering an equally high level of knowledge and expertise at all our clients.

Making the connection

Our strategy comprises six pillars that each impact the capitals identified in the Reporting Framework of the International Integrated Reporting Council (IIRC) in their own way.

How our strategy impacts capitals

	Financial capital	Intellectual capital	Human capital	Natural capital	Social capital	Manufactured capital
Ensure quality	✓	✓	✓	✓	✓	✓
Become premier career destination	✓	✓	✓	✓	✓	✓
Accelerate growth & innovation	✓	✓	✓	✓	✓	
Improve client portfolio	✓	✓	✓			
Establish lean operations	✓	✓	✓	✓		
Seek internationalisation	✓	✓	✓	✓	✓	

Our strategy addresses the material topics we have identified through stakeholder dialogue (see page 35).

How our Plan impacts our material topics

	Ensure quality	Become premier career destination	Accelerate growth & innovation	Improve client portfolio	Establish lean operations	Seek internationalisation
Quality	✓	✓	✓	✓	✓	✓
Ethics & Integrity	✓	✓	✓			
Talent	✓	✓	✓			✓
Economic performance	✓	✓	✓	✓	✓	✓
Innovation	✓	✓	✓		✓	✓
Impact on society	✓	✓				✓

In the section **'Our Plan 2020'** we discuss our strategy and the actions we have taken to address our material issues and opportunities in greater depth.

'I am always energised when I see that only after a one day of Greenhouse Lab, clients can make a tremendous progress in embracing new technology and making a plan for the next steps, whether it is artificial intelligence, robotics, data analytics or any other technology.'

Helen Meijer

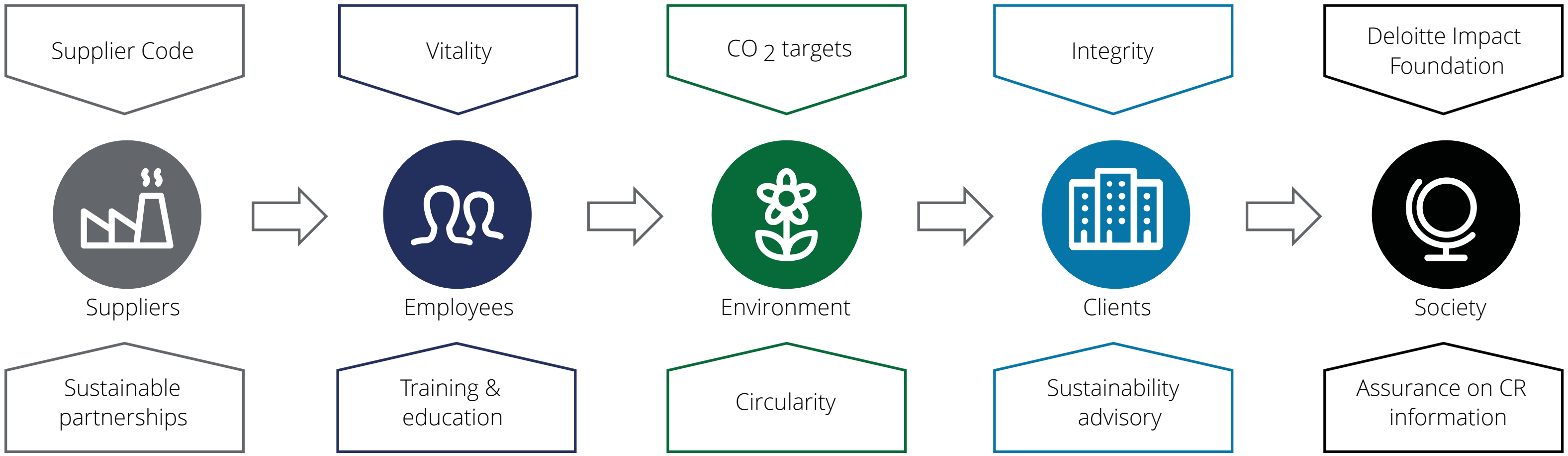
Theme: Innovation
Challenge: Traditional markets
Solution: Deloitte Greenhouse
Who: Helen Meijer, senior manager Clients & Industries

Many companies use 20th century methods, to find solutions for 21st century technology problems. Through research, Deloitte discovered the power of immersive experiences; one- or two day interactive sessions, tailored to address specific business and technology challenges. We call these experiences Greenhouse Labs, because they promote experimentation with technology in a controlled environment.

Taking responsibility

Responsibility throughout the value chain

Throughout our value chain, we are driven to do the right things right.



Suppliers

Our Supplier Code of Conduct contains provisions in the areas of integrity, human rights, labour conditions, and environmental care. Compliance with our Supplier Code of Conduct is mandatory as a result of inclusion of the Code in our General Purchase Conditions. New suppliers are screened as part of our acceptance process to prevent Deloitte from entering into business with unqualified suppliers.

For certain strategic categories of goods and services, we enter into long-term partnerships with our suppliers. In many cases, such partnerships also include provisions aimed at improving the sustainability of our services. Examples of these partnerships are – for example – around mobility, office development and energy.

Employees

Looking after the health and wellbeing of our talent is of vital importance to being a leading employer. Our approach is to prevent absences due to physical and psychological reasons through programmes aimed at physical fitness and mental well-being. In addition, our culture programme stresses the importance of quality rather than time or revenues and thus will contribute to a reduction of the perceived workload. Please see pages 55-59 for an overview of our activities and the progress we made regarding employee policies in 2018/2019.

Ensuring that our people remain qualified to meet and exceed our clients' expectation, requires a continuous effort in knowledge and competences and professional certifications. In all businesses and for all job levels, we offer meaningful training programmes.

Our training & education activities help our employees to further develop themselves, increasing both their professional and personal skills and their employability. See more about our training programmes on pages 52-53.

Environment
We aim to constantly reduce the emissions of CO^2 that result from our activities. Therefore, we have embraced the targets that were issued by our global organisation DTTL. In line with these targets, we strive to reduce emissions from our lease cars by 16% in 2025 (base year 2017) and from air travel by 10% per FTE. Both our lease car and air travel policies are already equipped to reach these targets. For more information about our CO2 policy, please see page 65.
In addition to our efforts related to CO2, we have initiatives to reduce waste that results from our activities and to improve recycling. To this end, we have further implemented separate waste collection in our office spaces, including company restaurants.

Clients
We aim to serve our clients with the highest level of integrity. To this end, we maintain a comprehensive ethics programme and complaints mechanism (see pages 69-70). We want to work for and with clients that act with integrity, and have client acceptance and continuance procedures in place to achieve this.

To enhance the sustainability of our clients, we also offer advisory services that we have developed to make an impact in this area. Our Sustainability Team in Risk Advisory performs services related to – among other areas – energy transition, circular economy and sustainability reporting, while other services relate to the sustainability of our clients. Our legal compliance and ethics services are a good example in this respect.

Society
Our purpose is 'to make an impact that matters'. We strive to be a valuable and valued part of society. We do so primarily through the services we deliver in both the public and the private sector but also through our active participation in debates around social concerns, such as tax evasion or cyber security. By providing assurance on various kinds of financial and non-financial information, we enhance trust, which is required to take informed decisions.

In addition, we actively contribute our time and efforts to a variety of social causes that need our support in the context of the Deloitte Impact Foundation. Through this foundation, we assist several initiatives on a pro bono basis. Please refer to page 48 for more information about our Foundation.

Our impacts

An impact that matters ...
With over 6,100 partners and employees in 15 offices across the Netherlands, Deloitte is one of the largest providers of professional services in the areas of accountancy, tax advisory, consultancy, risk management and financial advisory. In this paragraph we describe the identified impacts on our stakeholders, inspired by the six capitals as defined by the IIRC.

... on the financial world
The financial capital needed to run our business is raised through revenues from our services, partner investments, and where needed, complemented by external credit facilities. Hence, all our capitals depend on our ability to add value and thus result in a profitable performance.

Deloitte has been successful in achieving a substantial return on its investments: in 2018/2019, the operating result came to €175.1 million on an invested capital (membership capital, subordinated loans and equity) of €92.1 million.

Our main contribution to the financial world is, however, our broader impact. Through our Audit & Assurance activities, we provide transparency and help reduce risks by providing audited facts, where our Tax & Legal business ensures compliance with tax and other legislations. For our advisory business, the services offered by Consulting, Risk Advisory and Financial Advisory enable cost savings, risk reduction and facilitation of growth and innovation by our clients. These activities allow companies and governments to increase their impact, thereby stimulating business and contributing to their financial performances.

We increasingly note that the market demands a shift from point solutions to integrated approaches, where part of the work is automated through, for example, robotics and other smart solutions. We believe that our work with clients makes them smarter, more successful and increasingly resilient. Improving the efficiency and effectiveness of our clients' organisations may result in the replacement of existing jobs or functions, which can also have a negative influences on employment.

...on our people

Through employment, we contribute to the livelihood, training and development of our more than 6,100 partners and employees, and their families. Our ability to provide services and add value to our clients largely depends on the skills, abilities and experiences of our people. In addition, on an annual basis, we team with a large number of independent specialists on a project basis.

For many of our employees, Deloitte is a starting point in their careers. On an annual basis, almost 1,500 students and young graduates are given the opportunity to join our organisation. Through learning on the job, teaming, continuous training and education, we facilitate both personal and professional development. Our talent work on a wide variety of assignments with both emerging and leading Dutch and international companies. This results in rewarding engagements from both emotional and financial perspectives.

During their careers at Deloitte, our people are offered a growth path that can potentially lead them to being invited to become a partner in the firm. At the same time, many of our recruits find their ways to rewarding positions outside Deloitte. The insights and experiences gained over the years can be leveraged in their new job environment, creating a positive impact on their employer's organisation and environment. Through our alumni, we aim to further learn and keep adding value both in and outside Deloitte.

Unfortunately, our high-performance culture can also negatively impact our colleagues, for example due to workload, stress and pressure to perform. Based on third party research we assume that 20% of our lost days and of our employee turnover are caused by problems relating to work-life balance. This can result in a related negative estimated impact of over €16 million.

... on the academic world

Deloitte depends on renowned academic institutions to educate our future and current professionals and business leaders. Our out of pocket costs invested in learning and development amount to €7.6 million. These costs help our employees to educate themselves and in return contribute to the financial stability of educational facilities.

We see it as our role to participate and actively contribute to the academic world: 110 of our professionals are internally registered to hold teaching positions in universities and colleges. In addition, Deloitte actively participates in think tanks such as the working groups of the Dutch Chartered Accountants Association and the Foundation on Auditing Research (FAR), to advance professional standards. Furthermore, we cooperate with universities to jointly develop and transfer valuable academic insights to our client base.

... on society

We see our impact on society ultimately as our main impact, and one in which we play multiple roles. As an external accountant of both financial and non-financial information, we help build trust that is necessary to facilitate informed decisions on financial transactions (e.g. decisions to invest, divest or grant a government subsidy). Through our advisory work, we enable organisations to better understand their business and operating environment creating value for their own stakeholders. We believe the societal impact of our assurance and advisory work to be greater than the revenues received.

Simultaneously, Deloitte contributes by making knowledge available through, for example, our **State of the State-research** and conclusions or volunteering through the Deloitte Impact Foundation (**see page 48**).

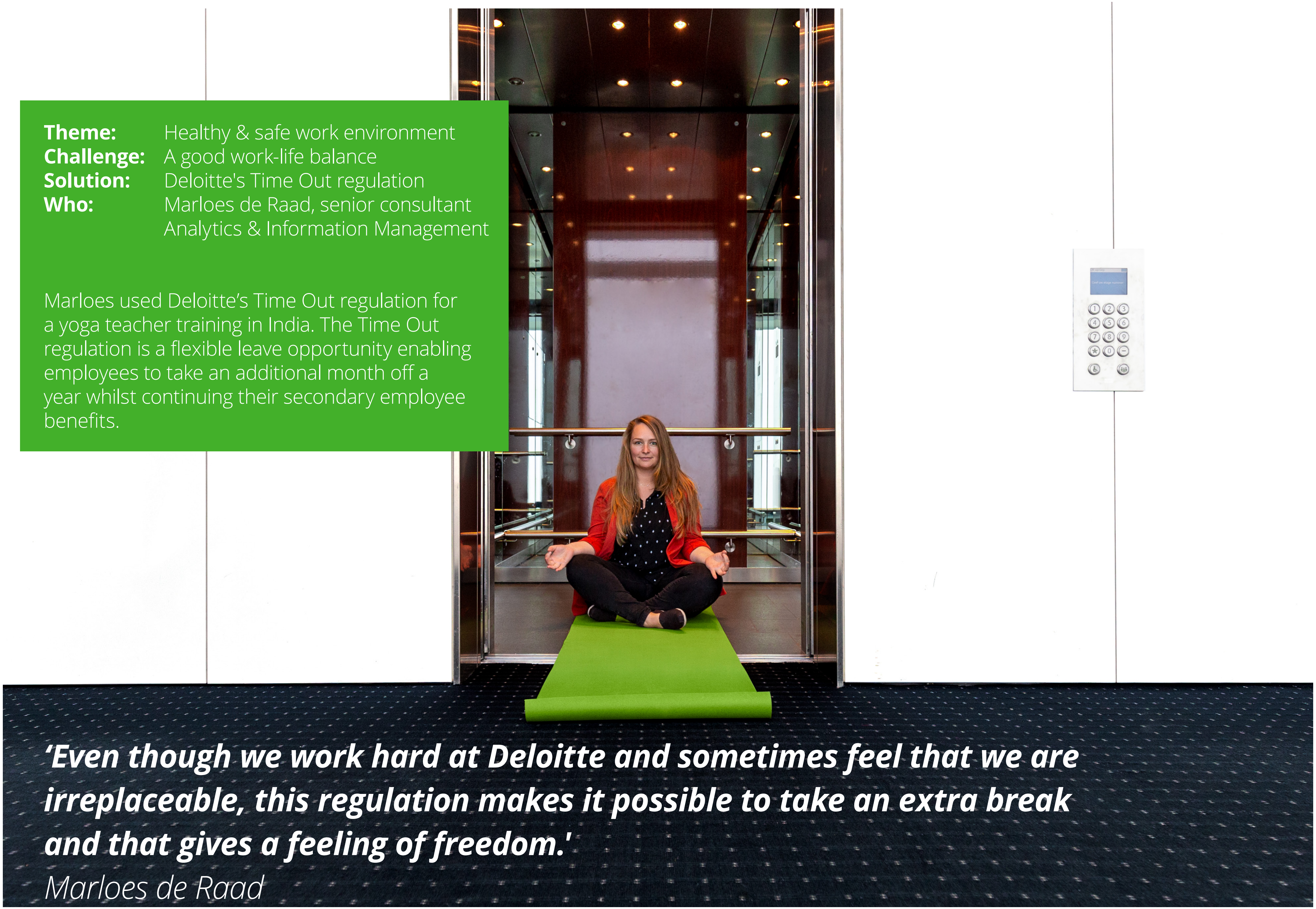
Yet, we do realise that in instances we have fallen short of societal expectations. We see it as our duty and responsibility to adhere to and adopt new measures that help strengthen trust as well as add value.

... and on our suppliers and the environment

As a professional services provider, we consider our impact on manufactured capital as limited. Nonetheless, we endeavour to be as efficient as possible with scarce natural resources.

By 'purchasing green', using energy-efficient technology and working together with our suppliers on making a positive impact through our Supplier Code of Conduct, we aim to minimise our negative impacts on the environment. For more information regarding our ecological footprint, **see page 65**.

Through the participation in the Dutch Energy Transition Coalition and partnerships with, for example, the Ocean Cleanup and the Vattenval Solar challenge, Deloitte aims to actively contribute and create awareness around the need to environmental impact.



Theme: Healthy & safe work environment
Challenge: A good work-life balance
Solution: Deloitte's Time Out regulation
Who: Marloes de Raad, senior consultant Analytics & Information Management

Marloes used Deloitte's Time Out regulation for a yoga teacher training in India. The Time Out regulation is a flexible leave opportunity enabling employees to take an additional month off a year whilst continuing their secondary employee benefits.

'Even though we work hard at Deloitte and sometimes feel that we are irreplaceable, this regulation makes it possible to take an extra break and that gives a feeling of freedom.'

Marloes de Raad

Deloitte Impact Foundation

To further enhance our impact by channelling positive actions in society, we created the **Deloitte Impact Foundation** (DIF), an internal social engagement platform. DIF encourages our people to share their knowledge, energy and talents to benefit society, further adding to the impact that we make through our regular business activities and our client engagement (see **pages 45-47**).

Deloitte is committed to driving societal change and promoting environmental sustainability. By working in innovative ways with government, non-profit organisations, society, and by bundling our knowledge, we are designing and delivering solutions that contribute to a sustainable and prosperous future. Our objective is that 30 percent of our professionals are involved in the foundation's initiatives (societal positions, projects etc.) and one percent of our time, approximately 45,000 hours, is spent on making an impact through the Deloitte Impact Foundation by 2020.

In 2018/2019, some 24,240 hours were recorded in our time writing system (SAP) on making an impact on society through the Deloitte Impact Foundation, representing a value of over € 3.6 million based on average rated.

More information on the Deloitte Impact Foundation can be found via **www.deloitteimpactfoundation.nl.**

Blockchain strategy for World Food Programme
A team of Deloitters helped the WFP with developing a blockchain strategy focused on the different initiatives within the organisation. The majority of the work was focused on the development of a blockchain supply chain project (Blocks for Transport) that could reduce the delay of food delivery by 50%.

Coaching young health care professionals
With this project we made an impact on the Dutch healthcare system by exchanging knowledge between the Deloitte community (consulting & management professionals) and more than 250 young healthcare professionals via the Medical Business Foundation.

The Futures Academy
The Deloitte Futures Academy – initiated by Arjan van Dijk - supported former refugees in building a Dutch network and learning about working in the Netherlands in the (financial) advisory business. Through workshops on soft skills, personal coaching, Deloitte Function presentations and job interview trainings, the participants were encouraged to live up to their full potential.

'When I heard about Forensic Finance I knew immediately: this is something for me. And it turns out: I'm a business analyst at Deloitte now.'

Mustafa Tan, one of the participants of the Futures Academy

Sustainable Development Goals

In 2016, the United Nations adopted the Sustainable Development Goals (SDGs), a set of 17 global goals to end all forms of poverty, fight inequalities and tackle climate change. The realisation of the SDGs depends on the cooperation of all social participants, including the private sector. Deloitte contributes to the realisation of the goals:

- Our audit & assurance activities enable informed (investment and other economic) decisions to take place and stimulate financial transactions;
- Our advisory work enables our clients improve their organisations;
- We develop our talent and invest in innovation.

Based on our business model and the capitals that are most relevant to us, we prioritised three SDGs that are key to making a material impact. Considering the interconnection of the SDGs, we selected four additional SDGs that support the realisation of our impact.

In the graph on the right, we share our view of the most relevant SDGs and respective indicators.

Capitals impact our SDGs

Material capitals

To align with our most material topics

#1: Social

#2: Financial

#3: Human

#4: Intellectual

Material SDGs

We have chosen the following SGDs

4 QUALITY EDUCATION

For our line of work we need and therefore stimulate continuous learning for all.

8 DECENT WORK AND ECONOMIC GROWTH

Through our work we share knowledge, add economic value and create employment benefiting society.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

With our work, we facilitate in effective, accountable and transparent institutions.

Facilitators

Which are facilitated by

3 GOOD HEALTH AND WELL-BEING

Facilitate those working for and with Deloitte in their development, mental health and well-being.

5 GENDER EQUALITY

Prevent discrimination and other harmful practices based on gender

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Facilitate transformations in a more agile infrastructure, through innovation and automation.

10 REDUCED INEQUALITIES

Equal pay and rights between age, sex, disability, race, origin etc.

SDG4: Quality education and learning

The value we create depends on our talent. Therefore, both training and diversity & inclusion are strategically important subjects for our firm. The indicator we have developed for training and a further explanation of our approach can be found under the Ensure quality chapter, on page 52. For diversity & inclusion related figures, please refer to page 58.

SDG8: Decent work and economic growth

Innovation and digitalisation facilitate a globalised and interconnected world. Digital solutions can cause radical changes to the current labour market. Herein lies our contribution to SDG-8, which is twofold; both due to and through our people. The employment we offer, and the change we facilitate in existing infrastructures through our support in innovation and automation, allow us to have a positive impact on work and economic growth.

To capture our contribution to creating decent forms of employment, we have adopted a ratio of basic salary of women to men from the GRI Standards as indicator in this report. We believe this indicator best reflects our aim to treat all our employees equally and fairly. Please refer to pages 57-58 for more information.

SDG16: Peace, justice and strong institutions

We observe an increased complexity in supply chains and demands for transparency. These topics play an important role in the services we offer and create an impact on SDG16. By making better use of available data, we support clients in more inclusive and responsive decision-making. The protection of this data is facilitated by our work on, for example, cyber security and GDPR. Through our audit, assurance, legal and advisory work, we help support effective, accountable and transparent markets and stimulate trust in financial markets.

Providing social trust by delivering high quality services is crucial for the functioning of reliable economic and social eco-systems. Hence, our contribution to SDG16 is closely linked to our quality ambitions. Our main indicator to measure our impact on this SDG are 'client quality' and '% of regulatory reviews that are satisfactory', having set targets in both areas as part of our Plan 2020.

'The assistance we received from Deloitte through the Impact Foundation has been profound to progress our 'blockchain in supply chain project' from concept to out in the field.'

Alastair Pryor, WFP project manager

Theme: Innovation
Challenge: Contribution to society
Solution: Blockchain strategy for WFP
Who: Anna Klapwijk, Jacob Boersma, Tommie van der Bosch, Koen de Natris, Bram Sprenkels, Roland Biemond, Jacques Buith

The team helped the World Food Programme develop a blockchain strategy focused on the different initiatives within the organisation. The majority of the work was focused on the development of a blockchain supply chain project (Blocks for Transport) that could reduce the delay of food delivery by 50%.

OUR PLAN 2020

In 2015, we announced our Plan 2020. This plan has six strategic pillars that we believe are vital in making Deloitte future-proof.

The pillars of Plan 2020 are:
- Ensure quality
- Become the premier career destination
- Accelerate growth and innovation
- Improve our client portfolio
- Establish lean operations
- Seek internationalisation

For each of the pillars, we defined key performance indicators (KPIs) and set target values to be achieved by 2020. In this section, we give an update of the activities that we performed on each of the pillars how we progressed on our objectives.

Ensure quality

We are driven to deliver unwavering quality and excellence that goes above and beyond the expectations of our stakeholders. Therefore, 'Ensure quality' is one of our most important strategic initiatives.

To make an impact that matters
The way our external stakeholders perceive our quality and the reputation we earn in the market is continuously challenged. If we want 'to make an impact that matters' we need to consistently deliver top quality, which is driven by the intrinsic motivation of our people to embrace our quality ambition.
We have shaped our Quality Plan 2020 around four objectives:
1. To deliver a consistent high-quality client experience;
2. To inspire our people to intrinsically embrace our quality ambition;
3. To set targets and measure quality in an efficient and effective way;
4. To create a safe but strict environment and fair processes when dealing with compliance.

By continuously investing in our talent, we enhance the knowledge, skills and competencies that allow our people to develop into future leaders in their field of expertise. Table 01 gives details on the amount of training hours that were registered in SAP and our online training environment SABA. We believe that the amount of training hours exceeds the hours registered in SAP due to under-registration, especially in cases where employees participate in events and online learnings outside office hours.

We have changed the way in which we calculate our training hours to improve on the accuracy and completeness of the results presented. On the basis of our new methodology, we have recalculated the figures provided for 2017/2018 and 2016/2017. The effect on the total training hours presented for 2017/2018 is +1.9% and for 2016/2017 +4.2%. Consequently, the breakdown as provided in the table has also been updated.

Table 01: Average training hours per employee*

	Average per FTE*	Average per headcount		
	2018/2019	**2018/2019**	**2017/2018**	**2016/2017**
Total	87.3	81.6	76.7	76.9
By gender	**2018/2019***	**2018/2019**	**2017/2018***	**2016/2017**
Male	88.5	84.2	81.6	80.8
Female	85.1	77.2	68.1	69.7
By category	**2018/2019 (in FTE)***	**2018/2019**	**2017/2018***	**2016/2017**
Partners	35.7	35.6	42.5	42.8
Directors	61.8	60.4	45.1	44.7
Senior managers	37.1	35.4	37.3	38.0
Managers	60.9	58.5	44.8	41.3
Aspirant / Jr. Managers	86.0	84.0	63.4	65.5
Other Staff	145.7	129.9	118.0	112.0
Interns	149.1	97.9	134.8	152.4
Average training days per Business	**2018/2019 (in FTE)***	**2018/2019**	**2017/2018***	**2016/2017**
Audit & Assurance	19.2	18.4	18.4	18.9
Consulting	5.4	5.2	4.3	3.8
Financial Advisory	9.3	9.0	7.3	5.7
Tax & Legal	13.5	12.7	11.0	9.9
Risk Advisory	10.1	9.0	7.5	7.8
Others	2.2	2.0	1.4	1.3

* In addition to the average training hours per headcount, the average hours peer FTE have been included to facilitate comparison with competitors.

Based on the results of our Talent survey, we see a positive trend in colleagues who indicate they can let the quality of services prevail over speed or costs. However, to further enhance the intrinsic motivation of our professionals to embrace our quality ambition, we have processes in place that enable us to reward high quality achievements. Within Audit, for example, on a weekly basis, Quality Awards are given to colleagues with distinguished quality achievements, and Quality Performance Dashboards enable us to reward outstanding quality in the performance cycle.

Measure quality and create a safe but strict environment and fair processes
The progress of our Quality Plan 2020 is measured through a comprehensive KPI framework. This framework enables us to measure and monitor, amongst other indicators, our most strategic KPIs:

1. We measure client satisfaction and client quality through Client Service Assessments (see page 42), providing clients the opportunity to give us feedback on our services;

2. Within our respective businesses we have formal internal quality reviews implemented that aim to ensure the highest quality of our outgoing deliverables;

3. On a periodic basis, our Assignment Partners are reviewed on compliance with our internal (quality) standards through our Practice Review process;

4. Our Member Firm Standard programme, which consists of a set of ten standards, defines the fundamental responsibilities required from every Deloitte member firm to continuously protect and enhance our brand and reputation. We see an ongoing trend to a more NWE-focused review approach.

5. In addition to our internal reviews, we are subject to external quality reviews conducted by our regulators and DTTL. We are currently anticipating a combined review by the PCAOB and AFM later this year.

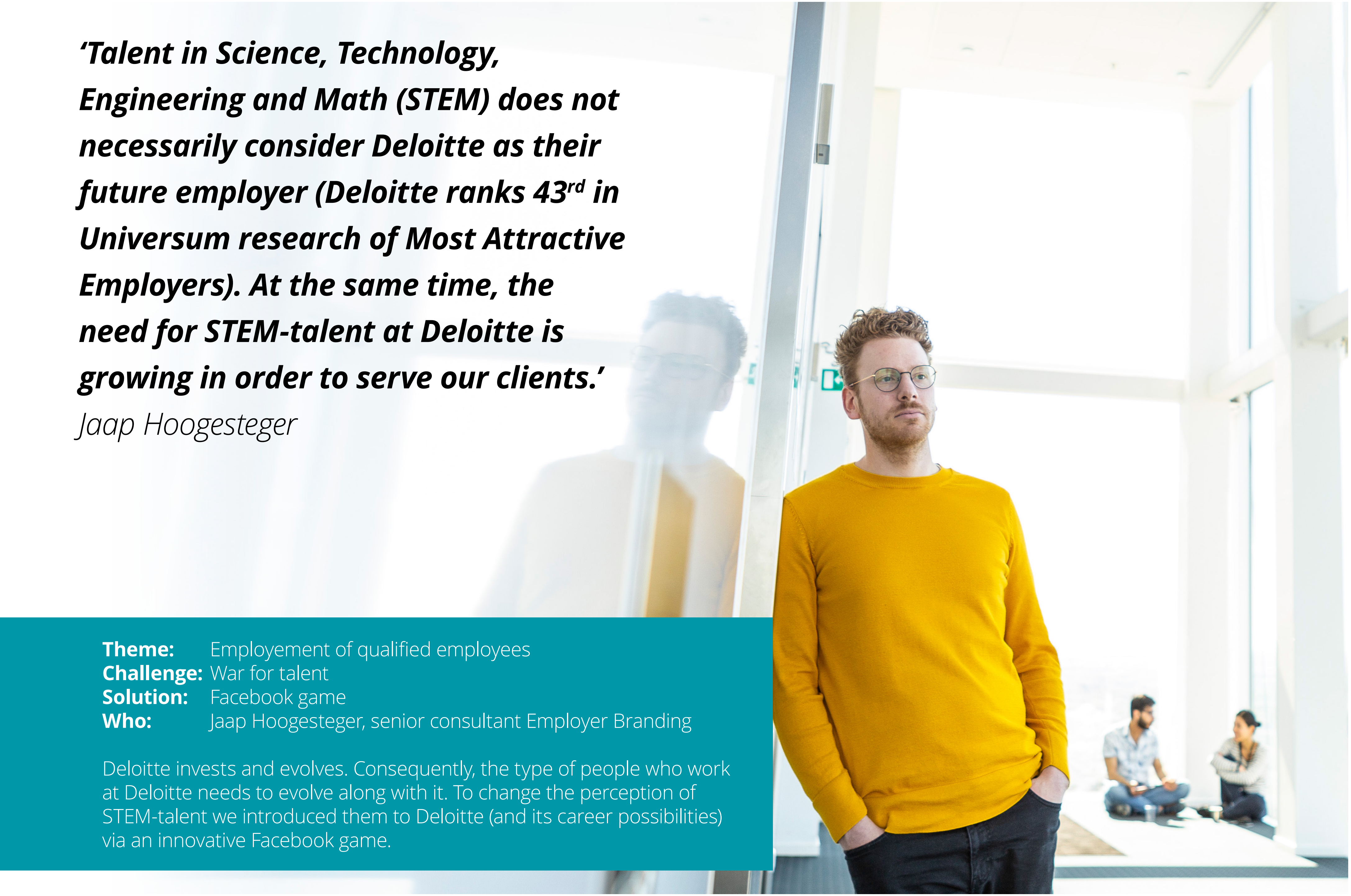
Quality is all about behaviour and the creation of an open culture in which we encourage people to speak up. As elaborated in the Ethics paragraph, last year we spent a great deal of efforts in addressing an open speak up culture, including the introduction of a non-retaliation policy.

Privacy and data security
The prevention of data leakage is a top priority as data leaks can harm our clients and our reputation as a trusted business partner, and lead to significant monetary fines.

To ensure compliance with regulatory provisions, Deloitte has adopted and implemented a policy on privacy and appointed a dedicated Privacy team that is part of the Reputation & Risk Leadership Office. The Privacy team is – among other responsibilities – tasked with examining privacy aspects of processes and systems through our internal Privacy Impact Assessment (PIA). In addition, we train selected colleagues both within our business and in Group Support Centre on privacy and confidentiality aspects in relation to the processes and systems we employ.

The General Data Protection Act (GDPR) has a significant impact on Deloitte as a professional service provider. Therefore, Deloitte's central GDPR project team led by the RRL has implemented all necessary requirements to be compliant. We updated our privacy related policies during this process.

In 2018/2019, we received 74 complaints regarding breaches of client privacy or loss of customer data. In addition, we notified 3 personal data breaches to the supervisory authority that we were obliged to report under the 'Wet meldplicht datalekken'.



'Talent in Science, Technology, Engineering and Math (STEM) does not necessarily consider Deloitte as their future employer (Deloitte ranks 43rd in Universum research of Most Attractive Employers). At the same time, the need for STEM-talent at Deloitte is growing in order to serve our clients.'

Jaap Hoogesteger

Theme: Employement of qualified employees
Challenge: War for talent
Solution: Facebook game
Who: Jaap Hoogesteger, senior consultant Employer Branding

Deloitte invests and evolves. Consequently, the type of people who work at Deloitte needs to evolve along with it. To change the perception of STEM-talent we introduced them to Deloitte (and its career possibilities) via an innovative Facebook game.

Become the premier career destination

We need sufficient, highly qualified people to deliver our clients high quality services, every day. As a result of or growth in many areas, available resources are sometimes tight causing a high workload for current equity partners and employees. This is an important concern for us. In general, we see that the Deloitte brand and performance allow us to hire the right people with the right qualifications. In 2018/2019, we were able to attract 11 new partners and hire 1,152 new employees, growing our workforce to 6,134 people. The onboarding of all these new Deloitters is a challenge and opportunity in itself.

In making an impact on our clients, the professions and society at large, our talent is of key importance. It is the quality, ingenuity and perseverance of our people that ultimately determine the value that we are able to create. Our ability to attract, develop and retain the right people is therefore a key success factor for our business and one of the pillars of our Plan 2020.

To provide superior quality, we need a diverse culture comprising people with different cultural backgrounds, education and experience. We have put great efforts at improving the diversity of our workforce yet still further improvements are required for us to excel. We are working on this through a variety of programmes and projects, including establishing an environment for people of all types and beliefs to feel completely accepted and have full opportunity to excel and grow at Deloitte.

Attraction of talent

We recruit talented future Deloitters through various media channels, including our innovative recruitment website (www.werkenbijdeloitte.nl). Furthermore, we actively seek the support of our more than 6,100 employees when searching for new talent through our referral programme. Our promise to new employees is that we offer them a challenging job while ensuring continuous personal development.

To attract new and inexperienced hires, our recruiters actively organise events on selected university campuses aiming to establish relationships with high potential students as early as in the second year of their studies. Our efforts are supported by activities that are relevant to the target audience. For example, we sponsor the Vattenfall Solar Team in Delft as well as the Dutch Chess Championship. In addition, we use our convening power when we organise the Deloitte Students Hockey Trophy.

Our combined efforts have delivered us 8th place in the Universum employer of choice ranking for business and commerce students from the universities that are in scope for our activities.

Retention of talent

We aim to provide a truly distinctive experience by offering career enhancing assignments, and broad development in a healthy work-life environment. We recognise that a career model must reflect the needs of a new generation that are more flexible, and with people leadership at the core of development efforts.

Our Talent Plan 2020 contains key retention initiatives focused on increasing the quality of our employee experience, updating our career models, performance management, rewards, and leadership development & learning.

Performance management

In 2017/2018, we launched our new Performance Experience. This approach, which is applied across the Deloitte network, has been designed to deliver our talent experience to employees by focusing on feedback and quality conversations. This integrated approach allows for data-driven talent reviews. Our methodology is no longer centred around half-yearly formal assessment conversations, but on continuous dialogue with employees about their development. In addition, performance is regularly assessed on an assignment basis to ensure an objective view of performance at the end of the financial year. In practice this means that employees have regular check-ins with their Team Leader to discuss priorities and receive feedback on daily performance.

The employees also have a Coach who supports them in their long term development, and helps them recognise and build strengths and to realise their ambitions. Employees and coaches cover development and career perspectives at least every quarter. The Coach also liaises with Team Leaders to understand the performance of his or her coachees.

The performance of the employee is ultimately determined in the Talent Review, a meeting between Business Leaders, Talent Representatives and the Coaches of those Team Members being reviewed.

Leadership development

In 2018/2019, we continued our approach to succession management. In succession management we constantly look at the future staffing of the most senior positions within our firm based on predefined leadership criteria.

We want to become the undisputed leader and build a leadership firm by:

- Strengthening our current leaders, invest in our future leaders and foster a leadership culture.
- Building the next generation leaders is essential for Deloitte.

In 2018/2019, we strengthened our focus on developing leaders by adding a cross function Partner Development Programme next to our existing cross function development programmes for future Directors (Director Development Programme) and future LCSPs (LCSP Next Generation Programme). These programmes aim to maximise the development of the participants with help of peers, role-models, sponsors, and a variety of development activities fitting the individual needs. The Partner Development Programme consists of a variety of modules and includes different ways of learning, including mentoring and coaching. All participants work in their own pace with their individual development and plan. As a people based business, we will only continue to be successful if we have engaged and motivated teams committed to delivering for our clients and that requires investment in our people leadership skills. To further strengthen the people leadership skills of our leaders and help them understand their own leadership strengths and areas for development, all our partners and directors have had the opportunity to complete a 360 feedback assessment focusing on people leadership skills.

Learning and development

Personal and professional growth and development are crucial for Deloitte. Working in a collaborative environment on challenging assignments ensures this growth as does working for different clients, in different teams delivering on different challenges.

Tabel 02: % of employees receiving regular performance & career development reviews

	2018/2019	2017/2018	2016/2017
Total	70%	77%	78%
By gender	**2018/2019**	**2017/2018**	**2016/2017**
Male	71%	78%	78%
Female	69%	74%	79%
By category	**2018/2019**	**2017/2018**	**2016/2017**
Partners	47%	47%	45%
Directors	87%	93%	94%
Senior managers	59%	94%	97%
Managers	86%	94%	96%
Aspirant / Jr. managers	84%	90%	94%
Other staff	65%	67%	67%

Tabel 03: Gender diversity

Diversity figures female (%)	2018/2019	2017/2018	2016/2017
Partners	10%	10%	10%
Directors	18%	16%	16%
Senior managers	28%	26%	24%
Managers	32%	29%	27%
Aspirant / Jr. managers	38%	37%	36%
Other staff	54%	52%	50%

Table 04: Job category by age In 2018/2019

By category	< 30 years	30 - 50 years	> 50 years
Partners	0%	64%	36%
Directors	0%	78%	22%
Senior managers	1%	84%	15%
Managers	10%	81%	9%
Aspirant / Jr. managers	59%	38%	3%
Other staff	62%	27%	11%

Table 05: Ratio of basic salary of women to men per job category

	2018/2019		2017/2018	
By category	**Men**	**Women**	**Men**	**Women**
Partners	N/A	N/A	N/A	N/A
Directors	100	95.9	100	91.6
Senior managers	100	98.3	100	98.2
Managers	100	96.4	100	97.8
Aspirant / Jr. managers	100	98.8	100	100.9
Other staff	100	94.0	100	97.7

Table 06: Vitality

	2018/2019			2017/2018		
	Total	Male	Female	Total	Male	Female
Lost day rate	42,068	17,470	24,598	40,218	18,171	22,047
Sickness leave	2.8%	1.8%	4.5%	2.7%	1.9%	4.2%

For 2020, our target is to keep sickness leave below 2.5%.

We offer our employees a personal development programme, which consists, to a large extent, of learning on the job.

Next to this, we have an extensive learning curriculum with learning opportunities focused on technical, professional and leadership skills. This curriculum includes classroom learning, online learning and coaching, and is closely linked to the skills our professionals need in their daily business. In FY19 we focused specifically on the development of leadership skills, culture, and commercial skills, enabling our professionals to take a further step in their client business and in their teams.

This year we have invested € 12.5 million in learning, and we believe this investment is very important to support our people in their growth and possibilities to make an impact. The Dutch learning organisation is seen as an example in the way it is organised as well as the leader-led learning approach we use for learning development.

Diversity and inclusion

Strength from diversity is one of the core values of Deloitte. This value is rooted in the conviction that diversity drives quality and innovation and thus ultimately drives performance. In addition, diverse teams are understood to have better listening capabilities leading to better solutions for our clients. At the same time, when we look at the numbers, we see that we continue to be challenged with the concept of diversity. Despite all our efforts over the past few years, we are not yet where we had hoped and expected to be.

Our approach to diversity and inclusion focuses on gender, LGBT and cultural diversity. Company-wide communities have been set up to support each of these diversity dimensions. With regards to gender, we launched a mentoring programme in 2017/18 designed to support our pipeline of female leaders through mentoring, peer coaching, and development modules that focus on personal and professional development. Since its launch, 215 female managers and senior managers have participated in the programme which was supported by over 126 mentors comprising partners, directors as well as all ExCo members.

Our journey to gender parity is ongoing and our efforts remain on increasing the number of women within the firm, and especially at director and partner level.

Table 05 on page 57 shows the ratio of basic salary of women to men per job category in 2018/2019. The data provided in this table can be explained as follows:

- Our equity partners do not receive a basic salary; their income consists of a share of our profits and varies from year to year;
- The average basic salary for female directors is generally lower than that of their male colleagues as a result of a larger number of male directors in the 50+ age group who have been in their position for a relatively long time;
- Other data differences are the result primarily of variances between businesses and the number of years that employees are in their current job grade.

Vitality

We have continued our focus on wellbeing and work-life balance as we see a stable high demand from the business with tight planning, ambitious deadlines and resulting high productivity requirements. Although based on our absentee figure, we seem to be in reasonable shape, we fully realise that there are risks for individual employees who are not able to cope with the constant high pressure they are confronted with.

We conducted a survey on the work stress at Deloitte among our employees end 2018 with a response rate of almost 40%. The results of the survey show, among other things, that (too much) stress is caused by a combination of work stressors and coping style. The risk of fatigue, exhaustion and sickness (burn-out) is greater when work-life balance is disrupted by work stress and by continuing work for too long due to uncertainty about (the quality of) their performance. According to the survey results, the risks of work stress can be reduced by increasing autonomy, creating an even more pleasant working atmosphere and a task-oriented focus.

The results differ across businesses and service lines. In addition, we see differences per age category, gender, locations and job grade. The results have been discussed in Business Management Teams, but also at service line level and team level.

On the basis of the survey results, we adopted a Plan of Approach that contains both general and business-specific measures, with the aim of reducing work stress. Elements of this plan include improved availability of information regarding health and wellbeing through our intranet, pro-actively providing information to employees about health and wellbeing, but also measures such as strengthening the role of the team leader and coach so he or she is able to notice uncertainty, compulsive work or an imbalance between work and private life.

To further enhance the vitality of our workforce, we have policies and tooling in place to support a healthy lifestyle while having a challenging job, both physically and mentally. In the context of team resilience improvement, we offer vitality programmes developed in cooperation with our health insurer for our leadership and other employees. In addition, we promote flexible working hours to facilitate a healthier work-life balance.
We undertake several activities aimed at reducing sickness leave. Our health coaches offer line managers structured guidance from the first day of sick leave of their direct reports. We also use preventive measures to recognise and prevent downtime of employees. Furthermore, we maintain a robust operating model that involves company doctors, health coaches and managers working together on cases.

Table 07: Turnover by gender in reporting year

Employment category	Turnover male	Turnover % male	Turnover female	Turnover % female
Partners	9	3.6%	3	10.9%
Directors	24	8.5%	7	11.2%
Senior managers	62	8.9%	16	6.0%
Managers	79	14.1%	40	15.2%
Aspirant / Jr. managers	193	16.4%	132	18.4%
Other staff	87	12.4%	127	15.3%

Table 08: Ethnic diversity*

Employment category	% Foreign	% Native	% Unknown
Partners	3%	61%	36%
Directors	10%	78%	12%
Senior managers	15%	71%	14%
Managers	19%	67%	14%
Aspirant / Jr. managers	25%	62%	12%
Other staff	23%	66%	12%
Interns	24%	62%	14%

* In line with the GRI Reporting Guidelines, we report Ethnic diversity on the basis of ancestry. 'Native' refers to those whose parents are originally of Dutch descent. 'Foreign' refers to people with one or both parents that are not originally of Dutch descent. 'Unknown' refers to those from whom the place of birth or origin of one or both parents is not recorded due to the voluntary nature of the provision of this type of information.

'The decision to leave Deloitte was not an easy one. Though I liked working in Tax, I wanted to broaden my development to more general financial and strategic areas, too. In addition, I believe that the scale of Deloitte, the partner model and the approach to the economic downturn at that time, were not longer in sync with the environment I wanted to work in. I have worked in good teams with lots of passion and especially enjoyed the interaction with colleagues, and the client relationships I had built.'
Robertjan Dekker

Theme: Employement of qualified people
Challenge: Retention of talent
Solution: Deloitte Alumni Network
Who: Robertjan Dekker, Director of International Finance at Netflix

Robertjan started out as a thesis intern at the company then known as Arthur Andersen, and went on in less than ten years to become Senior International Tax Manager at Deloitte. Having worked at Deloitte for over nine and a half years, he made the switch to Eyeworks and later to Netflix.

Accelerate growth and innovation

As part of the implementation of our Plan 2020, in 2018/2019 we continued to build on our Innovation Strategy. The cornerstone of this strategy is that we remain on track to become 'the most innovative professional services firm in the Netherlands', obtaining 30% of our revenues in 2020 from innovative products & services, which we define as revenues of selected innovative business units.

An example of Deloitte turning innovation into business is the blockchain platform AXIOM that we developed for the sharing of real estate data between real estate owners and the banks concerned (a consortium of leading Dutch banks ABN AMRO, ING and Rabobank). AXIOM contributes towards solving data inefficiencies in the real estate ecosystem and is to our knowledge one of the first blockchain solutions in use within the Financial Services Industry in the Netherlands.

Another example of our innovative services is **Digital Health Compliance** (DHC), a new label that brings together a multidisciplinary team of experts that ensures that technological developments in the healthcare sector comply with prevailing laws and regulations and that complex compliance issues are effectively addressed with the aid of digital tooling.

Finally, Risk Advisory and Deloitte Innovation are cooperating with the Foundation for Responsible Robotics in the development of the **FRR Quality Mark** for Robotics and AI that aims to ensure that robots and AI-powered products are developed and used in a responsible manner.

Deloitte **Center for the Edge** partners with CEOs and senior executives to help them make sense of and profit from emerging opportunities on the edge of business and technology. We help leaders understand the fundamental changes shaping the world, navigate the short-term challenges and identify long-term opportunities. A distinctive session this year was Amstel Dialogues, where we brought together a selective group of leading CEOs from the Netherlands and Europe for peer-to-peer learning sessions with the aim to unlock Europe's innovation potential. In close cooperation with our Consulting colleagues, Center for the Edge also has supported and delivered multiple strategic assignments in Europe. In addition, we have strengthened our ecosystem with new Edge Fellows; external visionaries with whom we collaborate across industries and disciplines to drive corporate transformation.

The Client Relationship Development team developed several events for clients. Clients were invited for the Deloitte Sport Week, where we hosted business lounges at the Volvo Ocean Race, the hockey Champions Trophy and the equestrian CHIO. In December clients were invited for the Bach Christmas Concert in the Grote Kerk in Naarden. Deloitte Academy developed courses for clients on topics as Cyber Security, Data Analytics and Leadership in a digital world. **Deloitte Greenhouse** designed and developed custom client Labs on topics such as Energy Transition, Future of Work and Privacy. Clients were invited for Business Chemistry sessions. Designed for use in a business context, Business Chemistry draws upon the latest analytics technologies to reveal four scientifically based patterns of behaviour. The Around the Boardroom and the Center for the Edge jointly organised the Executive Edge session for CEOs and CFOs.

Our industries

Financial Services
In the Financial Services Industry, we have presented our Insurance Outlook 2019, focused on technological advancements, customer relations and partnerships through platforms and in ecosystems. We continued our partnership with the Think Forward Initiative, to make an impact on society by means of innovations together with partners, including ING, Dell EMC, Microsoft, Dimension Data and the Centre for Economic Policy Research (CEPR). By leading it's accelerator programme, we help eight startups to scale up faster and develop innovations in an incubator track. Within our Future Bank campaign, we share insights and solutions on innovations and initiatives that are impacting the banking sector, for example the rise of chatbots in Financial Services. We brought innovative solutions to the market like **RegMiner,** which uses machine learning and AI to keep track of laws and regulations.

Furthermore, we have published the **Real Estate Predictions 2019** and presented our views in cooperation with colleagues from eight countries around themes like circularity, propelling digital real estate and practical blockchain approach, amongst others. In addition, in the 2019 Investment Management Industry Outlook we have explored how the advancing technologies, shifting investor preferences and regulatory developments challenge the market and where to focus on in order to manage this evolving market.

Public Sector
In the Public Sector, we aim to achieve growth through innovation and by helping our clients with complex societal issues. To this end, via our **GovLab** innovation brand, we have published several inspirational public-sector articles on a variety of topics such as (smart) mobility, robotics, sustainable operations, cloud computing and finance. Besides the published articles, we organised various GovLab innovation sessions and projects with clients. To increase our footprint, we also conducted a number of '**State of the State** studies' to underpin our data-driven approach to complex issues and generate new insights for clients and society. Issues covered by our State of the State analyses included the Dutch labour market and the potential of solar panels for the Dutch energy sector.

Energy & Resources (E&R)
The Future of Energy has very quickly become critical for our clients. The world is facing the "dual challenge" of increasing demand for/access to energy, and the need for lower emissions. Immutable trends impact the energy landscape, e.g. electrification of everything, peak hydrocarbon demand (coal, oil, gas), cheap energy - posing transformational disruptions to business norms. And our clients are asking us to help. As Deloitte we have a "purpose-led" mission to help solve clients' toughest problems with practical solutions, we can deal with complex integrated topics, by leveraging our end-to-end capabilities and technology edge. Because of this, through the Future of Energy, we are

getting into the heart of the business of our clients, strengthening relationships and getting closer to Boards and C-suite members.

Technology, Media and Telecommunications

Our own **Global Mobile Consumer Survey** (GMCS): Dutch Edition, provided unique insights into mobile device and network usage across The Netherlands. The 2019 GMCS achieved considerable attention in the media, reaffirming our position as a thought leader. We published our 2019 **TMT Predictions** Report, providing insights into disruptive trends and growth opportunities across the sector, celebrated with an impactful event on our 44th floor in Rotterdam. Fast-growing technology companies and start-ups were also celebrated as part of the 19th edition of the **Fast50** client programme in which we showcased the 50 fastest-growing technology companies in the Netherlands.

Future of mobility

Deloitte is committed to innovation through its Future of Mobility initiative. The way in which we travel is rapidly changing, creating a new mobility ecosystem that will impact all the current and future industries. Deloitte's Future of Mobility focus creates insights in collaboration with industries, to enable and support our growth ambitions and become the undisputed leader in the Future of Mobility ecosystem.

Consumer Products & Retail (CP&R)

For Consumer Products and Retail, we published articles about topics like holiday shopping trends, digital transformation, supply chain, AI, digital reality, and blockchain. We partnered with the World Retail Congress, where our Global Chief Economist spoke about the economic outlook for retailers. At a major Dutch retail event, we presented a keynote around consumer love, and organised a VIP lunch for a senior audience of larger retailers around the same topic. Future of Food was presented in a co-creation session with clients during **the Garage** Opening week. For Industrial Products and Construction, we published articles around Industry 4.0, and market developments in the construction sector. To further engage with CFOs in the construction sector, we hosted our second annual Construction CFO dinner. For the Transport segment we built an extensive campaign around the future of mobility, producing numerous reports & articles, and hosting a special roundtable discussion for senior executives. Additionally, we are building an external network with our Hospitality & Leisure team and writing several articles per year. The Automotive team has conducted a big research among Dutch consumers about technological disruption in the automotive market.

Deloitte Private

Deloitte Private represents the midmarket and SME customers, accounting for 30% of the turnover worldwide and thus an important segment for Deloitte. These are the gems of the future. The Deloitte Private sub-brand was launched in June 2017 to serve this segment in a cross-functional manner with the attention it deserves.

Deloitte Private is divided into four segments: Private Equity, Private Companies & Small Listed, Family Business & HNWI and Entrepreneurial, Fast Growing & SME. All our businesses are represented in the Deloitte Private Management Team to guarantee our multidisciplinary approach.

Our **Fast 50** programme scored the highest number of registrations in years, showing that after 19 years, Fast 50 is still an established name and a brand of importance for tech start-ups. It positions Deloitte as a household name in the tech industry and allows us to build relationships with young companies with great growth potential in an early stage.

'We're enthusiastic about Deloitte's Road to Compliance approach. Getting support from a Digital Health Compliance core team is a real differentiator!'
A satisfied client

Theme: Clients innovation
Challenge: 30% revenue from digital compliance tools
Solution: Digital Health Compliance
Who: Core team: Peter Kits, John de Kok, Barry Meesters, Rob Peters, Jeroen Lammers, Marloes Dankert, Amy Eikelenboom, Marlieke Bakker, Anne Sophie Dil and Dominique Gerritse.

Innovation in healthcare is essential to deliver sustainable and affordable high quality care. With a fully cross-functional Digital Health Compliance (DHC) label, the team takes away obstructions related to security, privacy and compliance. Taking clients down the 'road to compliance' ensures the protection of sensitive patient data in digital solutions and stimulates innovations in healthcare organisations. Our aim is to make compliance affordable and scalable with the result that more money can be spent to providing good healthcare. Working together on the continuous improvement of quality of care!

Improve our client portfolio

We aim to engage and build sustainable and rewarding client relationships by making a meaningful impact. To free up our limited resources to serve these clients and build on our engagement, value, and performance, we continuously review the quality of our client portfolio. We do this in combination with our goal to provide the highest quality services at a reasonable price. This also implies that we seek to improve or terminate client engagement that do not meet our quality levels, considering among other factors, the risk and reward involved.

Based on this assessment and to ensure high quality delivery of our services, we have determined quantitative thresholds that are periodically evaluated to ensure the clients we serve combined and the services we offer are aligned to our strategy.

In 2018/2019 we continued to pursue our Improved Client Portfolio initiative by building on established thresholds and client engagement where appropriate to further enhance our impact, quality and fees. The results continue to be positive in that our engagement is improving, and our returns are in line with our strategy. Furthermore, we also continue to align our available capacity with the anticipated client delivery. Assignments that do not meet our thresholds or where the risk-reward is out of balance, are discontinued to free up resources for the assignments we would like to focus on. In our Audit business, by doing this, we are also freeing-up capacity to improve the quality of our audits. This has been an enabler for further improvements in the quality of our services and the balance of our workload for resources. This initiative will continue in 2019/2020 when we will keep building on our thresholds to generate further value and impact.

The engagement lifecycle, our business process to ensure quality

Our market focus is based on building relationships with existing and potential new high-quality clients. The start of our business lifecycle begins with the identification of a business opportunity with an existing or potential client. Deloitte has robust client and engagement acceptance processes to ensure we comply with all applicable laws (such as independence regulations). These also ensure we understand who we do business with, and that our clients and the type of services we provide are consistent with our values, and do not pose undue reputational risks. During the acceptance phase, we identify possible client and/or engagement risks and define and take mitigation measures. In combination with the formal acceptance of a client or engagement, we form a dedicated engagement team with independent and complementary members. This is a critical step to enable us to provide a high-quality service.

Once the team is in place and there is a signed engagement letter, the engagement commences. As we value quality in all our engagements, Deloitte has formal Quality Assurance policies for all types of services that stipulate which type of engagements quality assurance procedures are applicable. When our work is complete, we end the engagement and archive all relevant files. We solicit feedback from our clients by means of a Client Service Assessments.

Client feedback is a dialogue between Deloitte partners and (external) representatives and key client contacts that takes the conversation beyond 'what we are doing' to 'how we are doing'. It provides clients with an opportunity to express whether Deloitte is meeting their needs, and what actions should be taken to make an impact on their business that can exceed their expectations.

Establish lean operations

Our goal is to be the undisputed leader in professional services. In a world where resources are scarce, this means that we actively seek opportunities to enhance our efficiency, combined with optimal resource allocation. This enables us to make necessary investments in our quality, innovation and talent, making an impact that matters or - in a nutshell - ensuring our operations are fit for growth.

Despite a strong focus on our internal processes and managing costs, our overhead costs per fee earner exceeded the 2018/2019 target as well as the target set for 2020. Breaking down the costs into two categories; the costs of our internal support and overhead costs that are managed by business, we see that increase in costs per fee earner are due to the latter category. The costs of our internal support were on par and achieved the targeted costs per fee earner. This implies that the overhead costs that are managed by the businesses have increased and did not meet their target. The main reasons for this increase lies in the increases in, among other areas of mobility costs and training.

With respect to training costs, we have a clear vision that these costs are necessary investments in our people and support our strategic objectives in quality and innovation. The increase in mobility costs is the main contributor to the increase in costs per fee earner with total mobility costs also increasing as a result of our overall growth.

Formation growth is driven by the growth of our advisory business with its main location in Amsterdam. We see that many new employees prefer to work in our apparently appealing building, The Edge. This has contributed to the increase in mobility costs since more employees travel to Amsterdam frequently. Also, the formation of the member firm Deloitte North West Europe resulted in a strong increase in mobility costs for Netherlands following an increase of international meetings. The increase is in line with expectations. We are convinced that these meetings are contributing to teaming and alignment between the geographies and therefore support our strategic pillar 'seek internationalisation'. Nevertheless, the effects of increased mobility -- namely higher costs, environmental impacts and more time spent travelling, are considerable, and have received the attention of management.

For next financial year, which is the last year of our Plan 2020, management remains focussed on reducing costs per fee earner with an emphasis on innovating processes, for example, by using robotics to execute standard processes, and improving efficiencies, for example, by using the synergies between firms within NWE more actively.

Reduction of greenhouse gas emissions

We use energy to power, heat or cool our offices, to go to and return from work, and to travel to and from our clients. Our energy consumption results in the emission of greenhouse gasses, mainly CO^2.

We aim to rent office space in energy-efficient buildings. Good examples of such buildings are our office in Amsterdam ('The Edge'), which has a BREEAM Outstanding certificate and in Rotterdam. We are in the process of reassessing our position regarding the purchase of renewable energy and offsetting emissions as a result of housing.

For mobility, we maintain a lease car policy that encourages our employees to lease energy efficient cars. We do this by the inclusion of the energy costs in the available lease budget. In this manner, the choice for an energy efficient car becomes more compelling from a cost perspective and results in a lower personal contribution to driving the car. As from 2018, all lease categories include electric cars either as standard or as preferred car choice.

Internationalisation requires us to increasingly travel across borders, in many cases by plane. To minimise CO^2 emissions and further control costs, we have a travel policy in place. This policy outlines the conditions that we have set for international air travel, both in terms of approvals designed to prevent unnecessary travel, and of travel choices to prevent unnecessary costs and CO^2 emissions.

In 2019, our global organisation DTTL published targets to reduce CO^2 emissions across the international Deloitte network. As the Dutch Deloitte firm, we fully embrace these targets. As a result, our target is to reduce CO^2 emissions from our fleet by 16% in total and from air travel by 10% per FTE by 2025 (base year 2017).

As our CO^2 reporting does not yet meet the high standards that we maintain on the robustness of data, including external assurance, we have not included it in this report but have incorporated it in our **GRI Content Index** that you can find online.

'Because the Think Forward Initiative (TFI) is a purpose-driven initiative, intrinsic drive and commitment are part of the core values, and as a result it has turned into a community. We're proud to be playing such an impactful role in this movement, thereby helping to prevent vulnerable people from getting into financial difficulties.'

Quote of team

Theme: Innovation
Challenge: Contribution to society
Solution: Think Forward Initiative
Who: Petra Zaal, Sander Buijsrogge, Else Herrebout, Michelle van Wijk, Bart Witteman, Joep Arends, Peter van Loon.

Deloitte is the business and lead innovation partner of the cross-company, not-for-profit, Think Forward Initiative (TFI). At the moment, 42% of Europeans are in financial stress and have trouble making ends meet, and TFI aims to solve this by empowering 100 million consumers across Europe to make better financial decisions. TFI has selected eight start-ups that embody the TFI goals and is helping them build their capabilities and connect with Deloitte's corporate clients so they can scale faster. Additionally, TFI is actively building an ecosystem of corporate partners, start-ups and academics around the topic of financial health. TFI has reached 10 million people to date.

Seek internationalisation

To become the undisputed leader and make an impact that matters on our clients, we need to be able to work across borders. To this end, in 2017 the Deloitte firms in the North Western European region created Deloitte NWE, a single Deloitte member firm that operates based on Connected+ Autonomy. This means that the constituents of the new member firm remain responsible for their respective markets but join forces in areas such as clients & markets, talent, innovation, quality, and operations. From a financial viewpoint, financial integration will be gradual. Because of the international cooperation within one single firm, we believe we can:

- Serve our clients even better and support them to solve the toughest regional/global challenges;
- Offer international opportunities for our talent and enrich their experiences in working in and cooperating with other cultures;
- Make more substantial investments in innovation and quality;
- Achieve synergies by setting up knowledge and competence centres.

Deloitte NWE

In 2017, Deloitte member firms the Netherlands, UK and Switzerland, Belgium and Nordics (Sweden, Norway, Finland, Denmark and Iceland) joined forces to create Deloitte NWE. In 2018, Deloitte Ireland also joined NWE. The firm has a single NWE Strategy (please refer to the Report from the Executive Board to learn more about the NWE strategy), led by a single NWE Executive (see chart below) and is governed by one NWE Board. Deloitte UK CEO Richard Houston is the CEO of Deloitte NWE.

Floris Deckers, Chairman of the Supervisory Board of Deloitte Netherlands is a (non-voting) Independent Non-Executive member of the NWE Board. The Independent Non-Executive members of the NWE Supervisory Board are renumerated for their role by Deloitte NWE.

The Geographies (Belgium, Netherlands, the Nordics, Ireland, UK & Switzerland) within the NWE firm are led by Geography CEOs and leadership teams to drive local market leadership, in alignment with the overall strategic priorities of the NWE firm.

Effective June 1, 2019, Deloitte NWE has merged with Deloitte Central Mediterranean (DCM), covering Italy, Greece and Malta, to form Deloitte North and South Europe (NSE). Per that date, the representation of Deloitte the Netherlands in the NSE Executive consists of Hans Honig (Netherlands CEO), Jacques Buith (Managing Partner Risk Advisory) and Eric Vennix (Energy & Resources).

Our activities within NWE

The year 2018/2019 was characterised by a further integration of our market activities with a focus on the NWE Strategic and Priority accounts. For Deloitte the Netherlands, this resulted in further growth across various sectors. In addition, we saw further integration of the operations, driven by the COOs of the NWE geographies. This included – amongst others - improved alignment of investments in systems and technology and further integration of the IT organisation, talent agenda and Clients & Industries. We saw many of the investments made in the business resulting in on target performance, for example in the area of new partner recruits.

Despite the fact that in our opinion the Connected Autonomy+ model works well, in some areas the integration has been slower than originally planned. Nonetheless, we are positive on the advantages NWE has experienced so far:

- Further growth of revenues as a result of the focus on Strategic and Priority accounts;
- The integrated IT organisation under leadership of one centrally appointed IT Executive enables us to design and implement our IT infrastructure in a more efficient way at lower costs;
- We are in the process of implementing a central ERM system to have improved client relationship management throughout Deloitte;
- There is an increase in engagements that are staffed internationally offering our clients greater expertise and our talent the opportunity to grow in an international environment;
- The central buying power (for example in the area of wireless telecom) has resulted in a considerable reduction of costs.

Deloitte NSE

Following the inclusion of Deloitte Ireland within Deloitte NWE per June 1, 2018, and in line with the global strategy of Deloitte, Deloitte NWE has expanded its international footprint with the creation of Deloitte North and South Europe. This new firm comprises the activities in thirteen markets: Netherlands, Nordics (Denmark, Finland, Iceland, Norway and Sweden), Belgium, Ireland, UK, Switzerland, Italy, Greece and Malta) and over 45,000 people effective June 1, 2019. In the coming years, and as a result of the global strategy of Deloitte, we will continue to look for other combinations within Europe.

NSE Executive

OUR WAY OF WORKING

Ethics and integrity

Our commitment to quality and integrity underpins everything we do – day in and day out – as we seek to make an impact that matters for clients, our people, and our communities. Our Global Principles of Business Conduct – or "Global Code" – outlines the commitments that each of us make. It is based on our Shared Values and reflects our core belief that, at Deloitte, ethics and integrity are fundamental and not negotiable.

"Everyone in the firm has a duty to understand and comply with the Code, the Global Principles of Business Conduct and our policies. I encourage everyone to speak up without fear of retaliation".
Liesbeth Mol, RRL, NWE Ethics Leader, member of the Anti-Corruption Committee

Five key commitments

The Global Code has five key commitments:

1. Professional Behavior: we comply with applicable professional standards, laws, and regulations and seek to avoid actions that may discredit ourselves or our professions.
2. Public Trust: we are committed to earning and sustaining the public's trust and confidence in the work we do.
3. Objectivity: we do not allow bias, conflict of interest, or inappropriate influence of others to override our professional judgments and responsibilities.
4. Respect and Fair Treatment: we foster a culture and working environment where our people treat each other with respect, courtesy, and fairness, promoting equal opportunity for all.
5. Anti-Corruption: we are against corruption and neither make bribes nor accept them, nor do we induce or permit any other party to make or receive bribes on our behalf.

In 2018/2019 we fully met all requirements as set forth by DTTL and continued to implement the integrity imperative in close collaboration with the NWE ethics team. Our most visible action was the launch of Deloitte Speak Up and a non-retaliation policy.

Deloitte Speak Up is a service through which Deloitters can report any suspected misconduct or raise ethics-related queries, 24 hours a day, 365 days a year. It can be accessed from any location and is administered by a third party to maintain confidentiality and, when requested, anonymity.

Within Deloitte we are committed to taking clear action in the face of identified misconduct, and to provide a work environment that promotes ongoing and open communication about ethics and encourages reporting of potential violations without fear of retaliation. To emphasise this our non-retaliation policy protects colleagues who in good faith report any actual or suspected misconduct from retaliation.

Governance

The ethics programme provides support for building ethical judgement and decision-making skills across all Deloitte. There is an appointed Ethics Leader in the Netherlands who is also responsible for ethics within our NWE Firm. The Ethics Leader is supported by a Deputy Ethics Officer and a team consisting of three confidential counsellors ('vertrouwenspersonen'). We measure the effectiveness of the ethics programme through a yearly survey. On a periodic basis, the Ethics Leader reports on ethics issues and progress of the programme to the Executive Board and Supervisory Board.

In 2018/2019, in addition to the team, several ethics ambassadors were appointed across all functions. These ethics ambassadors help to broaden the scope of our programme, reaching out to all partners and Deloitte professionals and promoting our core values at a local level.

Ethics Survey

In the summer of 2018 we conducted our annual Ethics Survey. With a nearly 40% response rate and a good division of respondents across functions, we have obtained a clear view on how partners and employees see Deloitte as an ethical employer. The results of the survey were discussed by the Executive Board and the Supervisory Board and the highlights were communicated to all employees.

The survey results show that:

- 96% of the respondents believe Deloitte is an ethical place to work that maintains high ethical standards;
- Almost all our employees (and partners) are familiar with our Code of Conduct and know how to act when facing an ethical dilemma;
- Role model behaviour is of great importance in expressing our shared values and commitments to guarantee a safe and open work environment;
- Reducing the fear of retaliation is important to create a safe environment for reporting unethical business conduct;
- We must intensify our efforts to achieve an even better ‘speaking up culture’ as there are still people who have indicated they have observed a possible unethical dilemma without reporting it;

Our Ethics Operational Plan 2018/2019 was based on the number and nature of the ethics incidents and the ethics survey results. The main priorities were:

1. Appointment of 12 ethics ambassadors within the businesses to further create awareness for ethics by:
   - Organising learning/ awareness sessions;
   - Co-facilitating mandatory partner training to ‘Lead with Integrity’;
   - Setting a strong tone at the top.
2. Further creating awareness by communication:
   - Launching our ‘Living your values campaign’ in 2018;
   - Developing a story-telling campaign at NWE level in 2019.
3. To encourage people to speak up and to further reduce fear of retaliation by:
   - Creating awareness for the ‘speak up’ line and the non-retaliation policy;
   - Monitoring through the ‘speak up’ line and monitoring retaliation;
   - Including exit interviews as a fixed part of the off-boarding process;
   - Ethics ambassadors acting as linking pin between the business and the ethics team.

Ethics incidents

Table 09: Incidents: number of occurrence:

Type	2018/2019	2017/2018	2016/2017
Sexual harassment	5	4	4
Intimidation	7	10	8
Stalking	0	1	0
Corruption	0	0	0
Other disrespectful treatment of colleagues (e.g. bullying, alcohol abuse)	69	71	47

Besides the incidents mentioned in table 09, in 23 instances contact was sought for the purpose of further alignment.

Anti-corruption

Anti-Corruption is one of our Global Key Commitments and requires the attention of all our partners, employees and external hires. We stand firmly against bribery to contribute to good governance, economic development, and the improvement of social welfare wherever we do business. In November 2018 we launched the refreshed Deloitte NWE Anti-Bribery and Corruption training among our partners and employees, thereby driving consistency across all NWE geographies. The provisions of the UK Bribery Act became directly applicable to Deloitte in the Netherlands as we became part of Deloitte NWE, a UK entity. Our partners and staff are required to observe the UK’s Bribery Act on all engagements and activities.

To enhance our governance around anti-corruption, we set up an Anti-Corruption Committee in September 2018. Members of this Committee are all subject matter experts and relevant stakeholders of the Anti-Corruption programme. The Committee is responsible for actively overseeing the programme. This includes:

- Making a judgement on the progress of items in the programme action plan and effectiveness results based on periodic reporting by the anti-corruption champion;
- Discussing and approving the Anti-Corruption programme strategy, objective and action plan, which are a result of our Anti-Corruption Risk Assessment. In the annual risk assessment, which covers our entire organisation, we defined ‘the loss of reputation as a result of corruption related publicity at a (key) client for which we performed assurance/advisory services’ as high risk on the anti-corruption framework. On the other hand, sufficient mitigating measures are in place to prevent this through our consistent client and engagement acceptance process. In addition, seven risk schemes were identified as medium (no significant) risk.

An important part of the Anti-Corruption programme is testing and monitoring, including the review of the effectiveness of the programme and the testing of key process level controls and certain transactions, such as compliance with our policies and guidelines, gifts and entertainment, third-party due diligence, charitable and political contributions, client engagements and hiring of referrals.

Theme: Serve our clients with integrity
Challenge: Reluctance to report issues
Solution: Deloitte Speak Up line
Who: Leon Pieters, partner Consulting

Quality is all about behaviour and the creation of an open culture in which we encourage people to speak up. Having our ethics team, ethics ambassadors, confidential counsellors and the recently launched Deloitte Speak Up line, should lower the barrier to report. Deloitte Speak Up is a service through which Deloitters can report any suspected misconduct or raise ethics-related queries, 24 hours a day, 365 days a year.

'People often feel a high degree of loyalty towards a person or team they are working for or with. Reporting someone's undesirable behavior can feel like betrayal, thinking that it could negatively impact careers or personal perceptions.'

Leon Pieters

To further enhance our testing and monitoring we increased the frequency of this process from annual to bi-monthly so we can intervene quickly upon identifying risks.

For financial year 2018/2019, no confirmed anti-corruption incidents involving partners or employees from Deloitte were reported, and none were brought to the attention of our Reputation & Risk Leader.

> *'Referrals are a key recruitment source for hiring top talent. In order to avoid corruption risks, we can build on a robust referral integrity process, and support an independent recruitment department that ensures we get the best person for the job.'*
>
> Eric Houwen, Head of Talent Acquisition, member of the Anti-Corruption Committee

Roles and responsibilities

Deloitte believes that there is a direct link between good corporate governance and the performance of our firm. Good corporate governance is about clear rules and regulations, quality of management, transparency, accountability and integrity and considers our relationship and responsibility with all stakeholders. A clear set of rules and responsibilities helps us achieve our global strategy of being the undisputed leader in professional services.

Structure

Deloitte NSE is a member firm of Deloitte Touche Tohmatsu Limited (DTTL), a UK private company limited by guarantee. For a detailed description of the legal structure of DTTL and its member firms, please refer to www.deloitte.com/about. Deloitte NSE – with affiliates in ten Geographies across Europe – is registered with the Institute for Chartered Accountants in England and Wales (ICAEW) but is not engaged in professional practice itself. All trading continues through local country practices, including the practices of Deloitte Netherlands.

Deloitte Netherlands is a Dutch Affiliate of Deloitte NSE LLP. Deloitte NSE LLP is a member of Coöperatief Deloitte U.A. (the 'Cooperative'), with a 2/3 majority of the voting rights in the general meeting. Deloitte Holding B.V. (Deloitte Holding) is the centre of the governance structure of Deloitte Netherlands.

The Cooperative and all the (Dutch) Deloitte entities within the Group are committed to complying with all applicable laws and regulations. The Board of Deloitte NSE is primarily responsible for ensuring high-quality governance and stewardship of Deloitte NSE. The single elected NSE CEO leads an 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.
Deloitte Netherlands has the formal responsibility for the quality of the services of Deloitte Dutch Caribbean. Per June 1, 2019, we have integrated Deloitte Dutch Caribbean in the financial reporting of Deloitte Netherlands.

The Dutch Corporate Governance Code ("Code")

The purpose of the Corporate Governance Code is to facilitate a sound and transparent system of checks and balances for Dutch listed companies. Deloitte, as a non-listed company, is different to the companies for which the Code was intended. We nevertheless acknowledge that the Code contains principles and best practices that can also be important for non-listed companies.

Deloitte has therefore decided, on a voluntary basis and in addition to applicable Dutch Civil law, to continue to apply the principles of the Code to a large extent. Both the Supervisory Board and Executive Board have amended their regulations to continue to act in the spirit of the Code. As explained, some of the best practices mentioned in the Code may either not be applied in identical form within Deloitte, or are not suited to be 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.

Additional Measures for Audit Firms

New legislation concerning, inter alia, the structure and authorities of supervisory boards of audit firms, has become effective as of July 1, 2018. Recently, Deloitte changed its articles of association, and rules and regulations again to fully adopt the aforementioned Audit legislation.

Deloitte continues to put substantial effort and investments into further improving Audit Quality. It also recognises that the journey to rebuild trust in the profession is an ongoing process. We refer to our Transparency Report for a full description of the quality agenda, activities and initiatives of Deloitte.

General Meeting

The General Meeting brings together the entire partner community and NSE as participating shareholder. It helps to maintain Deloitte's Governance checks and balances. 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 responsible for ensuring that it performs its duties as effectively and efficiently as possible. It has therefore drawn up guidelines for its size and composition, considering the nature of the company and the expertise and experience required of Supervisory Board members. The Supervisory Board consists of two women and three men, all independent external members.

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 and 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) The realisation of the company's objectives; (ii) The strategies pursued by the company and the risks involved; (iii) The design and implementation of internal risk management, quality and control systems; (iv) Quality, independence, integrity, ethics and other public interest matters; (v) Deloitte's financial reporting process; (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, to perform its tasks in the most efficient manner; (i) Audit & Finance Committee; (ii) Quality, Integrity & Risk Committee; (iii) Remuneration Committee; (iv) Selection & Nomination Committee. The committees prepare the decision-making of and frequently report to the Supervisory Board. We refer to the report from the Supervisory Board for the highlights and reports of the committees.

Executive Board

Composition

The Executive Board is presently composed of three people: Hans Honig (Chief Executive Officer and Chair), Mario van Vliet (Chief Operations Officer) and Engelhardt Robbe (Chief Quality Officer), all of them male. The members of the Executive Board are appointed for a period of no more than four years and are eligible for re-appointment for further period(s) of no more than four years. The Supervisory Board will continue to look for more balance in the area of diversity in the event of future re-appointments. Our diversity programmes appear to be successful in that meanwhile one female business lead has been appointed on our Executive Committee and that one additional female Executive Committee appointment is anticipated on short term.

Tasks and responsibilities

Deloitte is managed by an Executive Board that is responsible, among other areas, for 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. The members of the Executive Board 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, taking into account 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.

Avoiding conflicts of interest

No member of the Executive Board takes part in discussions or decision-making processes that may give rise to a conflict of interest between the Board member and Deloitte. In such cases, Deloitte is normally represented by another person, who is appointed specifically for this purpose by the Supervisory Board. To our knowledge, no transactions involving any potential or real conflict of interest, as defined by the Code, took place in 2018/2019.

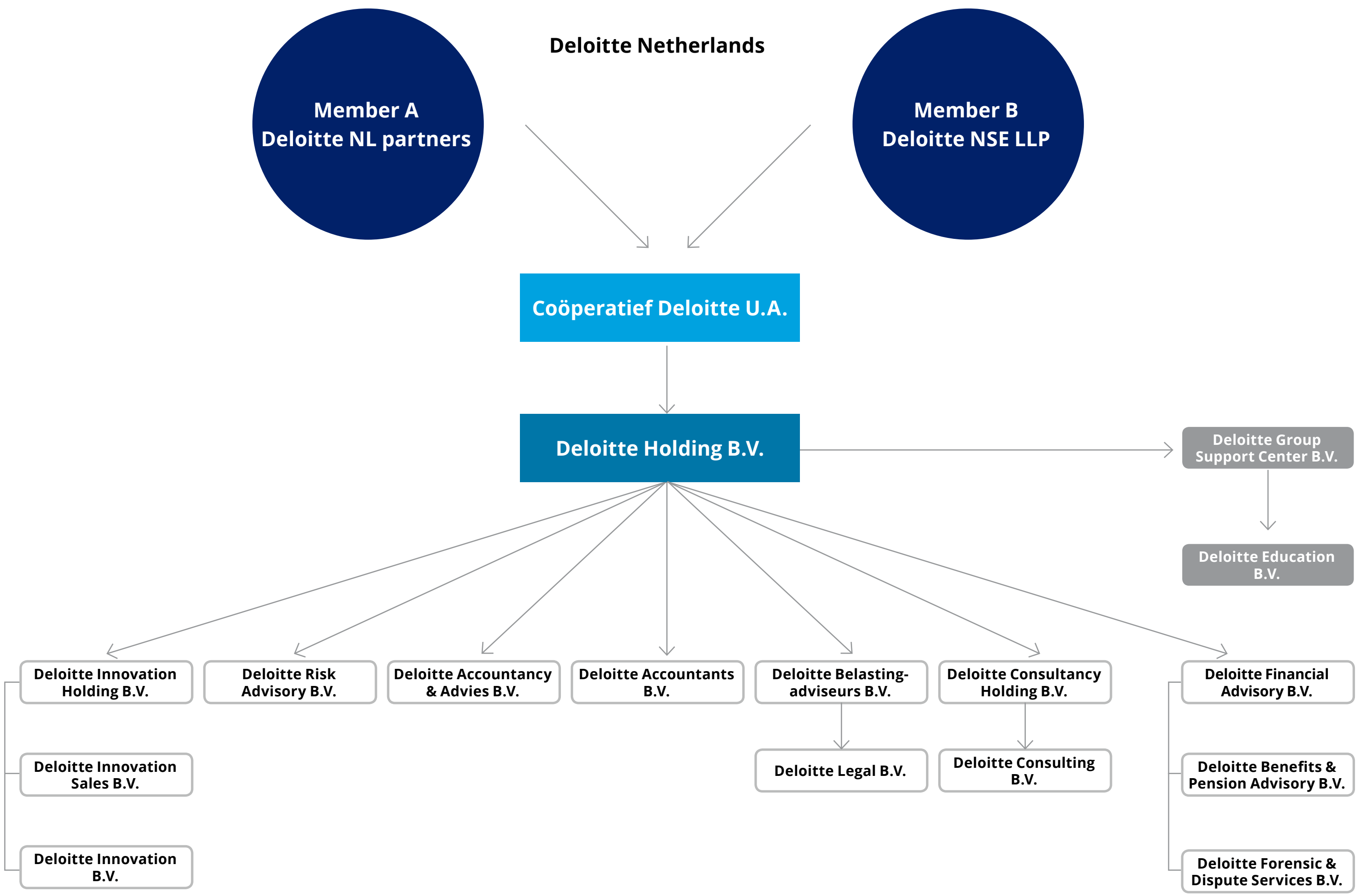
Remuneration

The remuneration of all members of the Executive Board is determined by the Supervisory Board, based on remuneration policies approved by the General Meeting on proposal of the Supervisory Board. In line with proposals made by the NBA, the remuneration of the Executive Board members is fixed, and not related to Deloitte's financial results, except for a limited portion (below 20%) which is dependent on certain mid-term goals linked to quality and other public interest objectives.

The performance of the Executive Committee is evaluated annually by the Executive Board. The Committee structure is flexible in order to meet the changing needs of the organisation.
The Executive Committee supports the Executive Board and has a role with regards to decisions that affect the group as a whole. The Executive Committee currently consists of 15 members, reflecting our present operating structure (please see page 8 for the composition of the Executive Committee during the reporting year).

Partnership Council

The Executive Board, with the approval of the Supervisory Board, has appointed a Partnership Council that consists of six partners. The Partnership Council is charged with giving support and advice to the Supervisory Board.


Deloitte Netherlands
Member A
Deloitte NL partners
Member B
Deloitte NSE LLP
Coöperatief Deloitte U.A.
Deloitte Holding B.V.
Deloitte Group Support Center B.V.
Deloitte Education B.V.
Deloitte Innovation Holding B.V.
Deloitte Risk Advisory B.V.
Deloitte Accountancy & Advies B.V.
Deloitte Accountants B.V.
Deloitte Belasting-adviseurs B.V.
Deloitte Consultancy Holding B.V.
Deloitte Financial Advisory B.V.
Deloitte Innovation Sales B.V.
Deloitte Innovation B.V.
Deloitte Legal B.V.
Deloitte Consulting B.V.
Deloitte Benefits & Pension Advisory B.V.
Deloitte Forensic & Dispute Services B.V.

'It's a win-win for all. These organisations get access to the expertise and network of Deloitte partners. In turn, partners can apply their skills and knowledge in a philanthropic capacity, while developing their leadership skills and professional networks. For Deloitte, the programme reasserts our claim as investors in our people and society and reinforces our brand.'

Quote of team

Theme: Contribution to society
Solution: Impactful Leadership Programme
Who: Mauriel Lamp, Jan de Rooij, Henriette Meijers

The Impactful Leadership Programme informs, inspires and motivates Deloitte partners that have the ambition to serve on a non-profit organisation's Executive or Supervisory Board. Through partnerships with non-profit organisations, discussions with their management and sessions with experts, participants are brought up to speed on what such a position entails.

Internal Audit Function

Effective mid-January 2018, Willem van Loon was appointed Chief Audit Executive. The Internal Audit Function ('IAF') primarily conducts operational audits conform a risk-based annual plan, which is approved by the Executive Board and the Supervisory Board of Deloitte. In the spirit of the Code, the mission of the IAF is to add value to Deloitte's strategy, values and reputation by providing additional assurance and advice to execute and improve its operations and governance, auditing and advising. The IAF is positioned directly under the CEO and has a separate reporting line to the chair of the Audit & Finance Committee. The authority and responsibilities of the IAF are laid down in the Audit Charter.

External auditor

The external auditor is appointed by the General Meeting on the recommendation of the Supervisory Board, advised by the Executive Board and the Audit & Finance Committee. At least once every four years, the Executive Board and the Audit & Finance Committee evaluate the performance of the external auditor. The external auditor in principle attends all meetings of the Audit & Finance Committee and at least that part of the Supervisory Board meeting in which the external auditor's report on the financial statements and the assurance on non-financial information is discussed, and in which a decision is made on whether to approve the Integrated Annual Report. The external auditor also attends the General Meeting to answer questions regarding its audit report. PricewaterhouseCoopers Accountants N.V. is currently the independent external auditor of Deloitte Netherlands.

In 2018/2019, NWE undertook an audit tender process to elect an independent group auditor for NWE. The respective geographies participated in this process and ran their own parallel processes to access the quality of services and to ensure that the independent auditor complies with local requirements. The outcome of this process, and subject to the members approval, is that BDO will be appointed as external auditor for Deloitte Netherlands for 2019/2020. PricewaterhouseCoopers Accountants N.V.'s appointment as external auditor for a three-year period ended for the audit year 2018/2019.

Risk management

Intelligent risk management creates opportunities and is key to sustaining our performance. Together with the highest standards for quality and integrity, this is essential to our brand and reputation and to make a lasting impact that matters for our stakeholders. In our ever-changing market landscape, we actively pursue new business opportunities, invest in innovation and manage risk and our reputation. The Supervisory Board, the Executive Board, and the Executive Committee proactively oversee these opportunities and related uncertainties and seek to anticipate them through a structured risk management approach that is aligned with our Strategy 2020.

We embrace uncertainty but aim to prevent unrewarded risks from materialising where possible. We also look to anticipate and respond appropriately when they do occur.

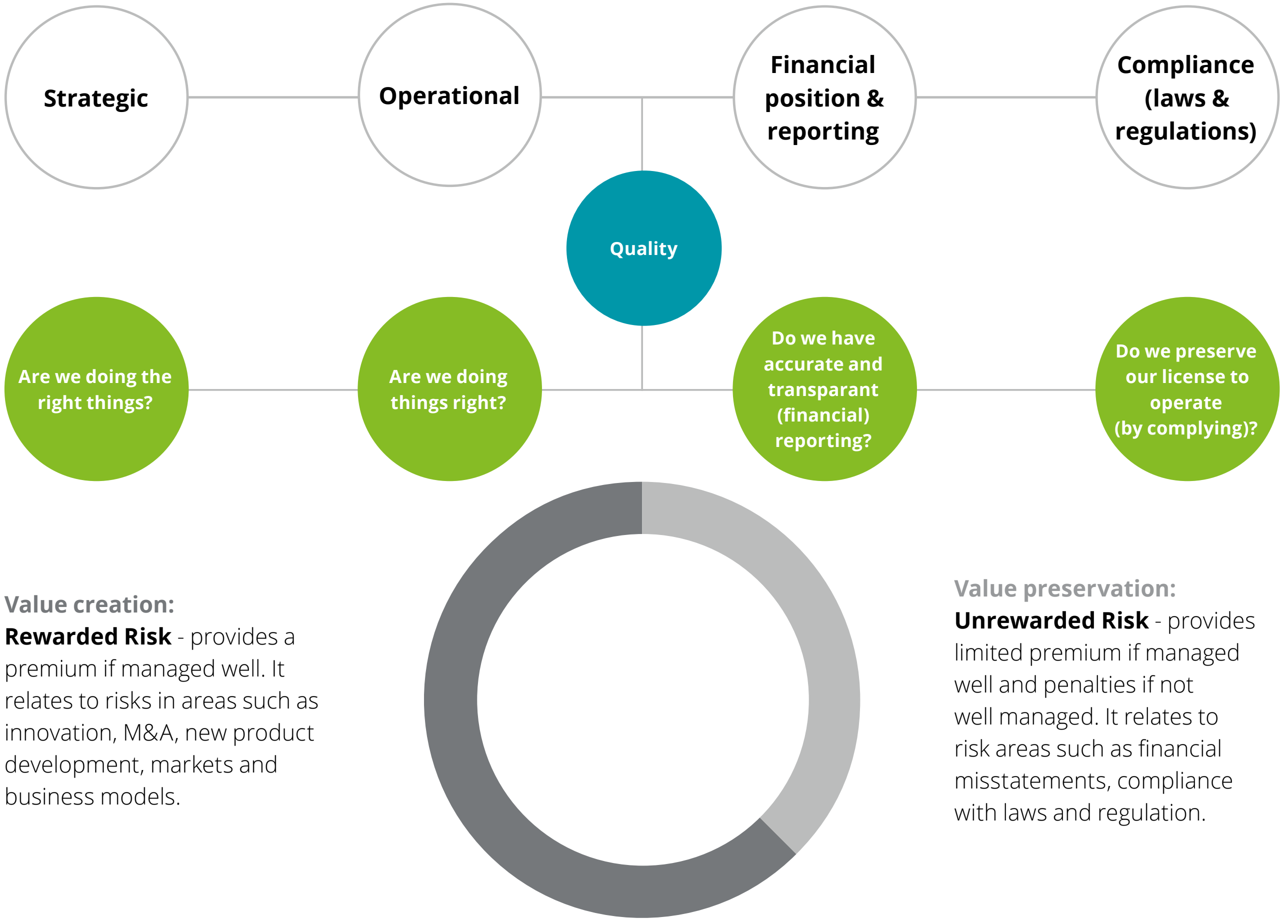
Context

Driven by the NWE Executive's aim to obtain the highest maturity level of risk management, a NWE enterprise risk workshop attended by members of the NWE Executive and representatives from the NWE Board was held in December 2018. In this workshop principal risks faced by the NWE firm were discussed in detail.

To ensure the effective mitigation of NWE's risks at the appropriate level, we continued to maintain an NL-specific Enterprise Risk Framework (ERF). As part of this Framework, in February a workshop was held with the NL Executive Committee in which we refreshed our risk heat map. Appropriate alignment with NWE methodology and terminology was conducted in preparation of this NL ERF refresh.

The outcome of the NL ERF refresh was subsequently used for drafting Business and Industry-specific risk paragraphs, further embedding risk management in our planning & control cycle.

Rewarded risk vs unrewarded risk (key categories)



Rewarded risk vs unrewarded risk. We strongly believe that risk management is an enabler for both value preservation and creation and we broadly distinguish between two categories of risk; unrewarded risks that provide limited premium but are critical to our brand and reputation, e.g. in compliance to rules and regulations, and rewarded risks that provide a premium if managed well, e.g. through innovation of our services.

Risk governance: roles & responsibilities

Risk governance is embedded in our overall governance structure. The primary responsibility for identifying and managing risks, both internal and external, resides with line management, the Executive Committee and ultimately the Executive Board, with oversight from our Supervisory Board. In an annual risk workshop, our Executive Committee and Board refreshes our risk profile, including the appointment of risk owners for our priority risks. Risk owners are subsequently asked to implement robust risk mitigating plans and present the progress of risk mitigating activities to the Quality, Integrity and Risk Committee of our Supervisory Board.

The Risk & Reputation Leader (RRL), who reports to the Chief Quality Officer, has day-to-day responsibility for the overall system of quality control for Risk Management and Reporting. As part of this responsibility the RRL oversees the Enterprise Risk Framework and corresponding risk and control system through, among other measures, periodic meetings with the individual risk owners.

On an annual basis, the Executive Board evaluates the performance of and acknowledges its overall accountability for the effectiveness of the risk and control system through an internal in-control statement. To substantiate the evaluation, the Board obtains input from line management, the RRL and the internal auditor, who provides assurance on the key elements of the risk and control system. The Executive Board also gives consideration to the findings and reporting of the external auditor on the functioning of internal controls as part of their annual audit engagement.

In control

Our Enterprise Risk Framework helps us maintain control, have the right information available, comply with applicable laws and regulations, and meet our own high-quality standards.

Last year we increased the reporting cadence on our priority risks and conducted a bi-annual risk workshop with the Executive Board and the Executive Committee, with oversight from the Quality, Integrity & Risk Committee.

Day-to-day risk management activities reflect our risk appetite for specific domains, for example, within client and engagement acceptance decisions. Last year, a set of risk indicators, including tolerance levels, were discussed with the individual risk owners and validated by our Executive Board and Supervisory Board.

In the upcoming year, risk appetite within NWE will be further aligned, enabling us to consistently maintain the right balance between risk and reward across NWE.

Based on the entire system of quality controls, our Executive Board is able to state that:

1. The report provides sufficient insights into material failings in the effectiveness of the internal risk management and control systems;

2. The aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;

3. Based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and

4. The report outlines the material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of twelve months after its preparation.

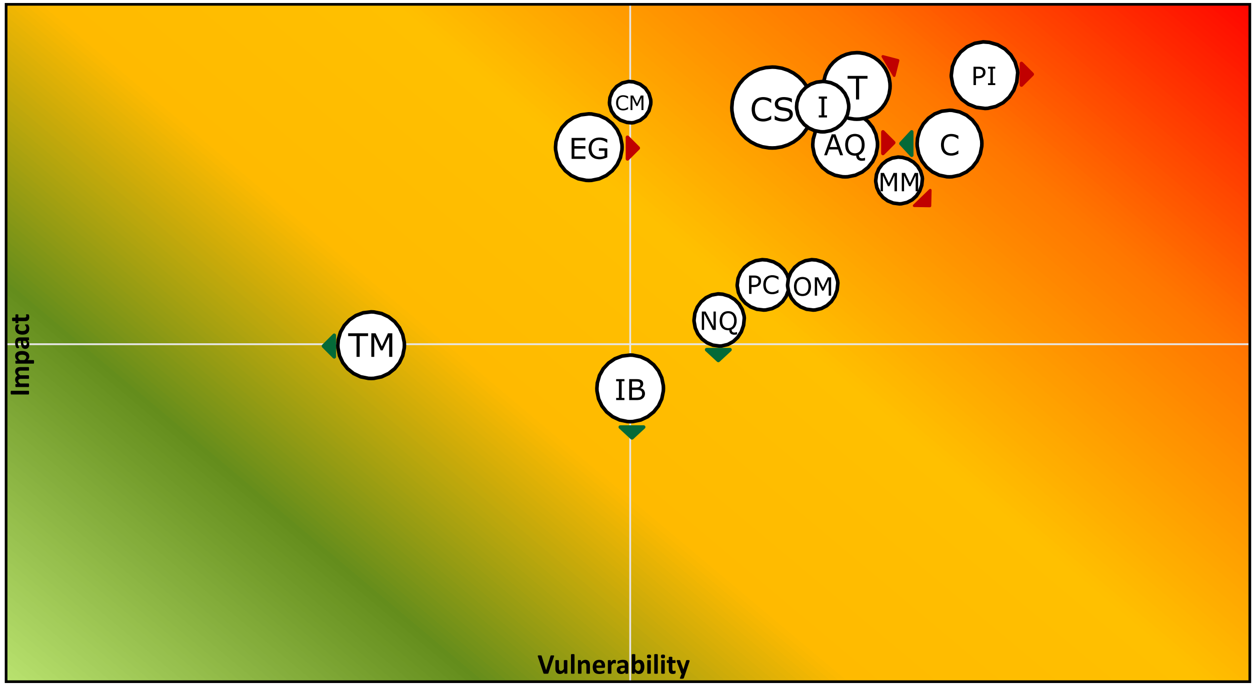
Priority risks

The risk universe of DTTL Global Risk and the material topics from our stakeholder dialogue represent the main risk areas of our risk universe. They are also the input for the annual assessment of our risk profile, in the context of our Plan 2020 and our risk appetite.

Resulting from the bi-annual assessment with the Executive Board and the Executive Committee (ExCo), we have agreed on risks and opportunities related to our strategy (see the figure on page 79). We also collectively agreed that, based on current impact and vulnerability, less ExCo oversight is needed on three risks (Strategic Execution, Forced Acquisitions and Personal Safety). These risks are removed from the NL Heat Map, however, the ongoing monitoring of exposure by RRL and risk owners remains intact.

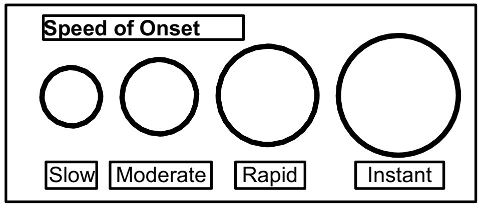
Vulnerability is assessed on a scale of low to high, taking into account both 'influence & readiness' and 'speed of onset'. Influence & readiness is a composite measure that also takes account of external influences, materialised risks as described in the 'Our year' section in the Report from the Executive Board, controls maturity, mitigating measures and likelihood.

Risk Profile of Deloitte The Netherlands was recently validated by the Executive Committee, and risks were assessed on terms of impact and vulnerability. This was compared to our previous full year and is visualised in the risk profile.



Risk	Risk name
AQ	Audit Quality
C	Conduct
CM	Competitor Moves, Market Dynamics
CS	Confidentiality & Security
I	Innovation
EG	Economy/ Geopolitical
IB	Independence Breaches
MM	Multi-disciplinary model
NQ	Non-Audit Quality
OM	Operating Model
PC	Portfolio Management & Commercial Orientation
PI*	Public Interest (was regulatory)
T	Talent
TM	Technology & Methodology

* The role and future public interest impact of the Big4 as a risk is adopted from NWE. The NL risk Regulatory is integrated in this new risk.



In the following table, the seven priority risks with high impact and to which we have a high vulnerability are displayed. The risks associated with the employment of financial instruments are described in note 23.2 of the Financial statements. Our position regarding the use of derivatives is included on page 135 of this report.

* The risks in the table above can be categorised in more than one of the four risk categories that we identify (see page 77). For the sake of simplicity, we have placed them in the category that we deem to be most appropriate.

** Risk appetite is operationally translated in key risk indicators to monitor exposure and act if needed.

Risk	Risk description	Risk Area*	Risk Appetite**	Mitigating measures
Audit Quality	Failure to prevent systemic or major failure of audit quality.	Strategic, Laws & regulations, Financial	Low; Deloitte is committed to executing high quality audits to address concerns expressed by key stakeholders.	Pages 24, 52-53
Conduct	Failure to establish, embed and sustain an inclusive and ethical culture.	Impacts all categories	Low; Deloitte is committed to our shared values and strives to limit ethical breaches.	Pages 69-72
Confidentiality & Security	Failure to manage data security and privacy.	Operational, Laws & regulations	Low; Deloitte is committed to preventing, being prepared and responding to breaches and data loss in a timely fashion.	Pages 53, 69-72
Innovation	Failure to make bold choices, at scale, in response to changing client needs, and adequately respond to disruption.	Strategic, Financial	High; Deloitte is committed to developing and deploying disruptive innovation at reasonable costs and foresees disruptive innovation by competitors.	Pages 61-62
Multi-disciplinary Model	Failure to maximise the benefits from the MDM in a changing internal and external environment.	Operational, Laws & regulations	Medium; Deloitte is committed to maximising client impact through a multi-disciplinary model.	Pages 38-39
Public Interest	Failure to anticipate, adapt and respond to external scrutiny, criticism and regulation.	Impacts all categories	Low, Deloitte is committed to making an impact that matters on society.	Pages 29, 38-39
Talent	Failure to attract, develop and retain high performing, diverse practitioners and world-class leaders and failure to deliver the resource models of the future.	Operational, Financial	Low; Deloitte is committed to employing top class personnel through agile talent models.	Pages 55-59

'I was delighted to see that so many people choose to spend the day celebrating Pride with Deloitte and make a very visible public statement of who we are and what we stand for as a firm.'

David Sproul, former CEO of Deloitte NWE

Theme: Diversity & Inclusion
Challenge: More inclusive environment
Solution: **Pride around the (NWE) GLOBE**
Who: Philip Mitchell (UK), Joost Kremers (NL), Jeroen Huizer (NL), Tim van der Pas (NL), Larissa Snoek (NL), Thomas van Bergen (NL) , Emily Sendall (UK), Henning Michel (DK), Lasse Posborg Michelsen (DK), Peter Loukopoulos (CH), Finaly Murray (CH), Michael Andreas Graf (CH), Dane Hickey (IE); Frederik Notoy (NO), Tom Declercq (BE), Leon Pieters (NL)

GLOBE is Deloitte's LGBT+ network, connecting and providing support to our LGBT+ (lesbian, gay, bi and trans) people in many countries around the world. During 2018, thanks to a huge investment of personal time by GLOBE team members, Deloitte celebrated Pride in cities across NWE, engaging and inspiring hundreds of our people and sending a clear, public signal of our support for LGBT+ inclusion and visibility at work.

Annexes

Annex 1: Financial statements

Consolidated financial statements

Consolidated statement of profit or loss and other comprehensive income for the year ended May 31, 2019

in € thousands	Note		**2018/2019**		2017/2018
Revenue	5	**968,242**		896,750	
Other operating income	5	**6,435**		3,997	
Total operating income			**974,677**		900,747
Costs of subcontracted work and other external costs		**186,115**		150,935	
Salaries and social security charges	6	**411,471**		381,959	
Amortisation of intangible assets and depreciation of property, plant and equipment	7	**14,714**		13,969	
Impairments of intangible assets and property, plant and equipment	7	**-**		155	
Other operating expenses	8	**187,271**		172,697	
Total operating expenses			**799,571**		719,715
Operating result			**175,106**		181,032
Financial income	9		**125**		2,236
Financial expenses	10		**(7,717)**		(15,571)
Share of result from participating interests			**40**		39
Result before taxation and management fee			**167,554**		167,736
Management fee and compensation members of Coöperatief Deloitte U.A.	11		**(151,243)**		(154,180)
Result before taxation and after management fee			**16,311**		13,556
Taxation on result of activities	12		**(10,315)**		(7,771)
Profit for the year			**5,996**		5,785
Item that may be reclassified subsequently to profit or loss					
Reclassification adjustment cash flow hedge reserve		**633**		5,514	
Net income tax related to adjustment cash flow hedge reserve		**(280)**		(1,378)	
Total other comprehensive income, net of income tax			**353**		4,136
Total comprehensive income for the year			**6,349**		9,921

Consolidated statement of financial position at May 31, 2019 (before result appropriation)

Assets (in € thousands)	Note	**May 31, 2019**	May 31, 2018
Fixed assets			
Property, plant and equipment	13	**54,421**	51,111
Intangible assets	14	**7,550**	7,660
Deferred tax assets	12	**11,790**	15,528
Investments	15	**1,408**	849
Other non-current assets	16	**3,751**	3,301
Total non-current assets		**78,920**	78,449
Current assets			
Unbilled services	17	**112,170**	109,715
Trade and other receivables	18	**189,645**	198,933
Cash and cash equivalents	19	**15,823**	47,587
Total current assets		**317,638**	356,235
Total assets		**396,558**	434,684

Equity and liabilities (in € thousands)	Note	**May 31, 2019**	May 31, 2018
Equity		**(36,115)**	(42,425)
Non-current liabilities			
Membership capital	20	**6,250**	6,525
Interest-bearing loans and borrowings	21	**145,964**	152,217
Provisions	22	**2,853**	5,086
Derivative financial instruments	21	**3,330**	3,840
Deferred income and accrued cost	23	**22,141**	26,698
Deferred tax liabilities	12	**815**	799
		181,353	195,165
Current liabilities			
Trade and other payables	24	**222,750**	245,354
Interest-bearing loans and borrowings	21	**14,527**	6,564
Provisions	22	**8,881**	24,654
Deferred income and accrued cost	23	**5,162**	5,372
Total current liabilities		**251,320**	281,944
Total liabilities		**432,673**	477,109
Total equity and liabilities		**396,558**	434,684

Consolidated statement of changes in equity for the year ended May 31, 2019

in € thousands	Note	Other reserves	Cash flow hedge reserve	Result for the year	**Total**
Balance at June 1, 2017		(52,962)	(7,000)	7,513	**(52,449)**
Profit for the year		-	-	5,785	**5,785**
Movement other comprehesive income		-	4,136	-	**4,136**
Total comprehensive income for the year		-	4,136	5,785	**9,921**
Profit appropriation prior financial year		7,583	-	(7,513)	**70**
Payments received regarding former Stichting InterNos		33	-	-	**33**
Balance at May 31, 2018		**(45,346)**	**(2,864)**	**5,785**	**(42,425)**
Profit for the year		-	-	5,996	**5,996**
Movement other comprehesive income		-	353	-	**353**
Total comprehensive income for the year		-	353	5,996	**6,349**
Profit appropriation prior financial year		5,746	-	(5,785)	**(39)**
Balance at May 31, 2019		**(39,600)**	**(2,511)**	**5,996**	**(36,115)**

Consolidated statement of cash flow for the year ended May 31, 2019

(Prepared using the indirect method)

in € thousands	Note		**2018/2019**		2017/2018
Profit for the year			**5,996**		5,785
Adjustments for:					
- Taxation on result of activities	12		**10,315**		7,771
- Share of result from participating interest			**(40)**		(39)
- Financial income	9		**(125)**		(2,236)
- Financial expenses	10		**7,717**		15,571
- Depreciation and amortisation	7		**14,714**		13,969
- Impairment of property, plant and equipment	7		**-**		486
- Results on disposal of property, plant and equipment	7		**(232)**		(331)
- Results on disposal of a business	26		**(4,235)**		(2,225)
Cash flows before movements in working capital			**34,110**		38,751
Change in management fee/compensation members of Coöperatief Deloitte U.A.	11		**(18,941)**		(474)
Change in unbilled services and advance billings	17, 24		**(10,340)**		(22,970)
Change in trade receivables			**(6,701)**		(2,694)
Decrease in provision	22		**(1,212)**		(1,200)
Change in trade payables			**789**		17,347
Change in deferred income and accrued cost			**(5,167)**		(2,822)
Cash flow generated from operating activities			**(7,462)**		25,938
Interest received		**42**		129	
Interest paid		**(7,357)**		(13,201)	
Net foreign exchange (loss)/gain	10	**(134)**		(408)	
Dividend received		**40**		39	
Corporate income tax paid		**(5,771)**		(5,747)	
			(13,180)		(19,188)
Net cash from operating activities			**(20,642)**		6,750

Consolidated statement of cash flow for the year ended May 31, 2018

(Prepared using the indirect method)

in € thousands	Note		2018/2019		2017/2018
Net cash from operating activities			**(20,642)**		6,750
Purchase of property, plant and equipment	13	**(15,764)**		(9,932)	
Proceeds on disposals of property, plant and equipment	13	**469**		665	
Disposal of a business	26	**3,087**		2,156	
Investments in subsidiaries	26	**124**		(515)	
Investments in other financial assets	16	**(566)**		(42)	
Repayment of other financial assets	16	**117**		111	
Cash flow from/(used in) investment activities			**(12,533)**		(7,557)
Stichting Financiering Deloitte/Members:					
- Increase in subordinated loans	21	**9,975**		13,300	
- Repayment of subordinated loans	21	**(5,739)**		(9,626)	
- Cash movement in current account	24	**-**		(237)	
Net cash inflow from members		**4,236**		3,437	
Net changes in equity		**-**		33	
Receipts from non-current liabilities	20	**500**		700	
Payments to non-current liabilities	20	**(325)**		(525)	
Decrease in other (interest-bearing) loans	21	**(3,000)**		(36,800)	
Net cash from / (used in) financing activities			**1,411**		(33,155)
Net cash flow			**(31,764)**		(33,962)
Cash and cash equivalents at start of financial year			**47,587**		81,549
Movements in cash and cash equivalents			**(31,764)**		(33,962)
Cash and cash equivalents at end of financial year			**15,823**		47,587

Notes to the consolidated financial statements for the year ended May 31, 2019

1. General information

1.1 Activities

Coöperatief Deloitte U.A. ("the Company") is a cooperative which has its registered office and its principal place of business in Rotterdam, Wilhelminakade 1, The Netherlands and is registered with the Chamber of Commerce with number 63086174. Coöperatief Deloitte U.A. is the direct parent of Deloitte Holding B.V. and its subsidiaries**.** The ultimate controlling party of the Company is Deloitte NSE LLP, a limited liability partnership registered in England and Wales. The activities of Coöperatief Deloitte U.A. and the companies in its group ("The Group") consist mainly of Audit & Assurance, Tax & Legal, Risk Advisory, Financial Advisory and Consulting, as well as other forms of professional services. These activities are conducted by and for the account of the respective Group companies of Coöperatief Deloitte U.A. and Deloitte Holding B.V. which acts as holding companies and do not themself conduct any activities in the field of professional services as referred to in the previous sentence.

1.2 International relationships

On June 1, 2017 Coöperatief Deloitte U.A. is a member of Deloitte North West Europe, Deloitte NWE LLP, a member firm of Deloitte Touche Tohmatsu Limited (DTTL) with six Geographies: Belgium, Ireland (joined June 1, 2018), the Netherlands, the Nordics (Denmark, Finland, Iceland, Norway and Sweden), Switzerland, and the United Kingdom. On June 1, 2019 Greece, Italy and Malta joined Deloitte North West Europe with the name changed to Deloitte North and South Europe, Deloitte NSE LLP. Deloitte NSE LLP is a member of Coöperatief Deloitte U.A. and holds 2/3 of the votes in the general meeting of Coöperatief Deloitte U.A.

Deloitte NSE LLP is a member firm of Deloitte Touche Tohmatsu Limited (DTTL), a UK private company limited by guarantee. Each member firm provides services in a particular geographic area and is subject to the laws and professional regulations of the particular country or countries in which it operates. DTTL does not itself provide services to clients. DTTL and each DTTL member firm are separate and distinct legal entities, which cannot obligate each other. DTTL and each DTTL member firm are liable only for their own acts or omissions and not those of each other. Each DTTL member firm is structured differently in accordance with national laws, regulations, customary practice, and other factors, and may secure the provision of professional services in its territory through subsidiaries, affiliates, and/or other entities.

1.3 Group relationships

Coöperatief Deloitte U.A. is the direct parent of Deloitte Holding B.V. and its subsidiaries. In these consolidated financial statement Deloitte refers to Coöperatief Deloitte U.A. and its subsidiaries. For a list of subsidiaries required by article 2:379 of the Dutch Civil Code reference is made to the notes to the company balance sheet.

2. Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 Amendments to IFRSs that are mandatory effective for the current year

In the current year the Group has applied IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. The impact of the new standards is recognised in the opening balance sheet of June 1, 2018. The adjustments are explained in more detail in the remaining disclosure note.

2.1.1 Impact of initial application of IFRS 9 Financial Instruments Adoption

In the current year, the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after January 1. 2018. The transition provisions of IFRS 9 allow an entity to not restate comparatives. The Group has elected not to restate comparatives in respect of the classification and measurement of financial instruments.

Additionally, the Group adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that were applied to the disclosures for 2018 and to the comparative period.

IFRS 9 introduced new requirements for:

a) The classification and measurement of financial assets and financial liabilities, b) Impairment of financial assets, and c) General hedge accounting.

a. The classification and measurement of financial assets and financial liabilities

The date of initial application (i.e. the date on which the Group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is June 1, 2018. Accordingly, the Group has applied the requirements of IFRS 9 to instruments that continue to be recognised as at June 1, 2018 and has not applied the requirements to instruments that have already been derecognised as at June 1, 2018. Comparative amounts in relation to instruments that continue to be recognised as at June 1, 2018 have not been restated.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Group has elected to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income.

The management has reviewed and assessed the Group's existing financial assets as at June 1, 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Group's financial assets as regards their classification and measurement:

IFRS 9 has eliminated the "cost" option of measurement for investments in equity securities. These investments are measured at it's fair value. The remeasurement has no effect on the book value of the equity securities. No other reclassifications were made due to the adoption of IFRS 9.

The application of IFRS 9 has had no impact on the classification and measurement of the Group's financial liabilities.

b. Impairment of financial assets

The Group applies the simplified approach to recognise lifetime expected credit losses for its trade receivables, loans, and amounts due from customer as required or permitted by IFRS 9. In general, the Executive Board anticipate that the application of the expected credit loss model of IFRS 9 will result in earlier recognition of credit losses for the respective items and will increase the amount of loss allowance recognised for these items.

c. General hedge accounting

The application of the IFRS 9 hedge accounting requirements has had no other impact on the results and financial position of the Group for the current and/or prior years.

2.1.2 Impact IFRS 15 Revenue from Contracts with Customers adoption

In the current year, Deloitte has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective on or after January 1, 2018. IFRS 15 introduced a 5-step approach to revenue recognition.

Deloitte has adopted the modified retrospective transition approach in IFRS 15:C3(b).

The Group's accounting policies for its revenue streams are disclosed in detail in note 3.6 below. Apart from providing more extensive disclosures for the Group's revenue transactions, the application of IFRS 15 has not had a material impact on the financial position and/or financial performance of the Group.

2.1.3 Other adopted amendments

Other adopted amendments are listed below. The effect of these changes are not material for the Group's consolidated financial statements.

- IFRIC 22 'Foreign Currency Transactions and Advance
- Consideration' is effective for annual reporting periods beginning on or after January 1, 2018. The Group already accounted for transactions involving the payment or receipt of advance consideration in a foreign currency in a way that is consistent with the amendments.
- The Group has adopted the amendments to IAS 28.

2.2 New and revised IFRSs in issue but not yet effective

The Group has not applied the following for the Group relevant new and revised IFRSs that have been issued but are not yet effective:

IFRS 16	Leases[1]
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 28	Long-Term Interests In Associates and Joint Ventures

1 Effective for annual periods beginning on or after January 1, 2019, with earlier application permitted

Amendments to IFRSs	Annual Improvements to IFRS Standards 2015 – 2017 Cycle1
Amendments to IAS 19	Employee Benefits. Plan Amendment, Curtailment or Settlement
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRIC 23	Uncertainty over income tax treatments[1]

Of the new and revised IFRS in issue but not yet effective only IFRS 16 is relevant for the Group.

2.2.1 IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective, for accounting periods beginning on or after January 1, 2019. The date of initial application of IFRS 16 for the Group will be June 1, 2019.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at May 31, 2019, the Group has non-cancellable operating lease commitments of €253 million. IAS 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in note 28.1.2. A preliminary assessments indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. The new requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in The Group's consolidated financial statements and the Group is currently assessing its potential impact. We will retain prior period figures as reported under the previous standards, and will recognise the cumulative effect of applying IFRS 16 as an adjustment to the opening balance of equity as at the date of initial application.

The Group is in the process to validate the lease data inputs. Based on the current asessments the Group expects the following impact:

- The assets will increase with the recognition of the right of use asset with a range between €165 million and €195 million;
- The liabilities of the Group will increases with the recognition of the present value of the future payments. The range of the lease liability is between €195 million and €225 million;
- The lease payment will be presented as depreciation of the right of use asset and interest related to the lease liability. Under IAS 17 these costs were included under the other operating expenses. The other operating expenses will decrease with approximately €37 million;
- The lease payments will become part of the financing cash flow. The operating cash flow will therefore increase with approximately €39 million;
- The transition to IFRS 16 has no material impact on the deffered tax assets and liabilities. The transition to IFRS 16 has no effect on the bank covenants as this was included in the latest renewal of the term and revolving facilities agreement as of May 24, 2018.

3. Significant accounting policies

Going concern

Acquiring control in May 2016 and subsequent legal merger of Stichting InterNos had a negative impact of approximately €53 million on equity of Coöperatief Deloitte U.A. As of financial year 2016/2017 the members have agreed to retain yearly €5.3 million of future annual Coöperatief Deloitte U.A.'s earnings until such time that the equity reduction caused by the restructuring is recovered. Including subordinated loans and membership capital, the positive capital base of the Group amounts to €92,173 (May 31, 2018 €89,334). The subordinated loans are directly linked to the number of partners and will continue for the duration of their partnership. As a consequence of the increasing number of partners, the company does not expect a situation of net repayment of such loans in the coming years. The restructuring is a non-cash event and does not impact the liquidity of the Group. Deloitte Holding B.V. continues to have positive equity as a basis to distribute its earnings annually to Coöperatief Deloitte U.A. Furthermore in financial year 2018/2019 and financial year 2017/2018 Coöperatief Deloitte U.A. generated €130 million and €161 million respectively in net cash from operating activities before management fee/ compensation with approximately between €8 million and €13 million in annual investments. For financial year 2019/2020 and the period to follow the same level of net cash inflow is expected. The cash generating ability of the Group based on past performance and future planned performance continues to show strong cash generation and is expected to form a solid basis for distributing funds annually from Deloitte Holding B.V. to Coöperatief Deloitte U.A. and from Coöperatief Deloitte U.A. to its members.

The Executive Board is confident about the future outlook for the Deloitte Netherlands Group. The financial statements are prepared applying the going concern assumption.

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the EU and the requirements of Title 9, Book 2 of the Dutch Civil Code.

Basis of accounting

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.
Historical cost is generally based on the fair value of the consideration given in exchange of services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these consolidated financial statements is determined on such a basis.
Unless stated otherwise for financial instruments not carried at fair value the carrying amount is a reasonable approximate of the fair value.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

All amounts in the financial statements are presented in thousands of euros rounded to the nearest thousand, unless stated otherwise.

The principal accounting policies are set out below.

3.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The company financial statements of Coöperatief Deloitte U.A. are included in the financial statements. Accordingly, in accordance with article 2:402 of the Dutch Civil Code, the company financial statements only contain an abridged profit and loss account.

3.2.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS9 Financial Instruments, when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

3.3 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interest' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3.4 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 3.3 above) less accumulated impairment losses, if any.
For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described in note 3.5 below.

3.5 Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

In the financial statements of the Group investments in associates are shown at cost less provision for impairment.

3.6 Revenue recognition

The Group generates revenue primarily by delivering professional services to clients, with the types of services offered being similar within each of its services lines of Audit & Risk Advisory, Tax, Consulting and Financial Advisory. Each service line offers a wide range of services and, when delivered to individual clients, these are almost always bespoke in nature. However the performance obligations tend to be consistent from client to client and the ones the Group most commonly satisfies are:

- External audit services
- Direct and indirect tax compliance services
- Technology solution design and implementation
- Reports on business or compliance issues
- Project management services

As a provider of professional services the Group generally does not have obligations for returns, refunds or other similar obligations, nor does it have warranties or other related obligations.

3.6.1 Revenue of services

The amount of consideration the Group receives varies both service to service and from client to client, reflecting the bespoke nature of the services the Group provides. The consideration typically reflects the skills and experience of the individuals who provide the services as well as the availability of similar skills and experience in the wider professional services market. These factors tend to vary from service line to service line.
The consideration the Group receives is typically based on one or more of four principal pricing mechanisms:

- Time and material
- Fixed fee
- Contingent fee
- Transaction revenues

The Group adjusts its estimate of revenue throughout the contractual period of services, and for amounts which are variable, such as contingent fees, at the earlier of when the most likely amount of consideration the Group expects to receive changes or when the consideration becomes fixed.

Most of the Group's contractual arrangements comprise a single performance obligation. For those contractual arrangements that comprise multiple performance obligations, the transaction price is allocated on the basis of the relative estimated stand-alone selling price of each performance obligation.

Other than for contingent fee arrangements which are constrained in accordance with the requirements of IFRS 15, in virtually all contracts the Group has an enforceable right to payment for services rendered and, given the bespoke nature of the services provided, recognises revenue over time as such services are rendered. The Group measures progress in satisfying the performance obligations as follows:

- For time and material arrangements, the Group is able to recognise revenue on the basis of time charged to date. This output method approach uses the practical expedient in IFRS 15 with the amount recognised as revenue reflecting the amount that the Group has the right to invoice to its customers.
- For fixed fee arrangements, the Group uses an input method based upon the value of the services (determined based upon the number of hours charged and the undiscounted hourly rates) charged to the engagement to date compared to the total expected inputs. Chargeable time for employees tends to be the most significant input and this is charged to individual contracts (and performance obligations) via timesheet reporting. Revenues are recognised as employee time is used to provide the services.
- Contingent fees are typically recognised when the contingency is resolved (refer to critical accounting judgements for further detail).

- Transaction related fees are priced on a “per unit” basis, such as data storage or data processing fees, and are typically recognised as the underlying transactions or usage take place, for the same reason as time and materials arrangements.

The Group typically invoices its customers monthly or quarterly in arrears, or for smaller projects at the end of the engagement, but payment terms do vary depending on the types of services being offered or for individual contractual agreements.
When performance obligations have been satisfied, revenue is recognised and contract assets are simultaneously created. Contract liabilities represent amounts received for performance obligations which are not yet satisfied.

The Group has determined that no significant financing component exists in respect of its professional services as the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Trade Receivables
Trade receivables are recognised when the right to consideration becomes unconditional and an invoice to the customer is raised. The Group’s customers, including member firms in the DTTL network, are required to settle invoices on invoice presentation or on such other date as is agreed in the engagement terms for that client. The Group’s standard terms state that invoices are due for settlement 30 days after the invoice date and after this date invoices are considered past due. DTTL network firm transactions are non-interest bearing. The Group applies the simplified approach to recognise lifetime expected credit losses for its trade receivables, loans, and amounts due from customer as required or permitted by IFRS 9.

Unbilled services
Unbilled services (contract assets) represent revenues recognised in satisfying performance obligations where the Group’s right to consideration is conditional upon something other than the passage of time, such as our performance for other performance obligations being completed in accordance with the terms of the contract, or the final revenue amount being agreed with the customer prior to amounts being billed. These amounts will become unconditional when performance obligations are completed in accordance with the terms of the contract, or when the customer has agreed to the amount of final billings. These amounts will be billed to the customer in accordance with the agreed-upon contractual terms.

Advanced billings
Advanced billings (contract liabilities) arise when payments are received from customers in advance of the Group satisfying the performance obligations under the contract. These liabilities are extinguished and revenues recognised as (or when) the Group satisfies the performance obligations, which is normally within one year after balance date.

Costs to obtain or fulfil a contract
Certain costs of obtaining a contract are capitalised where the Group would not have incurred those costs if the contract had not been obtained (incremental costs). This would typically be when up-front costs are incurred at contract inception that generate or enhance resources of the Group that will enable the Group to deliver services over the lifetime of the contract. Such amounts are not material for the Group.

3.7 Leasing
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

3.7.1 The Group as lessee
Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.
In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.7.2 The Group as lessor
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3.8 Foreign currencies
The functional currency of all entities within the Group is the euro. In preparing the financial statements of each individual group entity, transactions in currencies other than the Group’s functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

3.9 Employee benefits

3.9.1 Retirement benefit costs and termination benefits
The Group has a defined contribution plan for all active employees. Contributions payable to the pension plan administrator are recognised as an expense in the profit and loss account. Contributions payable or prepaid contributions as at year-end are recognised under current liabilities and accruals, and receivables and prepayments, respectively.

A provision is formed for liabilities other than the contributions payable to the pension plan administrator if, as at the balance sheet date, the group has a legal or constructive obligation towards the pension plan administrator, if it is probable that settlement of these liabilities will lead to an outflow of resources and if a reliable estimate can be made of the amount of the liabilities.

3.9.2 Short term and other long term employee benefits
A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

3.10 Taxation
Income tax expense represents the sum of the tax currently payable and deferred tax.

3.10.1 Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before taxation' as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

3.10.2 Deferred tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3.10.3 Current and deferred tax for the year
Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.11 Property, plant and equipment
Property, plant and equipment is valued at acquisition cost or production cost, less accumulated depreciation and, where applicable, impairment losses. Depreciation is based on the estimated useful life of the asset and calculated using the straight-line method based on the cost, taking account of any residual value. The asset starts to depreciate from the date that it is taken into use. Fixed assets under construction are valued at production cost. Production cost comprises licensing costs, direct labour costs, expenditure on services from third parties and the attributable share of other operating costs. The present value of estimated future dismantling cost related to the contractual obligation to restore leased office buildings is recorded as an asset in property, plant and equipment and depreciated in a straight line over the term of the lease, with recognition of the liability as a provision.

3.12 Intangible assets acquired separately
Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.
3.12.1 Intangible assets acquired in a business combination
Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.12.2 Derecognition of intangible assets
An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3.13 Impairment of tangible and intangible assets other than goodwill
At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.14 Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

If the expected outflow of the obligation is within one year the provision will be recognised as current liability.

3.14.1 Onerous contracts
Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

3.14.2 Professional liability
The provision for professional liability relates to the liabilities from claims. Claims have been submitted against the legal entities that belong to the Group for alleged poor performance of activities. A strong defence will be mounted against these claims. The Group has professional indemnity insurance for claim coverage. If a present obligation exists for which it is probable there will be a transfer of benefits, and a reliable estimate can be made of the amount of the obligation, then a provision is recognised. Reimbursements from the professional indemnity insurance are also recognised when, and only when, it is virtually certain that reimbursement will be received when settling the obligation.

3.14.3 Occupational liability
The provision occupational disability relates to liabilities existing as at balance sheet date regarding own risk for continued payment of the salaries (including employer's contribution) of personnel that as at balance sheet date is expected stay totally or partial disabled regarding the Return to Work (Partially Disabled) Regulation ("WGA") of which the Group is covering its own-risk and regarding to own-risk for the Health Law, former personnel who left disabled or got disabled within 28 days after leaving the company. A provision has been formed for the amount expected to be due in the future, the provisions include an estimated future annual increase of the disability entitlements by 2.0% (prior year 2.0%). A discount rate is set at 0.4% (prior year 0.64%). Amounts paid concerning disabled personnel are deducted from this provision.

3.14.4 Dismantling cost
The present value of estimated future costs related to the contractual obligation to restore leased office buildings is recorded as an asset in property, plant and equipment and depreciated in a straight line over the term of the lease, with

recognition of the liability as a provision. Each reporting period the present value is reassessed, and changes resulting from the unwinding of the discount are recognised in financial income and expense.

3.15 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.15.1 Financial assets

Financial assets are classified and subsequently measured at amortised cost, 'at fair value through profit or loss' (FVTPL) or 'at fair value through other comprehensive income' (FVOCI). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

All regular purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulations or convention in the marketplace.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category comprises the majority of the financial assets of the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.
Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.
Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.
The Group elected to classify irrevocably its non-listed equity investments under this category.
Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at

fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.
Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Effective interest method
Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Impairment of financial assets
An allowance is recognised for expected credit losses (ECLs) for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that are expected to be received, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months after balance sheet date (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). A default situation occurs when a debtor fails to make full-payment within 30 days after the agreed due-date, unless the related receivable has been disputed.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

3.15.2 Financial liabilities and equity instruments
Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities
Financial liabilities are classified and subsequently measured as either financial liabilities 'at FVTPL' or 'amortised cost'. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts. For derivative financial instruments see 3.15.3.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effective interest amortisation is included as finance costs in the statement of profit or loss.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.
Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.
Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Loans and borrowings
This category comprises the majority of financial liabilities of the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.
Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Membership capital
Upon termination of the membership of an equity partner, the Cooperative must redeem the balance of the membership capital within one month. The membership capital does not meet the conditions of IAS 32 paragraphs 16A and B. There is a contractual obligation of the Cooperative to redeem the balance of the membership capital. The membership capital includes a contractual obligation to deliver cash (management fee) to the members. And the membership capital cannot be considered the most subordinate class of issued financial instruments of the Group. Hence these membership capitals are puttable financial instruments which meet the definition of a financial liability.

3.15.3 Derivative financial instruments
The Group enters into derivative financial instruments to manage its exposure to interest rate risks, such as interest rate swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives
Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met. As at the balance sheet date (and comparative periods), the Group did not have any embedded derivatives.

3.16 Cash flow statement
The cash flow statement is prepared using the indirect method. Changes in balance sheet items that have not resulted in cash flows such as translation differences, fair value changes and other non-cash items have been eliminated for the purpose of preparing this statement. Assets and liabilities acquired as part of a business combination are included in investing activities (net of cash acquired). Dividends received are classified as operating activities. Interest paid is also included in operating activities.

4. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the Consolidated financial statements in conformity with IFRS requires the Executive Board to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates inherently contain a degree of uncertainty. Actual results may differ from these estimates under different assumptions or conditions.
The Group evaluates these estimates and judgments on an ongoing basis and bases the estimates on historical experience, current and expected future outcomes, third-party evaluations and various other assumptions that the Executive Board believes are reasonable under the circumstances. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur.

4.1 Critical judgments in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see note 4.2), that management has made in the process if applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

4.1.1 Identifying the performance obligation

Determining the number of performance obligations in the contractual arrangements with the Group's customers sometimes involves significant judgement. Whilst the Group's contractual arrangements often contain extensive details in relation to the services to be provided, in many cases these are considered to comprise a single performance obligation. Even when multiple deliverables are to be provided to a customer these are often judged to be a single performance obligation either because there is a significant service of integration performed by the Group in delivering these services or because the services represent a series of substantially similar services all recognised over time (for example, the provision of multiple internal audit reports under an internal outsourcing contract).
If performance obligations were determined differently, then this could affect both the timing and extent of revenue recognised in a financial period. Where we are delivering multiple performance obligations, these are often delivered at the same time, so the determination of what performance obligations exists has limited practical impact on the accounting for revenue.

4.1.2 Contingent fees

The Group provides various services where the amount of consideration is dependent upon the outcome of the services provided; for example, tax claims and corporate finance services. The uncertainty around the fees ultimately receivable under these arrangements is generally only fully resolved when a matter is concluded.
Where the Group has sufficient historical experience with similar contracts in order to be able to estimate the expected outcome of a group of existing contracts reliably, revenue is estimated using the expected value method. Fees are only included in revenue to the extent that it is highly probable that the cumulative amount of revenue recognised in respect of a contract at the end of a reporting period will not be subject to a significant revenue reversal when a matter is concluded.
If the Group accounted for contingent fees differently then this could occur in two ways, either that (a) the variable consideration constraint outlined in IFRS 15 should not be applied at all, or (b) that the constraint should be applied to all contingent fee engagements. In the case of scenario (a), this would result in the recognition of revenue over time, as work was performed, if it was considered that the services met one or more of the criteria for recognition over time. In the case of (b), this would result in the recognition of revenue once the uncertainty is fully resolved.

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources if estimation uncertainty at the end of the reporting period that may have a significant risk if causing a material judgement to the carrying amounts of assets and liabilities within the next financial year as well as to the disclosure of contingent liabilities.

4.2.1 Timing of satisfaction of performance obligations

Revenue recognition requires the Group to estimate the expected results of current engagements based on an estimate of time and costs to be incurred, the estimate of expected additional billing on fixed fee projects and the assessment of and the collectability of unbilled amounts. For larger engagement this process is inherently complex.

4.2.2 Professional liability provision

The professional liability provision is based on assumptions of, the existence of a present obligation and measurement of the expected amount to settle the claim. Furthermore an assessment is made if the estimated provision falls inside the scope of insurance policies or if the amount exceeds the maximum coverage of the insurance policies.

4.3 Other areas with judgments and estimates

Other areas with judgments and estimates, but not key estimates, are goodwill (see note 3.4), impairments (see note 3.13), financial instruments (see note 3.15), useful lives of (in)tangible assets (see note 3.12.1) and provisions for onerous leases (see note 3.14.1) and dismantling cost (see note 3.14.5).
For further discussion on these judgments and estimates, reference is made to the respective notes within these consolidated financial statements that relate to the above

5. Total operating income

5.1 Revenue

The following is an analysis of the Group's revenue for the year from continuing operations.

in € thousands	**2018/2019**	2017/2018
Audit & Assurance	**228,971**	231,272
Tax & Legal	**212,820**	197,387
Consulting	**266,220**	238,871
Risk Advisory	**171,478**	152,817
Financial Advisory	**87,332**	75,863
Support/Other	**1,421**	540
	968,242	896,750

Revenue is mainly realised in the Netherlands. As permitted under the transitional provisions in IFRS 15, the transaction allocated to (partially) unsatisfied obligations as of May 31, 2018 is not disclosed.

Remaining performance obligations

As at the year end date, there are contracts with customers where the Group has unsatisfied or partially unsatisfied performance obligations.

The majority of services performed by the Group are in respect of contracts with an expected duration of 1 year or less either because the services are expected to be provided within a 12 month period or because the customer and/or Deloitte has the right to terminate the contract without substantive penalty upon the delivery of written notice. For amounts arising from such contracts the Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about the remaining performance obligations. This also applies to contracts where the amount recognised as revenue is based on the amount which the Group has the right to invoice.

5.2 Other operating income

The other operating income relates to income not comprising services to clients. ICT hosting revenues for external parties €1,968 (2017/2018: €1,772), the disposal of Ctrl B.V. €4,235 (2017/2018: €2,225) (see note 26) and the book results of disposed assets €232 (2017/2018: €0).

6. Salaries and social security charges

in € thousands	**2018/2019**	2017/2018
Salaries *) **)	**339,712**	317,561
Social security charges	**47,422**	41,843
Pension costs	**24,337**	22,555
	411,471	381,959

*) Salaries contains €1,276 costs of reduction in personnel headcount (2017/2018 €606).

**) Salaries contains €3,460 (2017/2018 €3,436) fixed compensation of the Board.

6.1.1 Workforce

The average number of equity partners and employees working in the Group, in FTE, and broken down by activity:

	2018/2019				2017/2018			
	Equity partners	Fee earners	Support Staff	Total	Equity partners	Fee earners	Support Staff	Total
Audit & Assurance	**69**	**1,518**	**34**	**1,621**	74	1,527	29	1,630
Tax & Legal	**69**	**866**	**14**	**949**	66	749	17	832
Consulting	**64**	**1,243**	**14**	**1,321**	54	1,084	11	1,149
Risk Advisory	**33**	**663**	**4**	**700**	29	609	8	646
Financial Advisory	**27**	**352**	**1**	**380**	22	284	1	307
Support/Other	**12**	**5**	**748**	**765**	15	17	689	721
	274	**4,647**	**815**	**5,736**	260	4,270	755	5,285

Virtually all employees are based in the Netherlands,

7. Amortisation/depreciation and impairments

7.1 Amortisation of intangible assets and depreciation of property, plant and equipment

in € thousands	**2018/2019**	2017/2018
Intangible assets:		
Amortisation	**2,165**	958
Property, plant and equipment:		
Depreciation	**12,549**	13,011
	14,714	13,969

7.2 Impairment of intangible assets and property, plant and equipment

in € thousands	**2018/2019**	2017/2018
Property, plant and equipment:		
Impairment *)	**-**	486
(Gain) / loss on disposed assets:		
Property, plant and equipment	**-**	(331)
	-	155

*) Mainly relates to leasehold improvements and office equipment of an unoccupied office

8. Other operating expenses

Other operating expenses are specified as follows:

in € thousands	2018/2019	2017/2018
Staff cars	**43,715**	39,109
Employee benefits	**39,036**	35,067
Accommodation costs	**31,390**	30,465
International member firm fees	**22,670**	19,428
Office costs	**12,102**	10,053
Other costs	**38,358**	38,575
	187,271	172,697

In other costs are included costs for Group projects of €30,968 (2017/2018: €27,632). This comprises mainly IT-, legal-, marketingcost.

The breakdown of the lease and sublease payments recognised in the profit and loss account are as follows:

in € thousands	2018/2019	2017/2018
Minimum lease payments	**47,343**	45,685
Sublease payments office space	**(3,408)**	(3,615)
	43,935	42,070

The independent auditor's fee included in the office costs can be specified as follows:

in € thousands	2018/2019	2017/2018
Audit of the financial statements	**390**	392
Other audits	**42**	181
Tax advisory services	**-**	-
Other non-audit services	**-**	-
	432	573

The independent auditor's fee is based on the agreed upon fees for the audit and other engagements for the year under review and any additional fees for out of scope work regarding the prior year.

9. Financial income

in € thousands	2018/2019	2017/2018
Financial instruments measured at amortised cost:		
Interest income and similar income	**125**	293
Financial instruments measured at FVTPL:		
Change in fair value interest rate swaps	**-**	1,920
Other:		
Market value discount provisions	**-**	23
Financial income	**125**	2,236

10. Financial expense

in € thousands	2018/2019	2017/2018
Financial instruments measured at amortised cost:		
Interest paid and similar costs	**(7,203)**	(14,317)
Impairment losses on financial assets*)	**(23)**	(751)
Financial instruments measured at FVTPL:		
Change in fair value interest rate swaps	**(359)**	-
Other:		
Market value discount provisions	**(46)**	-
Exchange differences	**(86)**	(503)
	(7,717)	(15,571)

*) see note 16 for reference

11. Management fee and compensation members of Coöperatief Deloitte U.A.

The profit distribution is based on the Associate Agreement Deloitte as of June 1, 2017. The Cooperative will pay the members of the Cooperative a management fee and a final compensation excluding, an amount of €5.3 million that is not distributed in order to supplement the negative equity of the Cooperative. The Group has a financial obligation to compensate partners pursuant to their Associate Agreement with the Group during the fiscal year and such amounts are recognised as an expense and not as an appropriation of profit.

During the year a management fee is paid with targeted range of 70%-80% of the total partner remuneration. A liability will be recognised, after deducting any amount already paid as management fee for the partner remuneration. If the amount already paid exceeds the amount to be paid, an asset is be recognised to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

The members distribution can be specified as follows:

in € thousands		**2018/2019**		2017/2018
Management fee (to be) distributed to members	**135,567**		136,231	
Additional compensation available for members	**15,676**		17,949	
Total management fee and compensation		**151,243**		154,180
Proposed deduction of profits for compensation of negative equity	**5,340**		5,340	
Adjustments not payable to members *)	**656**		445	
Proposed deduction of profits (Net result after taxation)		**5,996**		5,785
Corporate income tax		**10,315**		7,771
Result before management fee and taxation		**167,554**		167,736
Average number of members in fte **)		**271**		257
Average management fee and earnings available for distribution before tax per member (x €1,000)		**618**		653

*) Adjustments mainly relates to goodwill amortisation and interest rate swap, these differences will not be paid as compensation to members.

**) Members of the Executive Board who received a fixed compensation are not included.

For the management fee and transactions with related parties reference is also made to the accounting principles for determination of the result. The Group has transactions with the members for which the nature and scope are disclosed in the notes to the consolidated financial statements. Management fee and compensation paid in the financial year €176,894 (2017/2018 €154,654).

12. Income taxes

12.1.1 Income tax recognised in profit or loss

in € thousands	**2018/2019**	2017/2018
Current tax		
In respect of the current year	**6,927**	5,667
In respect of prior year	**(86)**	-
	6,841	5,667
Deferred tax		
In respect of current year	**3,754**	3,482
Net income tax related to adjustment cash flow hedge reserve	**(280)**	(1,378)
	3,474	2,104
Total income tax expense recognised in the current year	**10,315**	7,771

The income tax expense for the year can be reconciled to the accounting profit as follows:

in € thousands	**2018/2019**	2017/2018
Result before taxation	**16,311**	13,556
Income tax expense calculated at 25% (2017/2018: 25%)	**4,078**	3,390
Effect of income that is exempt from taxation	**(10)**	(10)
Effect of expenses that are not deductible in determining taxable profit*	**4,563**	4,401
Application local, nominal rates (higher/lower rates)	**(11)**	(10)
Effect of rate adjustment deferred taxes	**1,781**	-
Income tax prior year	**(86)**	-
Income tax expense recognised in profit or loss	**10,315**	7,771

*) The management fee will be taxed at the member level and compensation is taxed at Group level. The Group has an agreement with the tax authorities regarding a minimum taxable amount of 7% of the membership capital of the members of Coöperatief Deloitte U.A.

Coöperatief Deloitte U.A. and its wholly-owned subsidiaries in the Netherlands form one tax group for company tax purposes. There are no losses available for set off against tax liabilities.

12.1.2 Current tax assets and liabilities

The current tax assets and liabilities consist of current income tax payable as of May 31, 2019 €1,258 (2018: €213). The Group has no current income tax receivables as of May 31, 2019 (2018: nil).

12.1.3 Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated statement of financial position:

in € thousands	**May 31, 2019**	May 31, 2018
Deferred tax assets	**11,790**	15,528
Deferred tax liabilities	**(815)**	(799)
	10,975	14,729

€2.2 million of the deferred tax assets is expected to expire next year, €9.6 million is expected to expire on regular yearly basis up and until 2025/2026.
The deferred tax liabilities are expected to be carried forward indefinitely.

Movement deferred tax in the year ended May 31, 2019

in € thousands	Opening balance	Recognised in profit or loss	Recognised directly in equity	Closing balance
Deferred tax assets/(liabilities) in relation to:				
Goodwill and intangibles *)	13,409	(3,697)	-	**9,712**
Property, plant and equipment	360	203	-	**563**
Interest rate swap	960	(260)	-	**700**
	14,729	**(3,754)**	**-**	**10,975**

*) Goodwill and intangibles relates to goodwill which is amortised for tax but not under IFRS.

Movement deferred tax in the year ended May 31, 2018

in € thousands	Opening balance	Recognised in profit or loss	Recognised directly in equity	Closing balance
Deferred tax assets/(liabilities) in relation to:				
Goodwill and intangibles	15,327	(1,907)	(11)	**13,409**
Property, plant and equipment	431	(71)	-	**360**
Provisions	(20)	20	-	-
Interest rate swap	2,484	(1,524)	-	**960**
	18,222	**(3,482)**	**(11)**	**14,729**

13. Property, plant and equipment

The movements in property, plant and equipment are as follows:

in € thousands	Leasehold, improvements	Fixtures and fittings	Computer equipment	Assets under construction	**Total**
Acquisition cost as of June 1, 2018	66,338	25,910	48,440	1,370	**142,058**
Accumulated depreciation and impairments as of June 1, 2018	(37,676)	(15,824)	(37,447)	-	**(90,947)**
Book value as of June 1, 2018	28,662	10,086	10,993	1,370	**51,111**
Additions *)	8,082	2,963	4,623	428	**16,096**
Disposals **)	(10,905)	(4,428)	(11,919)	-	**(27,252)**
Accumulated depreciation on disposals	10,822	4,428	11,765	-	**27,015**
Depreciation	(4,956)	(2,037)	(5,556)	-	**(12,549)**
Book value as of May 31, 2019	**31,705**	**11,012**	**9,906**	**1,798**	**54,421**
Acquisition cost as of May 31, 2019	63,515	24,445	41,144	1,798	**130,902**
Accumulated depreciation and impairments as of May 31, 2019	(31,810)	(13,433)	(31,238)	-	**(76,481)**
Book value as of May 31, 2019	**31,705**	**11,012**	**9,906**	**1,798**	**54,421**
Depreciation periods in years	5-15 years	5-15 years	2-8 years	-	

in € thousands	Leasehold, improvements	Fixtures and fittings	Computer equipment	Assets under construction	**Total**
Acquisition cost as of June 1, 2017	67,359	24,232	46,760	39	**138,390**
Accumulated depreciation and impairments as of June 1, 2017	(34,860)	(13,916)	(34,867)	-	**(83,643)**
Book value as of June 1, 2017	32,499	10,316	11,893	39	**54,747**
Additions *)	1,749	1,749	5,366	1,331	**10,195**
Disposals **)	(2,770)	(71)	(3,686)	-	**(6,527)**
Accumulated depreciation on disposals	2,618	71	3,504	-	**6,193**
Depreciation	(5,019)	(1,908)	(6,084)		**(13,011)**
Impairment	(415)	(71)	-	-	**(486)**
Book value as of May 31, 2018	**28,662**	**10,086**	**10,993**	**1,370**	**51,111**
Acquisition cost as of May 31, 2018	66,338	25,910	48,440	1,370	**142,058**
Accumulated depreciation and impairments as of May 31, 2018	(37,676)	(15,824)	(37,447)	-	**(90,947)**
Book value as of May 31, 2018	**28,662**	**10,086**	**10,993**	**1,370**	**51,111**
Depreciation periods in years	5-15 years	5-15 years	2-8 years	-	

*) Of the additions € 0 (2017/2018: € 192) relates to the acquisition of Tytho Holding B.V. and €332 (2017/2018: €71) is related to the movement in investments property, plant and equipment not paid.
**) The book value of the disposals together with the book results (see note 5.2) forms the gain of the disposals mentioned in the cash flow statement.
The Group has beneficial ownership of the leasehold improvements, fixtures and fittings but not legal ownership, Other fixed assets mainly relate to hardware and software,

14. Intangible assets

The movements in intangible assets are as follows:

in € thousands	Goodwill	Other intangible assets	**Total**
Acquisition cost as of June 1, 2018	6,170	6,500	**12,670**
Accumulated amortisation and impairments as of June 1, 2018	-	(5,010)	**(5,010)**
Book value as of June 1, 2018	6,170	1,490	**7,660**
Additions*)	-	2,055	**2,055**
Amortisation	-	(2,165)	**(2,165)**
Book value as of May 31, 2019	**6,170**	**1,380**	**7,550**
Acquisition cost as of May 31, 2019	6,170	8,555	**14,725**
Accumulated amortisation and impairments as of May 31, 2019	-	(7,175)	**(7,175)**
Book value as of May 31, 2019	**6,170**	**1,380**	**7,550**
Amortisation periods in years	-	1-7 years	

*) See note 26

in € thousands	Goodwill	Other intangible assets	**Total**
Acquisition cost as of June 1, 2017	5,085	6,500	**11,585**
Accumulated amortisation and impairments as of June 1, 2017	-	(4,052)	**(4,052)**
Book value as of June 1, 2017	5,085	2,448	**7,533**
Additions	1,085	-	**1,085**
Amortisation	-	(958)	**(958)**
Book value as of May 31, 2018	**6,170**	**1,490**	**7,660**
Acquisition cost as of May 31, 2018	6,170	6,500	**12,670**
Accumulated amortisation and impairments as of May 31, 2018	-	(5,010)	**(5,010)**
Book value as of May 31, 2018	**6,170**	**1,490**	**7,660**
Amortisation periods in years	-	5-7 years	

14.1 Goodwill

Goodwill has been allocated for impairment testing purposes to the following cash-generating units:

in € thousands	**May 31, 2019**	May 31, 2018
Audit & Assurance - Core audit	**939**	939
Tax & Legal - Business tax	**1,322**	1,322
Consulting - Customer solutions	**1,300**	1,300
Consulting - Human capital	**2,609**	2,609
	6,170	6,170

The recoverable amounts of these cash-generating units are determined based on value in use calculations which use the most recent historical cash flows and weighed average cost of capital of the Group as a basis. The cash generating units are relatively large compared to the allocated goodwill. The indefinite growth rate applied is -10.0%. We estimated the recoverable amounts by applying a discount rate of 20%. We have also performed a sensitivity analysis. The Executive Board assessed that no reasonably possible change in any of the above basis assumptions would cause the carrying values of the units to exceed their recoverable amounts. As a result of analysis, the Executive Board did not identify any impairment as of May 31, 2018 or May 31, 2019.

14.2 Other intangible assets

Other intangible assets has been allocated for impairment testing purposes to the following cash-generating units:

in € thousands	**May 31, 2019**	May 31, 2018
Tax - Business Tax	**33**	133
Consulting - Business Operations	**500**	1,357
Consulting - Digital	**223**	-
Financial Advisory - Corporate Finance	**624**	-
	1,380	1,490

Other intangible assets are amortised over the period where related economic benefits are expected to be realised on the bases of the business case the investment was decided on and results in amortisation percentages ranging between 14% and 20%.

The investments in 2018/2019 comprise the fair value of the acquired customer relationships and order books as part of the business combinations described in note 26.

15. Investments

The movement of the financial assets is as follows:

in € thousands	**2018/2019**	2017/2018
Book value as of June 1	849	806
Movements:		
Additions	559	43
Impairment	-	-
Repayments	-	-
Book value as of May 31	**1,408**	849

The composition of the participating assets is as follows:

In € thousands	**May 31, 2019**	May 31, 2018
Nautilus Indemnity Holdings Ltd, Bermuda (12.0%)	729	729
Deloitte University EMEA BVBA, Belgium (0.3%)	-	-
Deloitte CIS Limited (11.8%)*	5	5
Deloitte GES ERDC Ltd, England (5%)	111	111
EMEA Holdings S.a.r.l., Luxembourg (6.67%)	563	4
	1,408	849

*) Via a 29.41% participating interest in IHC Interposed Holding Company 1 SAS, established in France

All minority interests are valued at fair value through other comprehensive income.

16. Other non-current assets

The movement of the financial assets is as follows:

in € thousands	**2018/2019**	2017/2018
Cost price	4,489	5,717
Accumulated impairments	(1,188)	(437)
Book value as of June 1	3,301	5,280
Movements:		
Interest accrual	85	189
Issued loans	1,207	66
Impairment	(23)	(751)
Exchange rate differences	48	(83)
Repayments	(867)	(1,400)
Book value as of May 31	**3,751**	3,301
Cost price	5,012	4,489
Accumulated impairments	(1,261)	(1,188)
Book value as of May 31	**3,751**	3,301

Other non-current assets mainly relates to accrued income relating to incentives granted in the connection with entering into sub-rental agreements for office buildings €1,460 (2017/2018: €2,210). The incentives are related to the sub-rental agreements and are therefore amortised over the term of the sub-rental agreement of which €1,288 is recognised in the result of 2017/2018. Other non-current assets also relates to receivables from IHC Interposed Holding Company 1 S.A.S., a shareholder of Deloitte CIS Limited for which there is no collateral. The initial repayment term is 20 years as of 2010, the original amount of the loan is $4,120 (€3,694), with a carrying amount of $1,171 (€1,051). This receivable is a financial asset valued at amortised cost. This is a reasonable approximate of the fair value.

17. Unbilled services and advance billings to customers

Unbilled services and advance billings to customers are specified as follows:

In € thousands	**May 31, 2019**	May 31, 2018
Net unbilled services and advance billings to customers	**92,394**	82,159
Advance billings to customers (contract liabilities)	**19,776**	27,556
Unbilled services (contract assets)	**112,170**	109,715

Amounts are not yet billed and measured at expected realisable value and therefore are neither past due nor impaired. Billing in excess of project revenue earned is included in trade and other payables.

18. Trade and other receivables

Trade and other receivables are specified as follows:

In € thousands	**May 31, 2019**	May 31, 2018
Accounts receivable	**165,900**	158,640
Corporate income tax	**-**	25
Other receivables, prepayments and accrued income	**23,745**	40,268
	189,645	198,933

18.1 Accounts receivable

Accounts receivable are generally payable between 14 and 90 days. The balance is shown net of allowance for doubtful debts:

In € thousands	**May 31, 2019**	May 31, 2018
Accounts receivable – gross	**167,046**	160,877
Allowance for doubtful debts	**(1,146)**	(2,237)
	165,900	158,640

The credit period of services rendered is between 14 and 90 days. No interest is charged on trade receivables. The Group has recognised an allowance for the Expected Credit Losses (ECL), for which a simplified approach has been used based on a lifetime expected loss for non-impaired items. The concentration of credit risk is limited to the fact that the customer base is large and unrelated. See note 25.2 on how the Group manages its credit risks.

The movement in the allowance for doubtful debts during the reporting period is as follows:

In € thousands	**2018/2019**	2017/2018
Balance at the beginning of the year	**2,237**	2,257
Impairment losses recognised on receivables	**-**	632
Amounts written-off during the year as uncollectible	**(871)**	(705)
Amounts recovered during the year	**14**	53
Impairment losses reversed	**(235)**	-
	1,145	2,237

Ageing of past due and impaired accounts receivable as of the reporting date is as follows:

In € thousands	**May 31, 2019**		May 31, 2018	
	Gross receivable	Provision (ECL)	Gross receivable	Provision bad debt
Not past due	138,278	(165)	124,026	(203)
< 30 days	18,788	(55)	24,652	(14)
30-90 days	6,576	(153)	7,992	(21)
90-180 days	2,251	(249)	1,922	(226)
180-365 days	759	(282)	974	(517)
> 365 days	394	(241)	1,311	(1,254)
	167,046	**(1,145)**	160,877	(2,237)

All of the above impairment losses relate to receivables arising from contracts with customers.

19. Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks. The Group did not have bank overdrafts as per May 31, 2019 (May 31, 2018: none).
Cash is at free disposal of the Group.

20. Membership capital

Members who enter into an Associate Agreement with the Group are required to deposit a membership fee of € 25 per member.
The membership fee will be repaid after ending the membership of the company.

A summary of the movements in membership capital is presented below:

in € thousands	Total number of members	Total members capital
Balance as of June 1, 2018		6,525
Repayments falling due within one year		225
Membership capital as of June 1, 2018	270	6,750
New memberships during the financial year	21	525
Retired memberships during the financial year	(14)	(350)
Membership capital as of May 31, 2019	277	6,925
Repayments falling due within one year		(675)
Balance as of May 31, 2019		**6,250**

21. Interest bearing loans and borrowings

Non-current financial liabilities are specified as follows:

In € thousands	**May 31, 2019**	May 31, 2018
Subordinated loan Stichting Financiering Deloitte	**122,038**	125,315
Bank loans	**23,926**	26,902
	145,964	152,217

Repayment obligations falling due within one year are included in trade and other payables:

In € thousands	**May 31, 2019**	May 31, 2018
Membership capital	**675**	225
Subordinated loan Stichting Financiering Deloitte	**10,852**	3,339
Bank loans	**3,000**	3,000
	14,527	6,564

The movements during the year of liabilities arising from finance activities are as follows:

In € thousands	Subordinated loans Stichting Financiering Deloitte	Bank loans	Total
Balance June 1, 2018	125,315	26,902	152,217
Additional borrowing	9,975	-	9,975
Repayments	(2,400)	-	(2,400)
Repayments in the following year	(10,852)	(3,000)	(13,852)
Other non-cash changes	-	24	24
	122,038	23,926	145,964

21.1 Subordinated loan Stichting Financiering Deloitte

Members who enter into an Associate Agreement with the Group are obliged to provide a subordinated loan of €475 per member to Stichting Financiering Deloitte. In turn this foundation provides a subordinated loan for the same amount and under the same conditions to Coöperatief Deloitte U.A. On its turn Coöperatief Deloitte U.A. provides a subordinated loan for the same amount less share premium of €45 million (May 31, 2018: €60 million)and under the same conditions to Deloitte Holding B.V. The subordination relates to all third party creditors and banks. The loans are subordinated to all existing and future liabilities of the Group and, together with the Group equity, make up the capital base of the Group.

The interest paid is equal to a 3-month Euribor plus 4% with a minimum of 4% and a maximum of 8%. The loans are repaid at the termination of the Associate Agreement. The maturity date of these loans depends on joining and leaving of members and therefore cannot be expressed in years.

21.2 Bank loans

Deloitte Holding B.V. has bank loans provided by ING Bank and Rabobank, each participating for 50%. On May 24, 2018 a renewal of the term and revolving facilities agreement of May 24, 2017 took place. The main adjustments were:

- The voluntary prepayment and cancellation of €30,800 of the Term and will proportionally reduce repayments on the Term facility from €6,000 to €3,000 per annum, as of June 1, 2018.
- Adjust the Tangible Net Worth covenant due to the change in Accounting Principles to IFRS-EU.

After repayments to date, the loans amount to €27,000 as at May 31, 2019. On a yearly basis €3,000 will be repaid until May 31, 2023 at which time the remaining €15,000 is due for redemption. The repayment of €3,000 due May 31, 2020 is included in the current liabilities. An arrangement fee paid in May 2017 of €123 has been deducted from the bank loans and will be amortised over five years.

The interest on the loans is equal to 6 months Euribor-rate increased by a surcharge between 1.25% and 1.75%. An interest rate swap was entered into resulting in an effective interest rate on the loans of 3.03% (excluding surcharge). In June 2018 an additional interest rate floor is entered into to cover the effect of negative 6 months Euribor-rate. The interest rate swap is based on the bank loans amount of €27,000 as of May 31, 2019 and will reduce with €3,000 annually until May 30, 2025 the remaining €12,000 will mature. The interest rate swap is designated as fair value through profit and loss. The fair value as at May 31, 2019 amounts to €3,330 (2018: €3,840) and is separately shown under non-current liabilities.

Deloitte Holding B.V. also has a credit agreement with ING Bank and Rabobank, the maximum credit facility according to this agreement is a revolving loan facility of €75,000, including current account facilities. The credit facility is partly used to provide guarantees, the remaining €71,000 is not used as of May 31, 2019.

As a security for the amounts owed to credit institutions, the current account facility and the bank loans various covenants have been agreed regarding the balance sheet and the result ratios as well as certain security covenants, including a negative pledge covenant and granting of securities in the event of default under the credit agreement. The securities agreed consist of the joint and several liability of Deloitte Accountants B.V., Deloitte Belastingadviseurs B.V., Deloitte Consultancy Holding B.V., Deloitte Consulting B.V., Deloitte Financial Advisory B.V., Deloitte Group Support Center B.V., Deloitte Forensic & Dispute Services B.V., Deloitte Risk Advisory B.V., Deloitte Benefits & Pension Advisory B.V., Deloitte Legal B.V. and Deloitte Accountancy & Advies B.V. As the shares of Ctrl B.V. are sold to a third party, this company is no longer part of the joint and several liability securities of the credit agreement.

Based on the agreement as of May 24, 2018 the Group will ensure that the following financial ratios are met:

- The tangible Net Worth*) shall exceed €10,000 in the first three Quarters of each Financial Year and shall exceed €25,000 in the last Quarter of each of Financial Year.
- The Quarterly measured leverage basis of Total Net Debt on each Quarter Date and rolling 12 Months EBITDA shall be lower than 2 to 1 at all times.

As of May 31, 2019 the Group is in compliance with the covenants in the credit agreements.

*) "Tangible Net Worth" means the sum of all paid-up capital, free reserves and Subordinated Debt of the Group, less all intangible assets.

22. Provisions

in € thousands	Professional liability**)	Unoccupied premises*)	Dismantling cost*)	Pensions	Occupational disability	**Total**
Balance as of June 1, 2018	25,000	1,679	1,645	-	1,416	**29,740**
Additions	7,760	1,287	56	-	849	**9,952**
Charged	(24,820)	(1,375)	(172)	-	(197)	**(26,564)**
Released	(180)	(177)	(31)	-	(1,052)	**(1,440)**
Unwinding of discount and effect of changes in the discount rate	-	-	32	-	14	**46**
Balance as of May 31, 2019	**7,760**	**1,414**	**1,530**	**-**	**1,030**	**11,734**

in € thousands	Professional liability**)	Unoccupied premises*)	Dismantling cost*)	Pensions	Occupational disability	Total
Balance as of June 1, 2017	8,900	805	1,825	330	1,295	13,155
Additions	17,750	1,407	15	25	765	19,962
Charged	-	(533)	(7)	(325)	(141)	(1,006)
Released	(1,650)	-	(195)	(30)	(473)	(2,348)
Unwinding of discount and effect of changes in the discount rate	-	-	7	-	(30)	(23)
Balance as of May 31, 2018	25,000	1,679	1,645	-	1,416	29,740

The breakdown of provision in current and non-current is as follows:

	May 31, 2019			May 31, 2018		
in € thousands	Current	Non-current	Total	Current	Non-current	Total
Professional liability	7,760	-	7,760	23,500	1,500	25,000
Unoccupied premises	834	580	1,414	900	779	1,679
Dismantling costs	113	1,417	1,530	55	1,590	1,645
Occupational disability	174	856	1,030	199	1,217	1,416
Balance as of May 31	**8,881**	**2,853**	**11,734**	24,654	5,086	29,740

See note 3.14 for accounting policy for these provisions.

*) The provision for unoccupied premises and dismantling cost is related to the reduction of the office network and future dismantling cost.

**) The difference between provision and own risk will be recognised as receivables from insurers.

The Group is involved in a number of disputes in the ordinary course of business which may give rise to claims. A provision representing concluding claims is made for all claims where costs are probable to be incurred and can be measured reliably. The Group carries professional indemnity insurance and no separate disclosure is made of the detail of claims covered by insurance as to do so could seriously prejudice the position of the Group.

The prior year settlements have been charged against the provision.

Management assesses provisions for claims and litigation on an ongoing basis. The proceedings are long-term in nature and estimates may be revised by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. The outcome of claims and litigation cannot always be predicted with certainty and based on available information it is not expected that they will have a significant net impact on the financial position of the Group given that the Group is deemed to carry sufficient professional indemnity insurance.

23. Deferred income and accrued cost

Deferred income and accrued cost relates to incentives received (in cash or rent-free periods) in the connection with entering into rental agreements for new office buildings and operational lease contract for cars and copying/printing machines.

The incentives are related to the rental agreements and the operational lease contract and are therefore amortised over the term of the rental agreement and the operational lease contract.

24. Trade and other payables

The specification of the trade and other payables is as follows:

In € thousands	**May 31, 2019**	May 31, 2018
Salaries and other personnel costs	**68,104**	65,289
Taxes and social security contributions	**46,366**	42,787
Trade payables	**42,398**	40,001
Management fees payable to members	**30,827**	49,729
Advance billings to customers	**19,776**	27,556
Pension liabilities	**-**	9
Other liabilities and accruals	**15,279**	19,983
	222,750	245,354

25. Financial instruments

25.1 Capital management

The Group is not subject to any externally imposed capital requirements. The member's and financing structure and the role of Stichting Financiering Deloitte is explained in the following paragraphs.

25.1.1 Member's structure

The members of Coöperatief Deloitte U.A. are private companies owned by holding companies of each individual partner. Under the Associate Agreement each member of Coöperatief Deloitte U.A. has placed (the workforce of) each partner at the disposal of Deloitte Holding B.V. and its Group companies in which the relevant professional activities for that partner are performed.

Based on the revised Associate Agreement as of June 1, 2015 a management fee, which approximates 80% of the expected consolidated net amount of operational and financial income and expenses of Deloitte Holding B.V., is paid to the members of Coöperatief Deloitte U.A. through Stichting Financiering Deloitte (as further explained in the following paragraph).

In accordance with the associate agreement, the Executive Board determines the level of the management fee, based on 70%-80% of the expected results, at the beginning of the financial year. The level of the management fee can be adjusted by the Executive Board if results deviate from the expected results.

25.1.2 Financing structure and Stichting Financiering Deloitte

In addition to the members' capital, members of Coöperatief Deloitte U.A. (and the previous shareholders of Deloitte Holding B.V.) provided subordinated loans to Stichting Financiering Deloitte. Loans subject to the Claw-Back Clause can be continued after the end of the Associate Agreement for the maximum of 6 years. Payments of management fees by virtue of the Associate Agreement and other payments (with exception of distribution of profits) to members take place through Stichting Financiering Deloitte.

Stichting Financiering Deloitte provides a subordinated loan to Coöperatief Deloitte U.A. The profile of this subordinated loan is ultimately equal to that of the subordinated loans provided by the individual members of Coöperatief Deloitte U.A. to Stichting Financiering Deloitte. This loan is subordinated to all creditors and lender banks. Coöperatief Deloitte U.A. as shareholder of Deloitte Holding B.V. contributed €45 million (May 31, 2018: €60 million) into Deloitte Holding B.V. via an additional capital contribution, and a subordinated loan.

These transactions between above entities are all non-cash transactions and settled in current account.

Stichting Financiering Deloitte was established by the (former-) Deloitte partners, members of Coöperatief Deloitte U.A. as an entity to protect the interests of the members collectively from a financing perspective should a calamity arise that could affect the members. The control over Stichting Financiering Deloitte lies with the members who amongst others have the right at all times to elect and dismiss its board members. Consequently, Stichting

Financiering Deloitte is not controlled by Deloitte Holding B.V. Group and therefore is not included in these consolidated financial statements.

25.2 Risk management

The financial instruments shown on the balance sheet mainly regard financial fixed assets, receivables, cash, subordinated long-term and current liabilities and amounts owed to suppliers and trade credits. The Group entered into two interest rate swaps designated at Fair Value Through Profit or Loss (FVTPL). The fair value of these swaps is separately shown under the non-current liabilities. These financial instruments give rise to credit, liquidity, interest rate and foreign currency risks.

25.2.1 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risks arises primarily from trade and unbilled receivables and other financial assets such as cash and deposits with banks and financial institutions and the loans provided to IHC Interposed Holding Company 1 S.A.S included in non-current financial assets (refer to note 16). The Group's maximum exposure to credit risk is the carrying value presented in the statement of financial position.

The risk of non-collectability is mainly restricted by the multitude and diversity of parties owing to the Group. The ageing of trade receivables and provisions for impairment are included in note 18. Impairment risks of trade receivables are assessed on an individual basis and provisions are set-up accordingly.
Unbilled receivables are typically billed within a month after arising and invoices are generally payable between 14 and 90 days after presentation. The Group has no agreements that in the case of default the Group is only required to pay or receive the net amount of the various contracts that are owed to and due from the counterparty.
The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

25.2.2 Liquidity risk

Liquidity risk is the risk that Deloitte Holding B.V. will be unable to meet its financial liabilities as they fall due. Liquidity risks arises from the ongoing financial obligations of the Group, including settlement of financial liabilities such as trade and other payables, as well as bank loans and subordinated loans of members.
The Group's liquidity management policy is to ensure as far as possible that there are sufficient liquid funds available to be able to meet its liabilities when due without incurring unacceptable losses or damaging its reputation.
The aim of the Group's treasury policy is to ensure that there are sufficient funds available to finance day-to-day activities. Deloitte Holding B.V. has a credit agreement with ING Bank and Rabobank, since May 2017 the maximum credit facility is a revolving loan facility of €75 million, including current account facilities. The credit facility is partly used to provide guarantees, the remaining €71 million is not used as of May 31, 2019.

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

in € thousands	< 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
May 31, 2019					
Non-interest bearing	201,720	-	-	-	**201,720**
Variable interest rate instruments *)	19,505	19,187	54,697	78,385	**171,774**
	221,225	19,187	54,697	78,385	**373,494**
Interest rate swaps **)	818	727	1,636	364	**3,545**
Total	**222,043**	**19,914**	**56,333**	**78,749**	**377,039**

in € thousands	< 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
May 31, 2018					
Non-interest bearing	198,285	-	-	-	**198,285**
Variable interest rate instruments *)	19,521	19,044	69,266	85,037	**192,868**
	217,806	19,044	69,266	85,037	**391,153**
Interest rate swaps	909	818	1,908	1,363	**4,998**
Total	**218,715**	**19,862**	**71,174**	**86,400**	**396,151**

*) It is assumed that there is a repayment of subordinated loans of €11 million per annum.
**) On June 13, 2018 an interest floor of 0% is entered. As of June 1, 2018 any negative interest on the interest rate swap (IRS) can be offset against the interest income from that floor. In estimating the cash flows from the IRS this floor contract has been taken into account to match the expected cashflows.

25.2.3 Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risks mainly relate to:
- Short-term debit and credit facilities carrying variable Euribor based interest with a surcharge;
- Subordinated loans, carrying variable Euribor-based interest with a surcharge capped at a minimum of 4% and a maximum of 8% for the compulsory subordinated loans;
- Long-term loans to IHC Interposed Holding Company 1 S.A.S.;
- Long-term bank loans with ING Bank and Rabobank; with variable interest rate, these interest rate risks are hedged using an interest rate swap with a notional value of €27,000 (no hedge accounting is applied).

A reasonable change in the interest rate would have an immaterial impact on pre-tax profits and equity of the Group.

25.2.4 Foreign currency risk
Foreign currency risks, mainly dollar risks, arising from future operational cash flows and financing activities in foreign currencies may be hedged by means of forward exchange contracts if considered necessary. No hedging activities took place in the year under review.
A reasonable change in the exchange rates would have an immaterial impact on pre-tax profits and equity of the Group.

25.2.5 Fair value measurements
The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.
Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.
Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.
The Group has participating interest and interest rate swaps. Participating interests are measured at fair value. This value is equal to or approximately the cost of the investment. (refer to note 15). Interest rate swaps are measured at their fair value based on a valuation technique based on discounted cash flows where future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties. All of the resulting fair value estimates are included in level 2.

26. Acquisitions and disposals

Disposals
On March 14, 2019 Deloitte Accountancy & Advies B.V. sold the shares of Ctrl B.V. to Muis International Holding B.V. for a cash consideration of €3.1 million, the settlement of a current account balance of €0.4 million between Ctrl B.V. and the Group and providing 2 subordinatied loans of €500 each to the buyer. Based on future performance targets earn-outs up to €1.5 million can be achieved. These variable considerations have not been recognised yet. The book result is included under other income.

Acquisitions
During the year under review the Group made two acquisitions of relative size compared to the total assets and revenue of the Group.

On January 1, 2019 the Group acquired certain assets and liabilities of Boer & Croon Corporate Finance B.V. The acquisition was accounted for as a business combination with recognised assets and liabilities acquired consisting of, assets of €1.8 million and liabilities of €0.5 million. The liabilities relates to employee related liabilities. The assets comprise the acquired client contracts and order book for contracts and engagements in progress. The contracts and order book have a definite lifetime of one year, except for one long term contract for which the estimate economic lifetime is 3 years. The sales price of the contracts are settled via a variable consideration based on an agreed upon earn-out, which is estimated at €1.5 million. The revenues from these contracts approximate the amortisation of the contracts and order books recognised. During the year a cash consideration of €0.1 was received from the seller. A retention bonus is payable by the seller, which is recognised as a pre payment in accordance with paragraph 51 of IFRS 3 and recognises over time as an expense of the Group. No goodwill was recognised as part of the business combination.

On May 1, 2019 the Group acquired certain assets and liabilities of Pervorm Group B.V. The acquisition was accounted for as a business combination with recognised assets and liabilities acquired consisting of, assets of €243 and liabilities of €266. The assets comprise the acquired customer contracts and order books. The contracts and order books have a definite lifetime of maximum one year. The liabilities comprise employee related liabilities and advance payments on contracts. The cash consideration of €23 was received before the end of the fiscal year. No goodwill was recognised as part of the business combination.
In prior year a provisional amount of €0.7 million was recognised. After review during the year the goodwill recognised as part of the business combination of the Aepex acquisition was determined at €0.7 million.

27. Subsequent event
On June 1, 2019 Deloitte Holding B.V. acquired Deloitte Dutch Caribbean. The purchase comprises 100% of the shares of Deloitte Dutch Caribbean B.V. a private company with limited liability incorporated and existing under the laws of Curacao. The purchase price is ANG 1.2 million (€0.6 million). A cash consideration of €0.3 million was paid in June 2019. The remaining part is converted into a loan with the former shareholders with a maturity date of May 31, 2020 when certain performance thresholds are met. The FY19 revenue of the acquired business is approximately €8 million and the total assets are around €2.8 million. The impact on the financial statements of the Group is therefore limited. In the course of the year 2019/2020 the business will be integrated.

28. Related party transactions

28.1 Trading transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. All transactions were made on terms equivalent to those that prevail in arm's length.Please refer to notes 1, 20, 21 and 24 for details on transactions of the Group and the Group's shareholder. We also refer to note 1 regarding international relationships of Deloitte Holding B.V.

	Provision of services to related parties		Purchases of services to related parties		Amounts due from related parties		Amounts due to related parties	
	2018/2019	2017/2018	**2018/2019**	2017/2018	**May 31, 2019**	May 31, 2018	**May 31, 2019**	May 31, 2018
Related parties - member of Deloitte NSE LLP								
Deloitte Belgium	**5,533**	4,298	**8,897**	13,588	**1,046**	792	**2,008**	2,440
Deloitte Denmark	**2,461**	2,282	**1,137**	1,557	**763**	393	**251**	690
Deloitte Finland	**909**	1,007	**342**	277	**232**	250	**63**	102
Deloitte Iceland	**21**	5	**38**	(1)	**5**	-	**5**	1
Deloitte Ireland	**437**	-	**2,007**	-	**67**	-	**419**	-
Deloitte Norway	**6,214**	7,212	**317**	548	**1,253**	1,351	**91**	219
Deloitte Sweden	**1,541**	2,503	**782**	538	**302**	319	**205**	322
Deloitte Switzerland	**5,354**	3,127	**3,323**	1,736	**1,708**	887	**1,271**	438
Deloitte United Kingdom	**30,180**	20,907	**42,762**	28,696	**4,107**	4,245	**11,153**	11,461
Total	**52,650**	41,341	**59,605**	46,939	**9,483**	8,237	**15,466**	15,673

28.2 Key management remuneration

The members of the Executive Board and the Supervisory Board are the key management of the Group. The remuneration of members of the Executive Board comprises a fixed compensation plus a fixed expense allowance, and a long term bonus. As of June 1, 2017 the members of the Executive Board receive a fixed annual compensation, chair €1,200 and members €900, plus fixed expense allowance. During a Partner meeting on April 26, 2019, H. Honig was appointed to succeed P.J. Bommel as CEO of Deloitte Netherlands at the expiration of the current term, on June 1, 2019.

For the NWE business all Executive Board members have been involved and contributed in their respective capacity to various management work streams for NWE . Specifically, the CEO also filled a key management role in NWE in the capacity of Deputy CEO with approximately 25% of his activity and time spent related to this role. At formation the combined NWE firms had approximately € 5 billion in revenue with 28,000 employees joining NWE effective June 1, 2017.

Total remuneration of the individual members of the Executive Board in the year under review was as follows:

in € thousands	Short-term benefits	Other long-term benefits	**2018/2019**	Short-term benefits	Other long-term benefits	2017/2018
P.J. Bommel	1,225	13	**1,238**	1,226	37	1,263
E.M. Robbe	929	38	**967**	929	37	966
M. van Vliet	926	13	**939**	925	37	962
Total	**3,080**	**64**	**3,144**	3,080	111	3,191
Number of members of the Executive Board in FTE's			3			3

The members of the Supervisory Board were remunerated only short-term benefits as follows:

in € thousands	**2018/2019**	2017/2018
F.G.H. Deckers	**78**	89
J.P. Rijsdijk	**56**	63
F. Eelkman Rooda	**56**	60
V.G. Moolenaar	**60**	60
E.C. Meijer (as of July 1, 2017)	**60**	51
Total	**310**	323
Number of members of the Supervisory Board per May 31	**5**	5

29. Commitments and guarantees

29.1.1 Fiscal unity
The legal entity is part of a fiscal unity for corporate income tax and VAT purposes and for that reason it is jointly and severally liable for the tax liabilities of the fiscal unity as a whole.

29.1.2 Lease and rental obligations
The Group has entered into long-term rental agreements for offices, operational lease contracts for cars and copying/printing machines and facility services. The Group does not have an option to purchase the leased assets at the expiry of the lease periods. Leases are negotiated for an average term of 5 years and rentals are indexed annually. Some contracts have renewal options, which were not included in the determination of the obligations.

Non-cancellable operating lease commitment

in € thousands	**May 31, 2019**	May 31, 2018
Not later than 1 year	**47,363**	45,337
Between 1 and 5 years	**129,571**	140,146
Later than 5 years	**76,521**	96,031
	253,455	281,514

Non-cancellable sublease commitment

in € thousands	**May 31, 2019**	May 31, 2018
Not later than 1 year	**3,745**	3,730
Between 1 and 5 years	**2,101**	5,781
Later than 5 years	**-**	-
	5,846	9,511

Liabilities recognised in respect of non-cancellable operating leases

in € thousands	**May 31, 2019**	May 31, 2018
Onerous leases	**1,414**	1,679
Lease incentives	**-**	-
	1,414	1,679

29.1.3 Other obligations
Other obligations are related to ICT, facility services and marketing contracts.

in € thousands	**May 31, 2019**	May 31, 2018
Not later than 1 year	**14,461**	12,410
Between 1 and 5 years	**2,832**	2,686
Later than 5 years	**-**	16
	17,293	15,112

29.1.4 Facility services
As of December 1, 2006 the Group outsourced facility services to a third party. Related staff was transferred to the new service provider. The contract will be yearly renewed for 12 months. The Group has undertaken to re-employ the former employees (approx 34) or to employ them with a succeeding facility supplier if the contract is not renewed.

29.1.5 Membership
The Group is a member of Deloitte Touche Tohmatsu Limited and Deloitte EMEA Co-operation Limited. The Group is obliged to pay annual subscription and services fees.

29.1.6 Guarantees

Stichting Financiering Deloitte
Members who enter into an Associate Agreement with the Group are obliged to provide a subordinated loan to Stichting Financiering Deloitte. In turn this foundation provides a subordinated loan for the same amount and under the same conditions to Coöperatief Deloitte U.A. The subordination relates to all third party creditors and banks. The loans amount to €122,038 as per May 31, 2019 (May 31, 2018: €125,315) and are subordinated to all existing and future liabilities of the Group and, together with the membership capital and equity, make up the capital base of the Group.
Coöperatief Deloitte U.A. and its subsidiaries are jointly and severally liable to members for what is owed to them by Stichting Financiering Deloitte with regard to the financial resources borrowed from the members by Stichting Financiering Deloitte and re-issued to Coöperatief Deloitte U.A. The Group has agreed certain security covenants with Stichting Financiering Deloitte, including a negative pledge covenant as well as the granting of securities at the first request of Stichting Financiering Deloitte. With respect to the ranking of these securities rights, covenants have been agreed between the Group, Stichting Financiering Deloitte, ING Bank and Rabobank (as lenders under Deloitte's credit facility). This entails that the rights of Stichting Financiering Deloitte are subordinated to those of third party creditors and the lender banks.

The Supervisory Board
The Group has indemnified the members of the Supervisory Board from the financial consequences of claims from third parties (including defense costs) resulting from or related to the supervisory task of the members of the Supervisory Board and to the extent the insurance of the Group does not cover matters concerned.

Bank guarantees

Bank guarantees amounting to approximately €4,185 (May 31, 2018 €4,111) have been issued to third parties.

Other guarantees
Following past acquisitions, guarantees have been agreed for the maximum amount of €10,779 (May 31, 2018: €10,779) on balance sheet date.

Nationale Borg issued guarantees on behalf of the material subsidiaries of Deloitte Holding B.V. to Tax-authorities covering the own-risk of the Return to Work (Partially Disabled) Regulation ("WGA") related to the calender years 2014, 2015 and 2016. As security for these guarantees the material subsidiaries of Deloitte Holding B.V. issued a joint and several liability undertaking.

29.1.7 Claims
The Group also has other contingencies, for which, in the opinion of management, the risk of loss is possible but not probable. Contingencies involve inherent uncertainties including, but not limited to, court rulings and negotiations between affected parties.
Under the other contingencies are also included claims received with regard to the audit of the consolidated financial statements of Steinhoff International Holdings N.V. where we will vigorously defend ourselves against these claims. Future proceedings are expected to be long-term in nature and estimates may be revised by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. We cannot currently predict yet the outcome of claims and litigations with sufficient reliability. However, based on available information it is not expected that they will have a significant net impact on the financial position of the Group, also given that the Group is deemed to carry sufficient professional indemnity insurance.

30. Financial information per business

The businesses of the Group comprises of Audit & Assurance, Tax & Legal, Consulting, Risk Advisory and Financial Advisory which engages business activities for external clients and Support/Other which mainly provides internal services. All operating business' operating results are reviewed regularly by the Executive Board to assess their performance for which there is discrete financial information available.

Business results that are reported to the Executive Board include items directly attributable to a business. Corporate costs, such as cost of fixed assets, accommodation-, office-, IT- and innovation expenses are the responsibility of the Support/Other business and are allocated on a reasonable basis to the five businesses.

As the Group mainly operates in the Netherlands, there is only one geographic business.

The pricing of transactions between the different businesses is determined in accordance with objective and commercial principles.

There are no differences between the principles for the valuation of assets and liabilities in the financial statements and the business information.

The Group voluntarily discloses information per business but does not apply IFRS 8.

Financial information per business

	Audit & Assurance		Tax & Legal		Consulting		Risk Advisory	
in € thousands	**2018/2019**	2017/2018	**2018/2019**	2017/2018	**2018/2019**	2017/2018	**2018/2019**	2017/2018
Third party revenue	228,971	231,272	212,820	197,387	266,220	238,871	171,478	152,817
Intercompany revenue	19,080	18,148	6,205	4,807	16,659	11,236	9,217	13,053
Total revenue	248,051	249,420	219,025	202,194	282,879	250,107	180,695	165,870
Other income	4,235	-	-	-	-	-	-	-
Operating result	**24,314**	33,721	**56,293**	42,395	**52,595**	56,123	**26,370**	25,494
Share in result if non-consolidated associated comp.								
Financial income and expenses								
Management fee and compensation members Coöperatief Deloitte U.A.								
Corporate income tax								
Net result after taxation								
Current assets	68,663	87,599	78,556	71,292	82,012	72,763	40,264	41,635
Non-current assets	1,940	940	1,388	1,522	4,632	5,266	**-**	-
Investments in associates	-	-	111	110	-	-	-	-
Total assets	**70,603**	88,539	**80,055**	72,924	**86,644**	78,029	**40,264**	41,635
Current Liabilities	41,613	40,924	36,993	40,552	46,214	35,406	19,488	22,910
Non-current liabilities	8,094	25,038	316	860	431	455	101	10
Total equity / subordinated loans	20,896	22,577	42,746	31,512	39,999	42,168	20,675	18,715
Total liabilities and equity	**70,603**	88,539	**80,055**	72,924	**86,644**	78,029	**40,264**	41,635

Financial information per business

	Financial Advisory		Support & Other / Eliminations		Consolidated	
in € thousands	**2018/2019**	2017/2018	**2018/2019**	2017/2018	**2018/2019**	2017/2018
Third party revenue	87,332	75,863	1,421	540	**968,242**	896,750
Intercompany revenue	3,529	3,609	(54,690)	(50,853)	-	-
Total revenue	90,861	79,472	(53,269)	(50,313)	968,242	896,750
Other income	-	-	2,200	3,997	6,435	3,997
Operating result	**28,509**	27,656	**(12,975)**	(4,357)	**175,106**	181,032
Share in result if non-consolidated associated comp.					**40**	39
Financial income and expenses					(7,592)	(13,335)
Management fee and compensation members Coöperatief Deloitte U.A.					(151,243)	(154,180)
Corporate income tax					(10,315)	(7,771)
Net result after taxation					**5,996**	5,785
Current assets	33,936	33,082	14,207	49,864	317,638	356,235
Non-current assets	624	-	68,928	69,872	77,512	77,600
Investments in associates	-	-	1,297	739	1,408	849
Total assets	**34,560**	33,082	**84,432**	120,475	**396,558**	434,684
Current Liabilities	11,339	11,378	95,673	130,774	251,320	281,944
Non-current liabilities	81	100	50,292	43,387	59,315	69,850
Total equity / subordinated loans	23,140	21,604	(61,533)	(53,686)	85,923	82,890
Total liabilities and equity	**34,560**	33,082	**84,432**	120,475	**396,558**	434,684

Company financial statements

Company statement of profit or loss and other comprehensive income for the year ended May 31, 2019

in € thousands	Note	2018/2019	2017/2018
Share of result from participating interests		**5,996**	5,785
Other income and expenses after taxation	5.1	**15,676**	17,949
Result after taxation and before compensation		**21,672**	23,734
Compensation members of Coöperatief Deloitte U.A.		**(15,676)**	(17,949)
Profit for the year		**5,996**	5,785
Item that may be reclassified subsequently to profit or loss			
Other comprehensive income, net of income tax		**353**	4,136
Total comprehensive income for the year		**6,349**	9,921

Company statement of financial position at May 31, 2019

(before appropriation of result)

Assets (in € thousands)	Note	**May 31, 2019**	May 31, 2018
Fixed assets			
Financial assets	5.2	92,112	89,315
Total non-current assets		92,112	89,315
Current assets			
Trade and other receivables	5.3	30,254	23,337
Total current assets		**30,254**	23,337
Total assets		**122,366**	112,652
Equity and liabilities (in € thousands)	Note	**May 31, 2019**	May 31, 2018
Equity	5.4	(36,115)	(42,425)
Non-current liabilities			
Membership capital	5.5	6,250	6,525
Interest bearing loans and borrowings	5.5	122,038	125,315
		128,288	131,840
Current liabilities			
Trade and other payables	5.6	18,666	19,673
Interest bearing loans and borrowings	5.5	11,527	3,564
Total current liabilities		30,193	23,237
Total liabilities		**158,481**	155,077
Total Equity and liabilities		**122,366**	112,652

Notes to the company financial statements

1. Statutory financial statements

The sections Group financial statements and Company financial statements contain the statutory financial statements of Coöperatief Deloitte U.A. A description of the Company's activities and Group structure is included in the Consolidated financial statements.

2. Accounting policies applied

The company financial statements of Coöperatief Deloitte U.A. have been prepared in accordance with the requirements in Title 9 Book 2 of the Dutch Civil Code. Coöperatief Deloitte U.A. prepares its consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU IFRS). Coöperatief Deloitte U.A. applies the exemption as included in section 2:362 paragraph 8. Participating interests in Group companies are valued at net asset value determined on the basis of Title 9 Book 2 of the Dutch Civil Code. The share in the results of participating interests in Group companies is reported in accordance with the principles of valuation and profit determination that apply to the consolidated financial statements. In accordance with article 2:402 of the Dutch Civil Code, the company financial statements only contain an abridged profit and loss account. Reference is made to the accounting policies section in the consolidated financial statements and the respective notes.

3. Other income and expenses

The other income and expenses includes the annual fees received from the various Group companies for providing the partners work force for the company.

4. Taxation

The company and its wholly-owned subsidiaries make up a fiscal unity and therefore jointly and severally liable for the tax liabilities of the fiscal unity as a whole. The corporate income tax is calculated as if the company and its subsidiaries were individually separately liable for tax and is offset against the current account of the parent company, Coöperatief Deloitte U.A. Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets (if applicable) are only valued insofar as their realisation is likely. Deferred tax assets are recognised on the balance sheet of the company until they are realised.

5. Notes to the specific items of the balance sheet

5.1 Other income and expenses after taxation

Other income and expenses after taxation are specified as follows:

in € thousands	**2018/2019**	2017/2018
Intercompany charges	**17,380**	19,761
Net of financiale income and expenses	**(2,272)**	(2,415)
Taxation	**568**	603
	15,676	17,949

5.2 Financial assets

The movement of the financial assets is as follows:

in € thousands	Interests in Group companies	Receivables from Group companies	**Total**
Gross value	23,625	65,690	**89,315**
Accumulated depreciation and impairments	-	-	**-**
Book value as of June 1, 2018	23,625	65,690	**89,315**
Movements:			
Issued loans	-	10,500	**10,500**
Conversion share premium to loan	(15,000)	15,000	**-**
Share in result of participating interests	5,996	-	**5,996**
Movement cash flow hedge reserve	353	-	**353**
Repayments	-	(14,052)	**(14,052)**
Book value as of May 31,2019	**14,974**	**77,138**	**92,112**
Gross value	14,974	77,138	**92,122**
Accumulated depreciation and impairments	-	-	**-**
Book value as of May 31, 2019	**14,974**	**77,138**	**92,122**

in € thousands	Interests in Group companies	Receivables from Group companies	Total
Gross value	13,671	59,167	**72,838**
Accumulated depreciation and impairments	-	-	**-**
Book value as of June 1, 2017	13,671	59,167	**72,838**
Movements:			
Additions	33	-	**33**
Issued loans	-	14,000	**14,000**
Share in result of participating interests	5,785	-	**5,785**
Movement cash flow hedge reserve	4,136	-	**4,136**
Repayments	-	(7,477)	**(7,477)**
Book value as of May 31,2018	**23,625**	**65,690**	**89,315**
Gross value	23,625	65,690	**89,315**
Accumulated depreciation and impairments	-	-	**-**
Book value as of May 31, 2018	**23,625**	**65,690**	**89,315**

5.2.1 Receivables from Group companies

Amounts owed by Group companies are unsecured subordinated loans.

5.2.2 Consolidated Group companies

The following subsidiaries are included in the consolidated financial statements and recognised as interest in Group companies for the company financial statements:

Name	**Registered office**	**Share in the issued capital May 31, 2019**	**Share in the issued capital May 31, 2018**
Deloitte Holding B.V.	Rotterdam	100%	100%
Deloitte Accountants B.V.	Rotterdam	100%	100%
Deloitte Belastingadviseurs B.V.	Rotterdam	100%	100%
- Deloitte Belastingadviseurs New York B.V.	Rotterdam	100%	100%
- Deloitte Belastingadviseurs Hong Kong B.V.	Rotterdam	100%	100%
- Deloitte Legal B.V.	Rotterdam	100%	100%
- DL Liaison Ltd.	England	100%	100%
- Tytho Holding B.V.	Rotterdam	100%	100%
- *Tytho B.V.*	Rotterdam	100%	100%
- *Tytho UK Ltd*	England	100%	100%
- *Tytho Inc*	USA	100%	100%
Deloitte Consultancy Holding B.V.	Rotterdam	100%	100%
- Deloitte & Touche Acquisition B.V.	Rotterdam	100%	100%
- Deloitte Consulting B.V.	Amsterdam	100%	100%
Deloitte Innovation Holding B.V.	Rotterdam	100%	100%
- Deloitte Innovation B.V.	Rotterdam	100%	100%
- *PXR B.V.* [1]	Rotterdam	0%	100%
- Deloitte Innovation Sales B.V.	Rotterdam	100%	100%
Deloitte Financial Advisory B.V.	Rotterdam	100%	100%
- Deloitte Benefits & Pension Advisory B.V.	Rotterdam	100%	100%
- Deloitte Forensic & Dispute Services B.V.	Amsterdam	100%	100%
Deloitte Group Support Center B.V.	Rotterdam	100%	100%
- Deloitte Education B.V.	Rotterdam	100%	100%
- Deloitte Group Support Center Overseas Services B.V.	Rotterdam	100%	100%
Deloitte Risk Advisory B.V.	Rotterdam	100%	100%
Deloitte Accountancy & Advies B.V.	Rotterdam	100%	100%
- Ctrl B.V. [2]	Amsterdam	0%	100%
Deloitte Overseas Projects I B.V.	Rotterdam	100%	100%
Deloitte Overseas Projects II B.V.	Rotterdam	100%	100%
Deloitte Overseas Projects III B.V.	Rotterdam	100%	100%
Stichting Deloitte Impact Foundation	Rotterdam		

[1] On January 31, 2019 PXR B.V. has been liquidated.

[2] On March 14, 2019 the shares of Ctrl B.V. have been sold.

5.3 Trade and other receivables

Trade and other receivables are specified as follows:

in € thousands	**May 31, 2019**	May 31, 2018
Current account owed by Group companies	**1,342**	-
Other receivables, prepayments and accrued income	**28,912**	23,337
	30,254	23,337

Annual interest is charged on the current accounts owed by Group companies at approximately 1.1% (prior year 1.1%). There are no receivables or prepayments with an original term longer than 1 year. Other receivables mainly relates to receivables from Deloitte Holding B.V.

5.4 Equity

For breakdown reference is made to the consolidated statement of changes in equity.

5.4.1 Other reserves

Deloitte Holding B.V. assumed the assets and liabilities of Stichting InterNos with approximately €53,403 (net of deferred tax) being written-off to equity. This former goodwill of Stichting InterNos is considered a prepayment to members regarding their capital (goodwill) repayments to former partners and is therefore stated as prepayment of equity resulting in a negative equity.

5.4.2 Cash flow hedge reserve

The cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedge reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or include as a basis adjustment to the non-financial hedged item, consistent with the Group's accounting policy.

5.5 Non-current liabilities

Non-current interest bearing loans and borrowings are specified as follows:

in € thousands	**May 31, 2019**	May 31, 2018
Subordinated loans Stichting Financiering Deloitte	**122,038**	125,315

Repayment obligations falling due within one year are included in current liabilities:

in € thousands	**May 31, 2019**	May 31, 2018
Membership Capital	**675**	225
Subordinated loans Stichting Financiering Deloitte	**10,852**	3,339
	11,527	3,564

The movements during the year of liabilities arising from finance activities are as follows:

in € thousands	Subordinated loans Stichting Financiering Deloitte
Balance June 1, 2018	125,315
Additional borrowings	9,975
Repayments	(2,400)
Repayments in the following year	(10,852)
Balance May 31, 2019	**122,038**

5.5.1 Subordinated loans Stichting Financiering Deloitte
Members who enter into an Associate Agreement with the Group are obliged to provide a subordinated loan to Stichting Financiering Deloitte. In turn this foundation provides a subordinated loan for the same amount and under the same conditions to Coöperatief Deloitte U.A. On its turn Coöperatief Deloitte U.A. provides a subordinated loan for the same amount less share premium of €45 million (May 31, 2018: €60 million) and under the same conditions to Deloitte Holding B.V. The subordination relates to all third party creditors and banks. The loans amount to €122,038 as per May 31, 2019 (May 31, 2018: €125,315) and are subordinated to all existing and future liabilities of the Group and, together with the membership capital and equity, make up the capital base of the Group.

The interest paid is equal to a 3-month Euribor plus 4% with a minimum of 4% and a maximum of 8%. The loans are repaid at the termination of the Associate Agreement. The maturity date of these loans depends on joining and leaving of members and therefore cannot be expressed in years.

5.5.2. Membership capital
See note 20 of the consolidated financial statements.

5.6 Trade and other payables

in € thousands	**May 31, 2019**	May 31, 2018
Current accounts owed to Group companies	**-**	140
Management fees to be paid to members Coöperatief Deloitte U.A.	**15,676**	17,949
Tax	**1,397**	213
Other liabilities and accruals	**1,593**	1,371
	18,666	19,673

5.7 Off-balance sheet commitments

5.7.1 Fiscal unity
The legal entity and its wholly-owned subsidiaries make up a fiscal unity for corporation tax and V.A.T. purposes and for that reason are jointly and severally liable for the tax payable by the fiscal unity as a whole.

5.7.2 Stichting Financiering Deloitte
Coöperatief Deloitte U.A. and its subsidiaries are jointly and severally liable to members for what is owed to them by Stichting Financiering Deloitte with regard to the financial resources borrowed from the members by Stichting Financiering Deloitte and re-issued to Coöperatief Deloitte U.A. The Group has agreed certain security covenants with Stichting Financiering Deloitte, including a negative pledge covenant as well as the granting of securities at the first request of Stichting Financiering Deloitte. With respect to the ranking of these securities rights, covenants have been agreed between the Group, Stichting Financiering Deloitte, ING Bank and Rabobank (as lenders under Deloitte's credit facility). This entails that the rights of Stichting Financiering Deloitte are subordinated to those of third party creditors and the lender banks.

5.7.3 The Supervisory Board
The company has indemnified the members of the Supervisory Board from the financial consequences of claims from third parties (including defence costs) resulting from or related to the supervisory task of the members of the Supervisory Board and to the extent the insurance of the company does not cover matters concerned.

5.7.4 Guarantees
The company has issued a joint and several liability statement to the provisions of Section 2:403 of the Dutch Civil Code with respect to Deloitte Accountancy & Advies B.V. and Deloitte Group Support Center B.V.

6. Other notes to the financial statements

6.1 Average number of employees
During 2018/2019, 0 employees were employed on a full-time basis (2017/2018: 0).

6.2 Remuneration of members of the Executive Board and the Supervisory Board
For the remuneration of members of the Executive Board and the Supervisory Board reference is made to note 27.2 in the consolidated financial statements.

6.3 Appropriation of result for the financial year June 1, 2017 until May 31, 2018

The annual report 2017/2018 was adopted in the general meeting held on September 7, 2018. The general meeting has determined the appropriation of result in accordance with the proposal being made to that end.

6.4 Proposed appropriation of result for the financial year June 1, 2018 until May 31, 2019
The Executive Board proposes, with the approval of the Supervisory Board, that the result for the financial year 2018/2019 amounting to €5,996 will be added to the other reserves. The financial statements do not yet reflect this proposal.

Rotterdam, July 17, 2019

Executive Board	**Supervisory Board**
H. Honig (Chair)	F.G.H. Deckers (Chair)
E.M. Robbe	F.E. Eelkman Rooda
M. van Vliet	E.C. Meijer
	V.G. Moolenaar
	J.P. Rijsdijk

Annex 2: Basis of reporting / Deloitte offices

Basis of reporting

The information presented in this report is collected from various online and offline, internal and external resources. In many cases, interviews with partners and employees took place in order to write the text. For the data, a variety of systems were used, including but not limited to our SAP systems and specific project data.

Strategic KPIs
In calculating the value of our strategic KPIs, we have applied the following data definitions:

The amount disclosed for expenses on Innovation on page 4 relates to the operating expenses of our innovation related cost centers, mainly focused on IT.

Total client satisfaction: the average registered response of clients to rate overall client satisfaction in CSAs, or in cases where no response to this questions has been registered, to rate the overall relationship. CSAs are performed among the largest clients per industry selected by Deloitte and are performed by present or retired partners.

Total client quality: the average registered response of clients to rate overall quality of services in CSAs, or in cases where no response to this questions has been registered, the average registered score of selected questions on quality. CSAs are performed among the largest clients per industry selected by Deloitte and are performed by present or retired partners.

% regulatory reviews that are satisfactory: % of regulatory reviews (reviews issued by PCAOB, AFM, NBA, ADR, and Inspectie OCW), of which the results were communicated in the reporting year that are satisfactory as a percentage of all regulatory reviews issued in the reporting year.

employer of choice in relevant ranking: ranking in the benchmark study performed by Universum for the category Business/Commercial in the Netherlands for the universities: University of Amsterdam, VU University Amsterdam, University of Groningen, Erasmus University Rotterdam, Technische University Eindhoven, Delft University of Technology

Talent engagement score: average weighted score for talent engagement as measured by the Deloitte Talent Survey that is performed throughout the year.

Revenue growth in corporate advisory: growth in all functions excluding Audit & Assurance as compared to the performance in 2014/2015.

Average client service contribution in growth areas: relative client service contribution percentage of Corporate Advisory (all functions excluding Audit & Assurance).

% of revenues from innovative offerings: Percentage of revenues of selected innovative business units in total internal revenues. In line with the vision from DTTL, we apply a factor 2 multiplier to calculate the effect from innovative service offerings on regular services. Offerings in scope of this indicator are identified at the start of the reporting year, comparatives are not adjusted since the determination of what is innovative is set on a yearly basis.

Total overhead costs / fee earner FTE: total overhead costs including central support and Function costs as defined by our Fit for Growth programme divided by the total number of fee earners in expressed in FTE.

Relative position in international network with regard to operational metrics: earnings as % of net revenues for the DTTL member firms in scope of the international benchmark on the basis of the June-April figures (11 months).

Integration into a North Western European firm on the basis of connected autonomy: Deloitte NWE established Y/N.

Talent data

Lost days is the total of absent planned work days in one year. Sickness leave is calculated by dividing the number of lost days by the total planned work days in one year.

Ecological footprint

The data included in the ecological footprint table of this Annex is gathered through a number of means:

- Total kilometres driven by lease cars as well as the number of lease cars in use are obtained from our supplier.

- Total litres of petrol, diesel and LPG are obtained from our supplier. For conversion of petrol to CO^2 emissions we used the most recent conversions as published by SKAO. For the current report these conversions are published in the Handboek CO^2 Prestatieladder 2.2 (www.skao.nl):
  Petrol: 1 litre equals 2.78 kilogrammes CO^2
  Diesel: 1 litre equals 3.135 kilogrammes CO^2
  LPG: 1 litre equals 1.86 kilogrammes CO^2
  As we do not separately monitor business trips, commuting and privat use of lease cars, our data includes all these elements.

- For the conversion of fuel consumption to MJ, we used the following conversions as mentioned in the GRI G3.1 protocol for EN3, except in the case of LPG where we have opted for a locally accepted conversion value:
  Natural gas: caloric value per m3 is 39.01 MJ
  Petrol: caloric value per litre is 32.256 MJ
  Diesel: caloric vale per litre is 35.964 MJ
  LPG: caloric value per litre is 24 MJ
- Total kilometres travelled by plane are obtained from our travel agents. It is standing policy that we use the most recent conversion factors. Hence, for the calculation of the related CO^2 emissions, we have used the 2013 conversion factors as provided by DEFRA (www.defra.gov.uk) using a classification that distinguishes economy, premium economy, business class and first class and categorises air travel in domestic, short-haul international and long-haul international flights. For the various subgroups, the following CO^2 conversions are used:

  Domestic average: 0.1583 kg CO^2/kilometre per passenger
  Short-haul international average: 0.0933 kg CO^2/kilometre per passenger
  Short-haul international economy class: 0.0889 kg CO^2/kilometre per passenger
  Short-haul international business class: 0.1334 kg CO^2/kilometre per passenger
  Long-haul international average: 0.1098 kg CO^2/kilometre per passenger
  Long-haul international economy class: 0.0802 kg CO^2/kilometre per passenger
  Long-haul international premium economy class: 0.1283 kg CO^2/kilometre per passenger
  Long-haul international business class: 0.2325 kg CO^2/kilometre per passenger
  Long-haul-international first class: 0.3207 kg CO^2/kilometre per passenger

- The total kilometres travelled by train are obtained from our supplier Nederlandse Spoorwegen. For the calculation of related CO^2 emissions, we used a conversion factor of 0.001 kg CO^2/kilometre per passenger as published by Nederlandse Spoorwegen.

Offices in the Netherlands

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Amsterdam
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1081 LA Amsterdam

Breda
Stadionstraat 4
4815 NG Breda

Groningen
Eemsgolaan 15
9727 DW Groningen

Maastricht
Amerikalaan 110
6199 AE Maastricht Airport

Utrecht
Orteliuslaan 982
3528 BD Utrecht

Amsterdam Dynamostraat
Dynamostraat 50
1014 BZ Amsterdam

Den Haag
Schenkkade 47
2595 AR Den Haag

Hoorn
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1623 JB Hoorn

Middelburg
Park Veldzigt 25
4336 DR Middelburg

Zwolle
Grote Voort 291A
8041 BL Zwolle

Annex 3: Other information

Appropriation of result according to articles of association

In Article 18 of the Cooperative's articles of association the following has been presented concerning the appropriation of result:

1. The profit is fully distributed to the Members.
2. The General Meeting decides on appropriation of the profit based on a proposal by the Executive Board approved by the Supervisory Board. Profit will be distributed after adoption of the financial statements evidencing that this is permissible.
3. Based on a proposal by the Executive Board approved by the Supervisory Board, the General Meeting may decide to distribute to the Members profit of the current fiscal year.
4. If the Cooperative sustains a loss in any fiscal year, the Executive Board will submit to the General Meeting a proposal approved by the Supervisory Board regarding treatment of the loss. The General Meeting will take a decision with respect to treatment of the loss following the proposal submitted by the Executive Board as referred to in the first sentence of this paragraph. If losses have been charged to the capital accounts, no profit will be distributed until such losses have been made up.

Independent auditor’s report

To: the general meeting and supervisory board of Coöperatief Deloitte U.A.

Report on the financial statements 2018/2019

Our opinion

In our opinion:

- Coöperatief Deloitte U.A.’s consolidated financial statements give a true and fair view of the financial position of the Group as at May 31, 2019 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- Coöperatief Deloitte U.A.’s company financial statements give a true and fair view of the financial position of the Company as at May 31, 2019 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2018/2019 of Coöperatief Deloitte U.A., Rotterdam (‘the Company’). The financial statements include the consolidated financial statements of Coöperatief Deloitte U.A. together with its subsidiaries (‘the Group’) and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at May 31, 2019;
- the following statements for 2018/2019: the consolidated profit or loss and other comprehensive income, changes in equity and cash flows; and
- the notes, comprising significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company statement of financial position as at May 31, 2019;
- the company statement of profit or loss and other comprehensive income for the year then ended;
- the notes, comprising the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section ‘Our responsibilities for the audit of the financial statements’ of our report.

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

Independence

We are independent of Coöperatief Deloitte U.A. in accordance with the ‘Wet toezicht accountantsorganisaties’ (Wta, Audit firms supervision act), the ‘Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten’ (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the ‘Verordening gedrags- en beroepsregels accountants’ (VGBA – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

Our audit approach

Overview and context

Coöperatief Deloitte U.A. is the head of a group of companies that provides audit & assurance, consulting, tax, legal, risk advisory and financial advisory services, as well as other forms of professional services. The group audit scope and approach is set out in the section ‘The scope of our group audit’. We paid specific attention to the areas of focus driven by the operations of the Group, as set out below.

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where management made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In paragraph 4 ‘Critical accounting judgments and key sources of estimation uncertainty’ of the notes to the consolidated financial statements the company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty.

Given the significance and the estimation uncertainty in the valuation of unbilled services, we considered this a key audit matter as set out in the ‘Key audit matters’ section of this report. In addition, given the complexity of the professional liability, claims and litigation, we also considered the provision for professional liabilities a key audit matter. Besides the key audit matters, other areas of focus were the implementation of IFRS 9 and 15, financing of the negative equity, and the related disclosures. Compared to prior year we made two changes in our assessment of the key audit matters. The first time adoption of IFRS is no longer applicable in 2018/2019 and therefore this is no longer a key audit matter. In prior years we also noted that Deloitte relies on an effective design and operation of its IT general controls including access control and segregation of duties. As these controls consist of a combination of automated controls and manual controls including data-analysis, management judgment is necessary to evaluate, on an overall basis, their effectiveness. Due to the importance of these controls on our audit approach, and the management judgments involved, we considered this to be a key audit matter. This year the level of judgement further reduced and therefore this was no longer a key audit matter in 2018/2019.

As in all of our audits, we also addressed the risk of management override of controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud.

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a professional services company. Where possible and considered relevant for our audit, we tested the operating effectiveness of IT general controls ('ITGCs') and application controls. We therefore included specialists in the area of IT in our team.

The outline of our audit approach was as follows:

Materiality
- Overall materiality: €8,377,700.

Audit scope
- The group audit team performed all procedures on the group of entities, all located in the Netherlands, as a whole.

Key audit matters
- Valuation of unbilled services and advance billings to customers
- Professional liability provision

Materiality

The scope of our audit is influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall group materiality	€8,377,700 (2017/2018: €8,500,000).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement we used 5% of the result before taxation and management fee of Coöperatief Deloitte U.A.
Rationale for benchmark applied	We used this benchmark based on our analysis of the common information needs of users of the financial statements. On this basis, we believe that the result before taxation and management fee is an important metric for the financial performance of the Company. The determination of materiality is unchanged compared to prior period.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them misstatements identified during our audit above €418,500 (2017/2018: €425,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

Coöperatief Deloitte U.A. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Coöperatief Deloitte U.A.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Group, the nature of operations of its group entities, the accounting processes and controls, and the markets in which the components of the Group operate.

The Group's accounting process is structured in one back office with uniform processes and systems. This back office maintains the accounting records and controls for the different group entities ('components') on behalf of group management. The group audit team performed all procedures on the group of entities as a whole. By performing the procedures we have obtained sufficient and appropriate audit evidence regarding the financial information of the group as a whole to provide a basis for our opinion on the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matters and included a summary of the audit procedures we performed on those matters.

We addressed the key audit matters in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comments or observations we made on the results of our procedures should be read in this context.

Key audit matter	Our audit work and observations
Valuation of unbilled services and advance billings to customers *Refer to note 17 of the financial statements*	
The valuation of unbilled services and advance billings to customers was important to our audit since it requires management estimates that are complex and inherently subjective in nature. The management estimates include, among others, the estimate of expected results of current engagements based on an estimate of time and costs to be incurred, the estimate of expected additional billing on fixed fee projects and the assessment of and the collectability of unbilled amounts. The valuation of unbilled services and advance billings to customers also has an impact on revenue recognition since changes in valuation affect the revenue. Management has internal controls in place such as first and second line project monitoring controls and multiple IT dependent controls on billing, time writing and fee adjustments.	We evaluated the process and the design of internal controls within Deloitte relating to the valuation of the unbilled services and advance billings to customers. We tested the operational effectiveness of the internal controls that were considered relevant for our audit, such as the first and second line monitoring controls on project valuation and the automated controls that ensure reliable recording of hours and hourly rates. The second line monitoring control includes an independent review of the project valuation performed by the finance department on the largest projects and a statistical sample that was drawn for the remaining balance. We determined that we could rely on these internal controls for the purpose of our audit. We also performed substantive audit procedures regarding the valuation of unbilled services and advance billings to customers for client work. For a sample of projects, we tested the estimate of expected results, amongst others by means of look back procedures and obtaining supporting evidence. Furthermore, we checked the recorded fees including overruns and scope changes with supporting documentation (such as contracts). Where effective and appropriate, we combined testing on the operational effectiveness of internal controls and our substantive audit procedures. Our audit findings were in line with the conclusions by the finance department, which were reflected in the valuation appropriately. Furthermore, we tested the yearly confirmation of the responsible assignment partner(s) for the valuation of a sample of their projects. We also tested journal entries recorded on the general ledger accounts related to unbilled services and advance billings to customers and we tested controls relating to transfer(s) between projects.

Key audit matter	**How our audit addressed the matter**
Professional liability provision *Refer to note 22 and 28.1.7 of the financial statements*	
The completeness and accuracy of the provision recognised and contingent liabilities disclosed for professional liability is a key audit matter in our audit because these are based on assumptions of, amongst others the existence of a present obligation and the expected amount to settle the claim, that requires estimates that are complex and inherently subjective in nature. Given the magnitude of potential claims, an individual case could have a significant effect on the result and financial position. If Coöperatief Deloitte U.A. or one of its group companies receives claims for compensation related to alleged damages, these are generally covered by professional liability policies (insurance policies). The legal defence expenses are also covered by these policies. The impact of legal claims from third parties on operating result is generally limited when claims are covered by the insurance policies. The impact can increase significantly in case of claims which fall outside the scope of insurance policies or if the amount involved exceeds the maximum coverage of the insurance policies.	We have performed, amongst others, the following procedures: • Understanding of the Company’s regulatory and contractual obligations with respect to professional liability. • Obtained and read the Company’s insurance arrangements related to professional liability. • Attended meetings of the audit committee of Deloitte where the professional liability matters were discussed, including claims received, as well as on the results of internal and external (regulatory) investigations. • Assessed the completeness of registered claims by discussing the claims with the internal legal counsel, validating that registered claims are consistent with the partner confirmations, a review of legal expenses, internet research, reading the minutes of meetings of the Company’s executive board and supervisory board and reading the correspondence with regulators and the insurer. • We assessed the collectability of receivables towards the insurer, amongst others by means of validating that claims fall within the scope of the insurance agreements. • Understanding and assessing the facts and circumstances and decisions made by the Group upon reacting to specific matters noted. • We challenged management on the existence of a present obligation by evaluating management’s position papers, correspondence with external lawyers, by obtaining legal letters and by having direct communication with the Company’s external lawyers. We also assessed the disclosures relating to professional liability.

Report on the other information included in the Integrated Annual Report

In addition to the financial statements and our auditor’s report thereon, the annual report contains other information that consists of the chapters introduction, report from the executive board, report from the supervisory board, our businesses, interactions with stakeholders, making an impact that matters, our plan 2020, our way of working and the annexes including the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:
- is consistent with the financial statements and does not contain material misstatements;
- contains the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The executive board is responsible for the preparation of the other information, including the directors’ report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of Coöperatief Deloitte U.A. on September 17, 2016 by the supervisory board following the passing of a resolution by the shareholders at the annual meeting held on September 17, 2016. Our appointment has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of 3 years.

Responsibilities for the financial statements and the audit

Responsibilities of the executive board and the supervisory board for the financial statements

The executive board is responsible for:
- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the executive board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the executive board is responsible for assessing the Company’s ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the executive board should prepare the financial statements using the going-concern basis of accounting unless the executive board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The executive board should disclose events and circumstances that may cast significant doubt on the Company’s ability to continue as a going concern in the financial statements. The supervisory board is responsible for overseeing the Company’s financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, July 17, 2019
PricewaterhouseCoopers Accountants N.V.

Original has been signed by Fernand Izeboud RA

Appendix to our auditor's report on the financial statements 2018/2019 of Coöperatief Deloitte U.A.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board.
- Concluding on the appropriateness of the executive board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

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

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Assurance report of the independent auditor

To: the general meeting and the Supervisory Board of Coöperatief Deloitte U.A.

Assurance report on the sustainability information in the Integrated Annual Report 2018/2019

Our opinion

In our opinion the sustainability information in the Integrated Annual Report 2018/2019 of Coöperatief Deloitte U.A. presents, in all material respects, a reliable and adequate view of:

- the policy and business operations with regard to sustainability; and
- the thereto related events and achievements for the year ended May 31, 2019

in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the internally applied reporting criteria as included in the section 'reporting criteria'.

What we have audited

We have audited the sustainability information included in the Integrated Annual Report for the period June 1, 2018 until May 31, 2019, as included in the following sections in the Integrated Annual report ("the Sustainability Information"):

- Introduction;
- Report from the Executive Board, excluding the paragraphs 'In control statement' and 'Outlook';
- Interactions with stakeholders;
- Making an impact that matters;
- Our Plan 2020;
- Our way of working, excluding the paragraphs 'Roles and responsibilities' and 'Risk Management'.

The Sustainability Information comprises a representation of the policy and business operations of Coöperatief Deloitte U.A., Rotterdam (hereafter: "Deloitte") with regard to sustainability and the thereto related business operations, events and achievements for the period June 1, 2018 until May 31, 2019.

The basis for our opinion

We conducted our audit in accordance with Dutch law, which includes the Dutch Standard 3810N 'Assuranceopdrachten inzake maatschappelijke verslagen' ('Assurance engagements on corporate social responsibility reports'). Our responsibilities under this standard are further described in the section 'Our responsibilities for the audit of the sustainability information' of our report.

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

Independence and quality control

We are independent of Deloitte in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – 'Code of Ethics for Professional Accountants, a regulation with respect to independence') and other for the engagement relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – 'Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct').

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

Reporting criteria

The sustainability information needs to be read and understood in conjunction with the reporting criteria. The Executive Board of Deloitte is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the sustainability information are the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the internally applied reporting criteria, as disclosed in the sections 'About this report' and 'Basis of reporting' of the Integrated Annual Report. The absence of a significant body of established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Limitations to the scope of our audit

The sustainability information includes prospective information such as expectations on ambitions, strategy, plans and estimates and risk assessments. Inherently, the actual results are likely to differ from these expectations. These differences may be material. We do not provide any assurance on the assumptions and the achievability of prospective information in the sustainability information.

The links to external sources or websites in the sustainability information are not part of the sustainability information reviewed by us. We do not provide assurance over information outside of this sustainability information.

Responsibilities for the sustainability information and the audit

Responsibilities of the Executive Board and the Supervisory Board for the sustainability information

The Executive Board of Deloitte is responsible for the preparation of the sustainability information in accordance with the reporting criteria as included in section 'reporting criteria' above, including the identification of stakeholders and the definition of material matters. The choices made by the Executive Board regarding the scope of the sustainability information and the reporting policy are summarized in the sections 'About this report' and 'Basis of reporting' of the Integrated Annual Report. The Executive Board is responsible for determining that the applicable reporting criteria are acceptable in the circumstances.

The Executive Board is also responsible for such internal control as the Executive Board determines is necessary to enable the preparation of the sustainability information that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the company's reporting process on the Integrated Annual Report.

Our responsibilities for the audit of the sustainability information

Our responsibility is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion.

Our opinion aims to provide reasonable assurance whether the sustainability information is free from material misstatement. Reasonable assurance is a high, but not absolute level of assurance, which makes it possible that we may not detect all misstatements.

Misstatements may arise from fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the sustainability information.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Procedures performed

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements.

Our procedures included amongst others:

- Performing an analysis of the external environment and obtaining an understanding of relevant social themes and issues, and the characteristics of the company.
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the sustainability information. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the Executive Board.
- Obtaining an understanding of the systems and processes for collecting, reporting, and consolidating the sustainability information, including obtaining an understanding of internal control relevant to our audit, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Identifying and assessing the risks of the sustainability information being misleading or unbalanced, or containing material misstatement, whether due to fraud or error. Designing and performing further audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk that the sustainability information is misleading or unbalanced or the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. These further procedures consisted amongst others of:
  - Interviewing the executive (and/or relevant staff) at corporate level responsible for the sustainability strategy, policy and results;
  - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability information.
  - Obtaining audit information that the sustainability information reconciles with underlying records of the company;
  - Evaluating relevant internal and external documentation, on a test basis, to determine the reliability of the information in the sustainability information.
- Evaluating the consistency of the sustainability information with the information in the annual report, which is not included in the scope of our audit.
- Evaluating the presentation, structure and content of the sustainability information;
- Considering whether the sustainability information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, July 17, 2019
PricewaterhouseCoopers Accountants N.V.

Original has been signed by Fernand Izeboud RA

Annex 4 Key numbers of our value creation per stakeholder category

Regulators

>15

Formal meetings with AFM

Society

1,543

Legally required audits performed

24,240

Hours spent on Deloitte Impact Foundation Projects

335.5m

Taxes paid by Deloitte

Clients and their stakeholders

13,424

Number of clients

Media, opinion leaders & NGOs

38

Press releases in 2018/2019

>90

Publications available

2

Reports explaining Deloitte's strategy & performance

Suppliers

187m

Total supplier spend

100%

Spend in accordance with Supplier Code

For access to our press releases and (business) reports, please visit www.deloitte.nl

Our people

6,134
Average headcount

562.7m
Compensation & benefits in euros

275
Partners (Average headcount)

92.2m
Capital provided by partners May, 2019

11
Newly hired partners in 2018/2019

Financial institutions

968.2
Turnover in millions of euros

175.1
Operating result in millions of euros

$43.2 bn
Turnover of our global network in 2017/2018

Graduates

1,152
New hires (Excl. interns)

57
Graduate new hires as % of total hires

Competitors

Relative position in turnover (base 2017/2018)

1. Deloitte
2. EY
3. PwC
4. KPMG

Relative position in FTE (base 2017/2018)

1. Deloitte
2. PwC
3. EY
4. KPMG