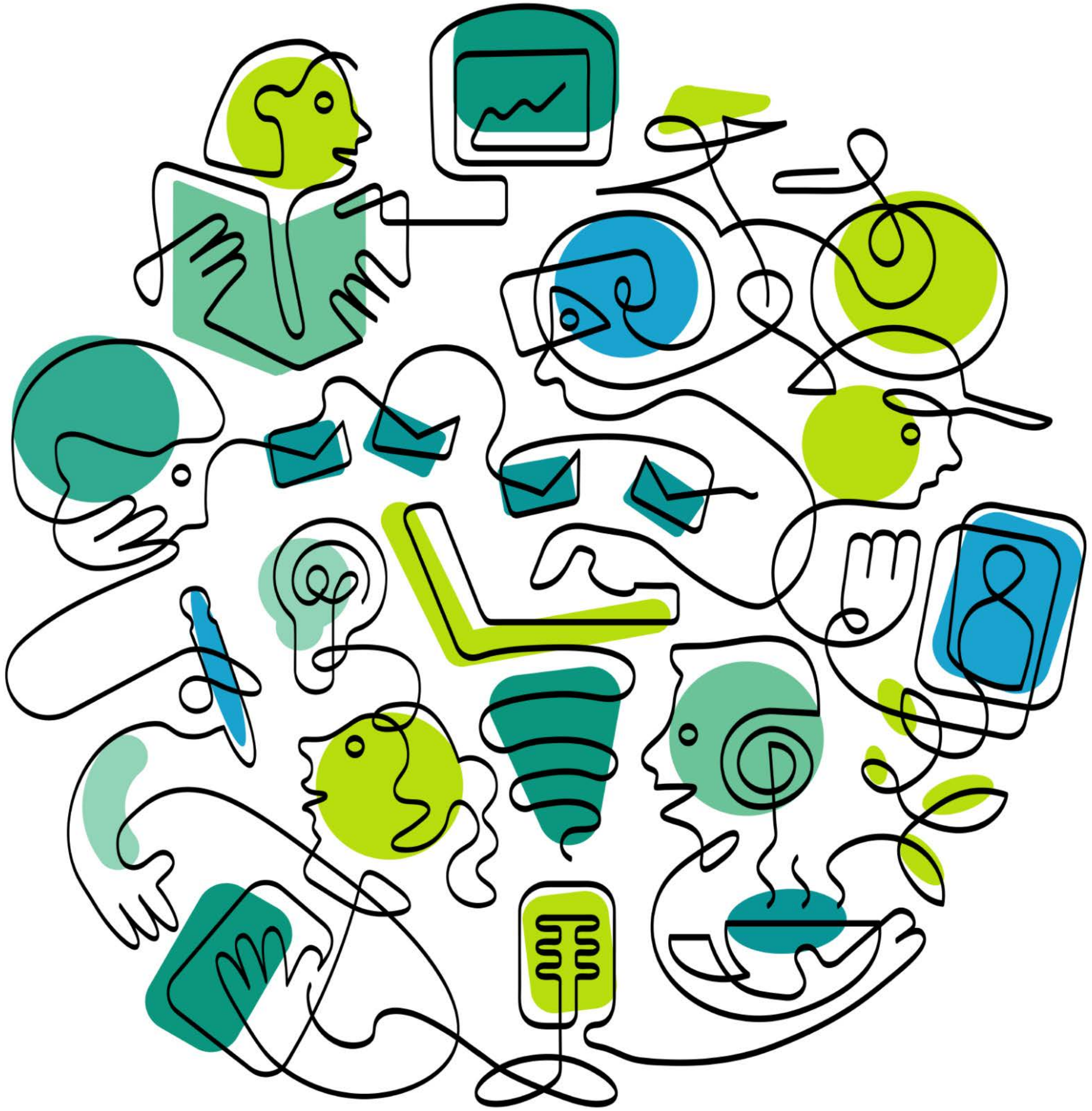
Deloitte.



Integrated Annual Report Coöperatief Deloitte U.A.

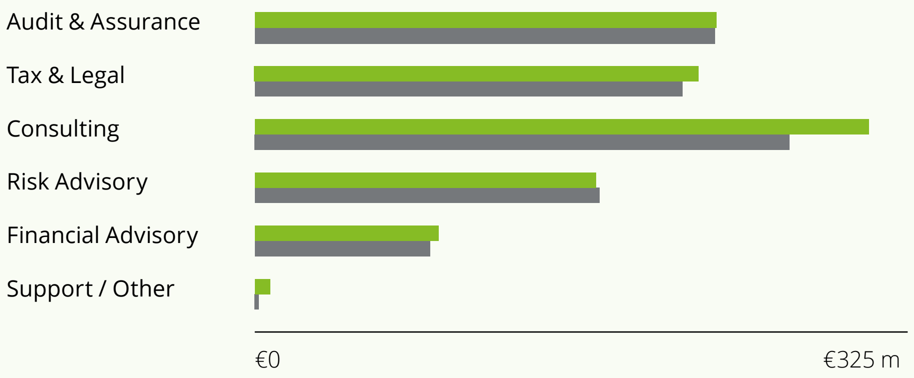
2019/2020

Our year at a glance

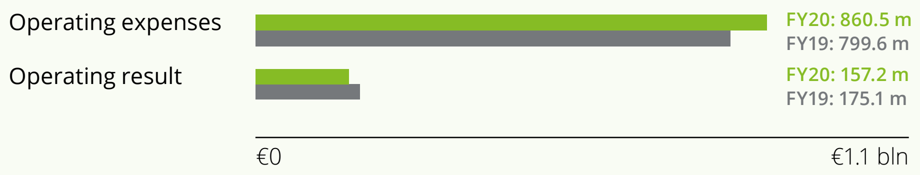
Despite challenging circumstances in the fourth quarter, we had a solid performance in 2019/2020 with revenues in access of €1 billion for the first time. Most of our businesses showed continued growth, and innovation expenditures remained stable. 2019/2020 marks the last year of our Plan 2020 and saw the introduction of our Strategy 2023: Connect to Accelerate Impact. For the last time, we report on our activities and progress against the strategic pillars of Plan 2020. Please see pages 21-23 for an introduction into Strategy 2023 and page 35 for an overview of our new KPIs that will form the basis of our reporting in the coming years.

Net turnover

€968.2 m €1,015.5 m



Expenses/result



Innovation

■ 2018/2019 ■ **2019/2020**

Strategic KPIs based on target setting 2020

A = actual T = target

ENSURE QUALITY

TOTAL CLIENT SATISFACTION
FY19A 7.8 | **FY20A 8.0** | T2020 8.0

% REGULATORY REVIEWS THAT ARE SATISFACTORY
FY19A 100% | **FY20A 89%** | T2020 100%

PREMIER CAREER DESTINATION

 # EMPLOYER OF CHOICE IN RELEVANT RANKING*
FY19A #8 | **FY20A #8** | T2020 #10

TALENT ENGAGEMENT SCORE*
FY19A 7.5 | **FY20A 7.5** | T2020 7.75

ESTABLISH LEAN OPERATIONS

TOTAL OVERHEAD COSTS / FEE EARNER FTE
FY19A 46.5K | **FY20A 50.6K** | T2020 44.2K

ACCELERATE GROWTH AND INNOVATION

REVENUE GROWTH IN CORPORATE ADVISORY
FY19A €232M | **FY20A €241M** | T2020 €200M

AVERAGE CLIENT SERVICE CONTRIBUTION IN GROWTH AREAS
FY19A 47% | **FY20A 49%** | T2020 45%

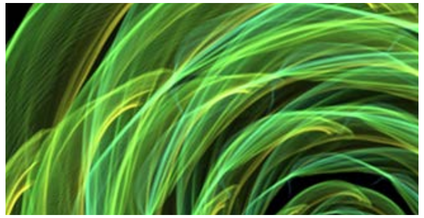
% OF REVENUES FROM INNOVATIVE OFFERINGS
FY19A 25% | **FY20A 26%** | T2020 30%

IMPACT ON SOCIETY

HOURS SPENT ON SOCIETAL PROJECTS
FY19A 0.4% | **FY20A 0.6%** | T2020 1.0%

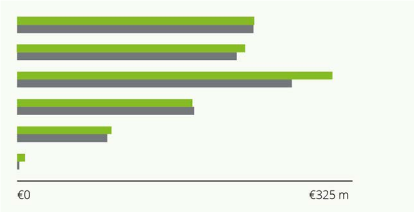
COMMENTS
Ensure quality **% regulatory reviews that are satisfactory:** External reviews of our Audit & Assurance practice **Accelerate growth and innovation** **Revenue growth in Corporate Advisory:** Revenue growth realised by the Advisory business of PSI and FSI (excluding Audit & Assurance) compared 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 **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 130 for all definitions applied for Strategic KPIs*

Content







Because part of the photography in this integrated annual report was created prior to the Covid-19 outbreak, in some instances there is less than 1.5 meters distance between people in the photos.

Report from the Executive Board

Report from the Executive Board

2019/2020 has been an unprecedented year for Deloitte. We experienced a robust performance in the first three quarters in which we were awarded transformative engagements with clients across all industries. The fourth quarter presented us with one of the toughest challenges we have faced in our history. The global health emergency and economic downturn caused by the **Covid-19 pandemic** led us to untested ways of working with our clients and with each other, and has placed unique demands on our resources. We are immensely proud of the commitment and positive engagement of our people during this difficult time, and the steps we have taken to ensure their safety and the continued support for our clients. While mindful of the market uncertainties, we believe Deloitte stands well prepared to address the various potential scenarios of the months and years ahead.

Leadership, purpose and aspiration

At the start of the financial year we welcomed our new Chairman of the Executive Board, Hans Honig, who was later joined by our new COO, Oscar Snijders, and our new CQO, Liesbeth Mol. In addition, we saw the appointment of several new Executive Committee (ExCo) members. This fresh leadership team is charged with ensuring that we continue to address our key challenges and opportunities through the clear strategy to 2023 we have defined. This new strategy 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 fulfilling our global aspiration 'To be the undisputed leader in professional services in the Netherlands'.

Strategy

To be able to adapt to the rapid and continuous changes in our society and in business, our new strategy presents a clear call to action: Connect to accelerate impact. Although we devised this strategy prior to the outbreak of Covid-19, we believe it is the right one also in Covid times, albeit with some tactical changes over time, such as our continued investments in key focus areas. The new strategy builds on our previous **Plan 2020**, which we believe has been highly successful.

The aim of **Strategy 2023** is to elevate Deloitte into an even more purpose-driven organisation and culture with strong values, and a unique ability to provide its clients with guidance and direction in our rapidly changing world. By further embedding purpose in everything we do and improving our ability to adapt swiftly, we will ensure that we continue to flourish and support our client's ambition on responsible business. All of this urges us to connect within Deloitte, and with our clients and society. Therefore, in conjunction with Deloitte's purpose, our call to action at Deloitte in the Netherlands, is to 'Connect to Accelerate Impact'.

Our aspiration is to be the undisputed leader in professional services in The Netherlands by 2023, in terms of market position, quality, and most importantly, in the minds of our clients, stakeholders, and talent. To do this we will make step changes in the following key areas:

- Embrace purpose and quality;
- Step up to undisputed leadership;
- Invest in profitable growth;
- Accelerate innovation;
- Strengthen engagement and inclusiveness

We can only realise our ambition if we all manage to embrace purpose in the heart of our daily work and deliberately connect to accelerate our impact on clients, people and society. We will do so while helping to create a more sustainable society, directly linking our activities to the realisation of the United Nations Sustainable Development Goals.

Organisational structure

Our operational model is based on the concept of Connected+ Autonomy, which comprises a single strategy for Deloitte North and South Europe (NSE) and individual plans 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 and Executive Committee are mainly responsible for its execution, combined with quality and risk management at a national level. Together with our governance and operating model, this ensures our compliance with applicable national laws and regulations, including the Wet toezicht accountantsorganisaties (Wta).

In our previous Integrated Annual report, we announced our combination with Deloitte Dutch Caribbean (DDC). On June 1, 2019, Deloitte Holding B.V. acquired DDC. DDC is fully integrated in the Dutch quality, risk management and financial processes and is subject to the same DTTL Member Firm Standards as Deloitte Netherlands.

Our year

Embrace purpose and quality

We focus on key societal challenges that are relevant to both Dutch society and our clients: energy, food, health, mobility, security, and work. During 2019/2020, we published reports and articles in support of this focus, such as **'What is the Future of Work?'** and a series of articles and interactive magazines on the

Future of Mobility. In addition, we actively participate in debates on social concerns or take initiatives that are aimed at improving collective knowledge and understanding of complex issues, A good example of this is our recent State of the State study on hidden matches in the labour market .

Our culture supports the quality of our services and, ultimately, is a key differentiator for our people and our clients. To better serve them, we aim to further enhance our interpersonal and technical abilities, and to develop a deep understanding of their organisations and strong relationships based on trust. Within our new strategy, we maintain our relentless focus on quality as a key driver for our performance. This comprises the quality of our work and products and how we deliver them, and our compliance with applicable rules and regulations, including data protection and compliance with privacy regulations.

In recent years, we have defined concrete actions to address our challenges in the area of culture, such as the development and roll-out of a 24-hour Leadership Experience for all partners. In 2019/2020, we implemented a similar experience for Directors, for which we developed a toolkit with a game and a discussion format to support conversations within teams. We are also raising awareness of our shared values through digital and physical communication channels, and our Executive Board remains fully committed to steering the firm in this area.

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 reaching our goals, as only by being open and accessible can we move from good to great. Our culture survey shows that we must make sure we provide our people with sufficiently constructive challenges and be more transparent in the feedback we give.

Future of audit

We have continued our relentless focus on audit quality. Please see the Audit & Assurance section in this report for a summary of our approach. We have actively contributed to the ongoing debate about the future of the audit sector, which intensified further with the publication of the report of the Commissie Toekomst Accountancy (CTA). As auditors, we are acutely aware of the important role we play in helping to secure public trust and confidence in the financial markets. We have welcomed the feedback of our stakeholders, including CTA, in this endeavour, and following the CTA's report in January 2020, are involved in the discussion on the set of new measures it had proposed. Also in this area, we want to connect to accelerate our impact by contributing to and taking the lead on improving audit quality. Please see the Future of audit section for more detail.

Social initiatives

We have a new strategy for the Deloitte Impact Foundation (DIF), which focuses on key themes (empowering people for a better future, protecting our natural world through sustainability, and contributing to an endurable society), and aims to work with various strategic partners to increase the impact of its projects. The time we dedicate to societal challenges through DIF increased by 38% to 33,521 hours, which nevertheless fell short of our target of 1% of our total time. Among the initiatives we undertook was 'Consulting Consultant' which looks to train and support not-for-profit student consultants to make an impact on society. This is a collaboration between Deloitte and the TU Delft branch of 180 Degrees Consulting (180DC), whereby Deloitte provides 180DC with consulting training, train-the-trainer sessions, and advises180DC on how to scale. In return, the student consultants use their newly acquired knowledge to support NGOs on a pro-bono basis. Another initiative was the SchuldenLabNL partnership, which aims to fight debt and its repercussions on societal wellbeing. It does so by connecting with local debt initiatives across the country, and helping them to foster innovation, instil best practices, and design and measure their impact, the very things that Deloitte employees are good at.

Step up to market leadership

Feedback from clients and stakeholders is essential to improving our business and increase our client impact. Our client satisfaction score for 2019/2020 rose to 8.0 (FY20 target = 8). To achieve our target, we have implemented several programmes such as strengthening the soft-skills of our partners and practitioners, and an enhanced Engagement Feedback Programme, which have provided us with valuable feedback. A key element in our strategy is to strengthen the collaboration across our businesses. Blending our different offerings results in stronger client solutions. For example, for many of our larger clients we are involved in digital transformations where we leverage our capabilities across all our advisory businesses (such as strategy, marketing, technology, cyber and privacy). Several initiatives encourage collaboration such as target setting around collaboration, a strong voice of our Industries at the executive table and cross business teams for our clients and key offerings.

To help our clients develop and prioritise future business solutions, we organised 159 client events in The Garage (our space for co-creating the future businesses of our clients with fresh propositions, experiences, ventures, and digital transformations) as well as 247 Greenhouse labs in The Edge, our sustainable, and technology enabled office in Amsterdam. A Greenhouse lab is a client lab session aimed at solving complex issues through collaboration, and focusing on C-level agendas.

Invest in profitable growth

We have continued to invest in new capabilities and offerings to achieve profitable growth in the years ahead. Globally, we have defined a number of growth platforms such as M&A, Cyber, Cloud, Legal and SAP4Hana, where we invest in capabilities and build assets in a consistent way across our businesses. Our cross-business teams in SAP4Hana, Cloud, Cyber and M&A have been successful in building a solid pipeline and winning impactful projects.

Our aim is a balanced portfolio, which means growth across all our Tier-1 client segments. We have created a new client segmentation that helps us determine where to play and thus invest in quality. Even more than in the past, we focus on our Industries with the aim of improving our insights in market demands per industry. In our view, this renewed focus is already starting to have its effects: our focus on the needs of Tier-1 clients has enabled us to help them with complex technology driven business implementations or supplying them with high quality audits, through which we believe we have significantly increased our impact.

In the last years we have enjoyed significant growth across each of our sectors and capability areas. In the new strategy, our focus is on balanced growth across our four tier-1 clients segments, and growth through leveraging our global-led investments in our global growth platforms. In 2019/2020, we realised 17% growth in our tier-1 clients segments ranging from our global crown jewel clients to Deloitte Private, which is fully aligned with our strategic priorities.

Accelerate innovation

Bringing innovative solutions to market continues to be a top priority. We have made good progress, but are not where we had aimed to be by now with 26% of our revenues resulting from new and innovative activities against a target of 30%.

This is partly due to the re-balancing of our innovation scope from merely new product development to more (internal) process improvement and development of assets. Some examples include Robot Process Automation (RPA) for parts of our Tax, Audit and Client Acceptance processes, the implementation of a recruitment chatbot to improve our employer experience, and the increased use of Advanced Analytics and Artificial Intelligence in our traditional services. Some recent examples of successful innovations are Tax-I, an AI-driven research tool for legal rulings pertaining to tax legislation, and GlassBox, a toolkit that looks inside the proverbial 'black box' of AI-powered algorithms (see also page 71 for our vision and approach to innovation).

Deloitte NSE has selected three Dutch innovations (out of a total of eight for all NSE countries) to scale throughout North and South Europe, further strengthening our position as a leading technological innovator in our field.

In the past year, we have also put forward thought leaders to offer insights and express Deloitte's point of view in national newspapers, radio and television, online media and trade media. We have received good attention on topics that are important for our clients and society, including cyber security, artificial intelligence, blockchain and digital transformation.

Strengthen engagement and inclusiveness

An important element of our culture programme is the attention we give to engagement and inclusiveness. We aspire to be a firm in which every partner and practitioner feels at home, and these areas are critical to the success of our strategy.

In 2019/2020, we welcomed 1,055 new Deloitters (including 28 partners) in the Netherlands. Our talent engagement score for 2019/2020 was 7.5 (FY20 target is 7,75) which is an acceptable result overall, considering the challenges and demands on our talent resulting from the Covid-19 crisis where we were forced to close our offices and required our people to work from home. We achieved a stable talent result through more focused engagement through the application of new tools such as pulse surveys, check-in conversations, snapshots and coaching conversations. Additional actions continue to be needed to further improve our attractiveness as an employer and to become the premier career destination for (new) Deloitters.

Inclusion & Diversity (I&D) is a top priority in our new strategy. We have intensified our I&D programme. An example of this is the roll-out of an Inclusive Leadership assessment amongst the partners and directors. The Deloitte Female Mentoring programme, in which female (senior) managers and directors are coached by partners, has a positive impact on the development of our senior female talent. Another example 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 joining. Similarly, when asking if employees can cope with the pressures of work and parenthood, new fathers can be overlooked.

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. We have set ambitious targets for gender representation across our workforce. Although significant progress has been made this book year, we will further intensify our efforts. Please see the 'Become the premier career destination' section on pages 65-69 for more information. We are stepping up our efforts around cultural diversity. The events unfolding after the death of George Floyd have underlined the importance of this initiative and the need to create a safe and inclusive working environment for all our employees and partners. We have initiated a specific action plan to create a sense of belonging for all Deloitters by creating an inclusive culture and workplace where every individual can be their true self, is respected, and can fulfil their potential.

As part of the Integrity imperative, we operate 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. One of the points of concern, however, remains reducing the fear of retaliation when reporting unethical business conduct. In our talent surveys we note that not all our practitioners feel safe enough to report and address undesirable behaviour. To this end, we launched trainings and classroom meetings to cover potential dilemmas our talent may face in this regard and the expected environment and support we must provide them so that they feel safe.

Covid-19 response

After the outbreak of the Covid-19 pandemic in the Netherlands, our first priority has been the health and safety of our people and our clients. Covid-19 has had a large impact on our organisation and those of our clients, and addressing this impact has demanded a lot, from Deloitte and our stakeholders.

The financial effects in the last quarter of 2019/2020 have been limited due to the strength of our client portfolio and relationships, our diversified business model and how our practitioners and enabling services responded. We do, however, note that our pipeline is reducing for the new year and there is much uncertainty as to what the rest of the year holds.

At the same time, we are looking at the implications of falling demand for our professional services and have developed scenarios and responses. We expect that the economic effects of the pandemic will continue for a large part of 2020/2021 and we will continue to take measures and make decisions based on our guiding and sustainable principles (we focus on the long-term; the broadest shoulders bear the greatest burden) to ensure the safety of our people, while connecting and engaging with our clients, given the challenges they are also facing, and contributing to our communities and society. Most importantly, we are in sound shape financially and well equipped to deal with various scenarios. We also have credit facilities in place should it become necessary, to ensure our liquidity. Deloitte has not made use of the facilities created by the Dutch government to secure the immediate continuity of Dutch businesses.

Throughout the crisis, the safety of our talent has been paramount to our approach. Before the Covid-19 virus had officially set foot on Dutch soil, the efforts of our National Response Team were aimed at keeping our talent away from areas where the virus had already struck and getting our people who were in the affected areas back home safely. The second step we took was to eliminate all non-essential travel. Simultaneously, we started preparations for the eventuality of the pandemic reaching the Netherlands combined with potential consequences for the Deloitte organisation.

When the Dutch government asked people living in the southern part of the country to work from home wherever possible, we responded by asking our talent in these areas to comply with government policy. In addition, we began cancelling physical meetings and events. A few days later, the government extended the scope of this request to the entire country. As a result, Deloitte virtually closed its offices and expanded its IT-network to make sure all Deloitters could work from home. In addition, we stopped all air travel, took measures to support those with young children and expanded our digital collaboration tooling.

With our clients also facing issues related to supply, demand, liquidity, temporary closures, and crisis and resilience management in general, we developed a set of services to help them respond and eventually, to thrive in the post-Covid era, when it arrives. We have re-opened our offices within the limits of the 1.5-metre social distancing guidelines.

Financial performance

Our revenues exceeded the billion threshold for the first time in 2019/2020 reaching €1,015 million. The growth rate was 4.9% (2018/2019: €968 million). The primary drivers of the revenue growth were Consulting, which saw double digit growth of 15%, while Financial Advisory, despite being adversely impacted in the last quarter by the pandemic achieved growth (5%). Revenues of Audit & Assurance, Risk Advisory and Tax & Legal were slightly below last year, partly due to the economic disruption that took place in the last quarter of 2019/2020. Our results were further negatively influenced by one-off events such as the investments in our new CRM and ERP platforms. Our result before tax and management fee were €146.7 million (2018/2019: €167.6 million).

As a percentage of revenues, our result before tax and management fee decreased to 14.4% from 17.3% in 2018/2019. This result is a consequence of an increase in our workforce combined with a slightly lower productivity ratio. Furthermore, we have continued or increased our investments in learning, innovation and technology at local and global levels which partly contributed to a decline in profitability. We have also continued, albeit on a smaller scale, to deploy external contractors, which resulted in slightly lower margins. The decline in productivity, and consequently our profitability, also impacted our levels of variable compensation for employees. This is lower at €33.3 million compared to the €42.2 million made available in 2018/2019.

Solvency based on equity, membership capital and subordinated loans (group's capital base) was €96 million (2018/2019: €92 million) or 16.6%: (23.2%). This lower percentage is the result of our implementation of IFRS 16 in 2019/2020. Our year-end cash balance was in line with last year at €17.5 million. Our working capital defined as the sum of work in progress and receivables is €269 million which is €9 million lower than last year. Economic developments have not adversely impacted our cash position nor our working capital. For a full overview of and detailed notes to our financial performance, please see the Financial Statements, which are annexed to this report.

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 2019/2020, 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 2019/2020 do not contain any material misstatements.

Outlook

The global and Dutch economies have been severely impacted by the Covid-19 crisis. Driven by our diverse business and services offerings, and combined with integrated solutions for our clients across businesses together with our strong performance leading up to the crisis, we have been able to weather the storm in the last quarter of 2019/2020. However, we anticipate a considerable reduction in our pipeline during the Summer months, as some clients are expected to defer or discontinue certain projects. Furthermore, business development cycles for large transformations take time to mature and are likely to face longer lead times.

Given the uncertainties and the limited visibility we have on further developments resulting from Covid-19, including the possibility of a second wave, we are at this point unable to communicate a reliable outlook for 2020/2021. To navigate through the crisis we are continuously updating our scenario plans, so we are well prepared for the various potential outcomes. Furthermore, in combination with our focus on liquidity , cost control and available credit facilities, we believe we are well positioned to weather the storm, and emerge stronger once the crisis subsides.

While we are well financed with access to available credit facilities of € 100 million, in order to ensure our continuity in an extreme Covid-19 scenario, we entered into discussions with our banks to add an additional €50 million in credit facilities in the second half of 2020. This would then result in being able to access €150 million in facilities if needed

Investments in the coming year have been further prioritised to focus on what is strategically necessary or business critical, combined with investments in service offerings that are expected to grow during and after the crisis. This includes, among other areas, our current investment in implementing the global Deloitte SAP 4 Hana solution which is planned to go live this fiscal year; building on the recently implemented global Deloitte Salesforce solution; client offerings including Regminer, cloud and analytics solutions; and solutions related to responsible companies and the future of themes.

On our talent front we are rationalising our hiring in line with our Covid-19 scenario plans while ensuring we continue to invest in new hires.

The Board and our people take this opportunity to thank Mario van Vliet and Engelhardt Robbe for the impact they made during their term in the Executive Board as COO and CQO respectively. Also, a special thanks to Floris Deckers, our Chairman of the Supervisory Board for eight years, for his guidance during these challenging times and for helping us to become one of the leading professional services firms. We welcome Hans van der Noordaa as his successor and new Chairman as of April 2020.

Rotterdam, July 15, 2020

Executive Board

Hans Honig,
Chief Executive Officer and Chairman of the Executive Board

Oscar Snijders,
Chief Operations Officer

Liesbeth Mol,
Chief Quality Officer

Connect with new leadership New CEO: Hans Honig

An interview with CEO of Deloitte Netherlands, Hans Honig. How did he experience his first year and what are his ambitions?

How do you look back on this fiscal year?
'We are reflecting on a special year. When I started, I expected some economic headwinds in my period as CEO, not the deepest recession since WW2. I have a simple philosophy: as a leader you are as strong as your team. That is why I'm delighted with the start of the new Executive Board and the new Executive Committee last year. The level of collaboration, not only within these teams but across all our businesses and industries, is excellent and an important element of our strategy.'

What are the lessons you have learned?
'What I have learned in this period and what I found very valuable is that we cocreated our strategy with the partners and young Deloitte. We took an outside in perspective and listened to opinion makers, startups, politicians, academics and our clients. Together we concluded that our strategy should focus on how we can increase our impact on the big societal challenges and transitions in Dutch society. The active involvement of young Deloitters tasted for more and the Young Deloitte Council will continue to give us advice.'

What was the response to the outbreak of the crisis and how did this effect the strategy?
'During this crisis we can conclude that our strategy is Covid-19 proof. When we started creating our strategy we defined a couple of themes which are only become even more important. We accelerated ideas that were good ideas in the first place. It offers the opportunity to break away from existing 'patterns' and increases the need for accelerating digital transformations. The crisis will change the social contract between business and society, at large, and further accelerate the move to a more responsible, sustainable business model for our clients and ourselves. We will double down on our ambition to embed purpose in the core of our business, to have a tangible impact on the big societal challenges and transitions and to lead the way in quality and innovation in Audit. Our responsibility as a corporate to actively contribute to society is one of the key elements. With our Deloitte Impact Foundation we will take this to the next level and will focus on partnerships to make an even bigger impact on society.'

What will be the next steps? What needs to be done?
'We cannot do this alone. We need to attract the best talent and keep our talent pool engaged. The current situation encourages us to think more radically about the future of work. We can set an inspiring example in the Netherlands as to how we can redefine where and how we work, learn and interact, and how this results in a more diverse, inclusive and sustainable organization. Inclusion and diversity are top priority within Deloitte. We have set ambitious targets to increase the number of women in the top of Deloitte. This is simply the right thing to do and we see each day that diversity of thought leads to better performance. The first results are there, for example the number of female partners increased from 13 to 17% on the basis of headcount. Next year we will increase our efforts around cultural diversity. I have learned a lot from the events and discussions after the death of George Floyd and it made me even more aware how important it is to act.'

Training for teachers

Students and teachers are making extensive use of their computers on a daily basis due to the Covid-19 crisis. Dagmar and Masjenka set up a training to help teachers with issues related to cybersecurity and privacy. For instance, how to set up a meeting without being hacked, how to protect their tests in an online environment and how to share files safely. They offered it, free of charge, to teachers in the Netherlands.

'There is still a lot of ignorance about what cybersecurity is and what a hacker can do, while phishing has increased since the start of the corona crisis. With these trainings we hope to help teachers, who have an important role within our society, and increase awareness around cybersecurity and privacy.'

Theme:	Connect for impact
Challenge:	Contribution to society as Covid-19 response
Solution:	Covid-19 initiative of the Deloitte Impact Foundation
Who:	Dagmar van der Heijde & Masjenka Veldhuis, consultants

Report from the Supervisory Board

Report from the Supervisory Board

Introduction

Financial Year 2019/2020 (closed at May, 31) has, under the circumstances, turned out to be another successful year for Deloitte. Supporting our clients and strict cost management has resulted in a revenue growth of 4.9% and resulted in a total revenue of €1,015 million. Deloitte has completed the execution of strategy 2020 and has further improved its position in the market. Deloitte has also been able to respond and adapt quickly to the Covid-19 situation by making it possible for all partners and employees to work from home, even before the intelligent lockdown was announced by government, and by continuing to serve clients across all businesses and industries. The fact that Deloitte has delivered a robust financial performance with continued consecutive growth in the previous years, offers a good starting position to overcome the crisis.

Although we can look back on a successful year, consequences of Covid-19 are visible in the financial results of the last quarter and it is inevitable that this unprecedented crisis will further affect Deloitte financially in the upcoming year. The crisis will, however, also offer opportunities. Opportunities to develop and deliver new business models and to build on current client relationships. To truly help and support clients navigate through the crisis and add value for the longer term.

Central in the approach to navigating through the crisis, is the new strategy. The first part of Financial Year 2019/2020 has been used for its development. Deloitte's ambition is to become the undisputed leader in professional services by 2023. This goes beyond the mere volume of Deloitte’s business and includes, for example, leading in quality and the impact Deloitte makes on clients, stakeholders and society at large.

Financial Year 2019/2020 has also been dominated by the appointment of a new Executive Board, a new Business Lead Audit and several other Executive committee members. We are satisfied to observe that these appointment processes did not have a restraining effect on the pace of further growth, nor did it distract from the priorities of the firm, like Audit Quality and the Future of Audit, which have been and will be important topics on the agenda of the SB as well. This wouldn’t have been possible without the efforts and proper handover of work by former Executive Board and ExCo members. The Supervisory Board is grateful for their flexibility and loyalty and would like to thank Mario van Vliet and Engelhardt Robbe for their contribution to the success of Deloitte. Last but not least, we would like to thank our partners and employees for their ongoing support.

A same word of thanks are due to Floris Deckers, who has stepped down as our Supervisory Board Chairman after almost eight years of service. Under his leadership the governance and position of Deloitte has changed significantly: Deloitte Netherlands has, for example, merged into Deloitte NSE, the composition of the Supervisory Board has changed from a board with external and internal members, to an oversight body composed of external independent members only, with expanded responsibilities, an even stronger focus has also been given to quality, integrity, risk management and succession processes. From an Executive Board with eight members, we have also moved to an Executive Board with three members and an Executive Committee, which has strengthened the clout of our commercial representatives. During his two four year terms as Chair, Deloitte has grown significantly and has transformed to a successful professional services firm, with an even greater emphasis on quality. We would like to make use of the opportunity to thank Floris Deckers for his contribution to this success.

As said, the upcoming Financial Year will be challenging. We are confident however, that we are well positioned to inspire and support our clients and our leadership will continue with the execution of the strategy.

Rotterdam, July 15, 2020

On behalf of the Supervisory Board
Hans van der Noordaa

Key Supervisory Board resolutions and discussions in 2019/2020

Strategy 2023
During Financial Year 2019/2020, the new Executive Board has energetically started the development of Strategy 2023. The Supervisory Board has been actively engaged by the Executive Board in the development of its new plan for the Deloitte NL group, including Audit. The Supervisory Board has approved the new strategy and will monitor its execution in the upcoming years.

Management and Supervisory Board Succession
Due to multiple scheduled rotations in the Executive Board, the Executive Committee and the Supervisory Board in 2019/2020, leadership 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 and directed the selection and nomination process for the appointment of Oscar Snijders as COO of Deloitte Netherlands on 1 October 2019, the appointment of Liesbeth Mol as CQO and Rob Bergmans as Business Lead Audit, both on 1 February 2020, and the appointment of Johan Hopmans as new statutory board member of Deloitte Accountants B.V. in his current role as NPPD and Audit Risk Lead on 1 June 2020.
- 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.
- After following an extensive and careful selection process, the Supervisory Board nominated Hans van der Noordaa as successor to Floris Deckers and the General Meeting has approved this nomination.
- Jacqueline Rijsdijk and Frans Eelkman Rooda have been reappointed for two years as Supervisory Board members.
- The Supervisory Board has approved the appointment of Wiel Moonen as the new Compliance Officer Wta per November 1, 2019 and of Carlo Renne as Reputation & Risk Leader per February 1, 2020.

Audit quality
As the only Deloitte business under strict regulatory oversight, the Supervisory Board has consistently and frequently interacted with the Audit Practice about, for example, progress of its Audit Quality plan and initiatives to further enhance quality, the System of Quality Control, the company culture and interaction with external regulators and stakeholders.

Future of audit
The Supervisory Board has actively participated in the debate on the future of audit and its potential implications for Deloitte. The Supervisory Board was also represented in the internal Future of Audit working group. Recommendations of the 'Commissie Toekomst Accountancysector' (Cta) have been published, and the Minister of Finance has sent his response to the Cta report on behalf of the Cabinet to Parliament. The letter of the Minister contains a broad, but targeted package of measures, focused on the entire chain: the audit sector, audit clients and supervision. The Supervisory Board will continue to monitor the public debate with much interest. It will also continue to monitor Deloitte's response and to challenge Deloitte's progress on selected priorities, like the development of Audit Quality Indicators, the acceleration of culture initiatives and efforts related to fraud and business discontinuity.

Public Policy
With the ambition to become the undisputed leader in professional services, comes a proactive Public Policy approach, and a leading voice on themes and a leading role in discussions that matter for clients and society, like the Future of Audit and responsible tax. The Supervisory Board has actively participated in the dialogue about Public Policy, and will continue to do so.

Inclusion and diversity
One of the priorities of the Supervisory Board is to further enhance diversity and inclusion. Efforts and initiatives in previous years are beginning to gain traction, illustrated with the appointment of Liesbeth Mol as CQO and four new female ExCo members. The Supervisory Board is satisfied with these developments, but is of the opinion that there is room for further improvement. Therefore, it is important to continue to put substantial time and effort in diversity and inclusion related initiatives, focused on all levels.

Deloitte NSE
The year saw further integration into and further expansion of Deloitte North South Europe (NSE). Although the Supervisory Board has been established at the highest level of the group of Deloitte entities in the Netherlands, it is important that the Supervisory Board keeps itself informed on international developments as well. The Supervisory Board Chair is also a non-voting independent non-executive member of the NSE Board. This enables him to participate in discussions and to express and share the Dutch and Supervisory Board's point view. An update on international developments within Deloitte is a standing item on the agenda as part of the Executive Board report.

Covid-19
In the last quarter of Financial Year 2019/2020, the Supervisory Board has put emphasis on oversight in the field of Deloitte's response to Covid-19, with specific attention for measures related to personnel, quality and risk management, liquidity, financial scenarios and to ensure continued services to clients in the interest of the public and other stakeholders. Beside regular meetings, the Executive Board has frequently updated the Supervisory Board in video conference calls.

Other important agenda items of the Supervisory Board
Besides recurring corporate topics like the approval of the Integrated Annual Report and financial/business updates, other important agenda items for the Supervisory Board include: (i) the remuneration (policy) for the Executive Board, including short and long term objectives (ii) refinancing, (iii) further international integration of Deloitte, (iv) the transparency report of Deloitte Accountants, (v) certain incidents and high profile/risk engagements, including the Steinhoff matter.

Annual self-evaluation of the Supervisory Board
In last year's Integrated Annual Report, the Supervisory Board has reported on its self-evaluation. The Supervisory Board will evaluate its performance again at short notice.

Annual performance evaluation Executive Board and Audit management
In accordance with relevant legislation, the Supervisory Board has also evaluated the performance of the Executive Board and the daily policymakers of Deloitte Accountants B.V. in 2019/2020. The Remuneration Committee of the Supervisory Board has held two sessions (i.e. mid-term and year-end) with each member of the Executive Board regarding their individual performance and long term and short term objectives, including those related to quality. The Supervisory Board has also provided input for the performance evaluation of the Business Lead Audit & Assurance and has received feedback from the Executive Board with regards to their evaluation of the Business Lead Audit & Assurance as basis for determination by the Supervisory Board of his remuneration.

Supervisory Board (Committee) meetings and attendance
During 2019/2020, the Supervisory Board has held:
- 10 Board meetings (7 regular meetings and 3 additional meetings);
- 22 Committee meetings;
- 2 Strategy 'refresh' meetings with the Executive Board;
- Education days, focused on the Audit function, public policy and affairs, and governance;
- The Supervisory Board has held its annual meeting with the Dutch Authority for the Financial Markets in addition to some informal exchanges by individual members.

All Supervisory Board meetings are prepared in advance by the Chairman, CEO and the Company Secretary, and the meetings are joined by the Executive Board and a representation of the Partnership Council, on invitation by the Supervisory Board Chairman. Attendance of all Board and Committee meetings has been good, with an attendance rate of 92%.

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 have had several meetings with Young Audit Professionals. The Chairman and CEO meet frequently face-to face. Similar interaction takes place between the chairpersons of Supervisory Board committees and relevant members of the Executive Board or Executive Committee. Three General Meetings have been chaired. All voting proposals met with approval by the partners during these General Meetings.

Members of the Supervisory Board
During the greatest part of 2019/2020, the Supervisory Board comprised five members. Floris Deckers has stepped down as Chairman of the Supervisory Board on 1 April 2020, and has been succeeded by Hans van der Noordaa as per 29 April 2020. Between 1 and 29 April 2020, Frans Eelkman Rooda has temporarily assumed the Supervisory Board's chairmanship. Hans van der Noordaa has also succeeded Floris Deckers as (non-voting) Independent Non-Executive member of the NSE Board. Independent Non-Executive members of the NSE Board are remunerated for their role by Deloitte NSE.

During Financial Year 2019/2020, all Supervisory Board members have successfully completed the AFM Suitability Testing. All members of the Supervisory Board are also independent within the meaning of paragraph 2.1.8 of the Corporate Governance Code and article 22a.4 of the Wta, and in the opinion of the Supervisory Board, all independence requirements of paragraphs 2.1.8 till 2.1.10 of the Code and the Wta/Bta were met during 2019/2020.

Name	Start of first term	End of present term
H. van der Noordaa (Chairman)	April 2020	April 2024
Frans E. Eelkman Rooda (Vice-Chairman)	September 2013	September 2021
Jacqueline P. Rijsdijk	September 2013	September 2021
Vincent G. Moolenaar	November 2016	November 2020
Nienke E.C. Meijer	July 2017	July 2021

Based on new Audit legislation, 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.

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

The Committees are comprised of the following Supervisory Board members:

Audit & Finance Committee
Frans Eelkman Rooda (C)
Vincent Moolenaar
Jacqueline Rijsdijk

Selection & Nomination Committee
Jacqueline Rijsdijk (C)
Vincent Moolenaar
Nienke Meijer

Remuneration Committee
Nienke Meijer (C)
Hans van der Noordaa
Frans Eelkman Rooda

Quality, Integrity & Risk Committee
Vincent Moolenaar (C)
Hans van der Noordaa
Nienke Meijer

Highlights of the work of the Audit & Finance Committee during 2019/2020

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

The A&FC held five regular meetings and two additional meetings during 2019/2020. The findings and recommendations were reported to the Supervisory Board during the regular meetings of the Board. In general, the Chief Operations Officer, a member 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 2019/2020 focused on:
- Forecasts and financial plans;
- Implications of Covid-19 and business continuity / resilience scenarios;
- Financial performance of the firm, both at an aggregate level and for the different Businesses of Deloitte;
- Structure of the control framework of the group, especially with regards to 'work in progress' balances and IT controls;
- The planning and implementation of the new Financial, management and reporting system (SWIFT), aligned with the implementation of the same system in other NSE Geographies;
- New credit facility with the banks;
- Onboarding of the new external auditor;
- The work, activities and reporting of the external auditor;
- Realisation of the annual internal audit plan;
- Closer cooperation of the Internal Audit Function with the Internal Audit Function at NSE level;
- Internal and external audit findings, including follow-up on previous recommendations
- Planning and preparation of integrated reporting, including implementation of new standards such as IFRS 16 (lease accounting);
- Tax control framework;
- Integration of Deloitte Dutch Caribbean.

Highlights of the work of the Quality, Integrity & Risk Committee during 2019/2020

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 2019/2020, the QIRC held four 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 thoroughly discussed, among others, the Engagement Quality Control Review programme, the annual audit of the System of Quality Control, AFM expectations with regard to the role of the Supervisory Board, the Future of Audit (including reporting from Cta and MCA, incident (monitoring), culture, behavior and ethics;
- In response to Covid-19, conversations with Audit management have taken place, among other things to ensure continued service of Audit clients, with the right approach; in the public interest.
- 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.
- Beside Audit, several businesses have provided in-depth quality, integrity and risk management updates, in order for the QIRC to effectively fulfil its oversight responsibilities regarding these subjects of the Businesses of Deloitte NL;
- The Committee has thoroughly discussed material litigation (including Steinhoff) 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 firm's Enterprise Risk Framework and has discussed the process and determination of new risk priorities;
- 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 security and risk management;
- Updates and reports of the Risk and Reputation Lead (for example reports on WWFT obligations, budget for the RRL department, ethics, internal and external complaints, and reputational risks), reports of the Compliance Officer Wta, the Director of Independence and the General Counsel.

Highlights of the work of the Remuneration Committee during 2019/2020

The Remuneration Committee (RC) supports the Supervisory Board in decisions regarding the remuneration of the Executive Board members, including an assessment of their individual performance. Based on Audit legislation, decisions of the Executive Board regarding the remuneration of daily policymakers of the Audit firm are subject to approval of the Supervisory Board as well. In addition to the three Executive Board members, who are also daily policymaker of Deloitte Accountants B.V., this also concerns two other statutory board members of Deloitte Accountants B.V.: the BL Audit & Assurance, and [from 1 June 2020 onward) the NPPD/ARL.

The RC has held five meetings during 2019/2020. Highlights include:

- Further optimisation and professionalization of the performance review process;
- Preparation of the performance evaluation of all daily policymakers of Deloitte Accountants;
- The RC has evaluated the current remuneration policy and prepared the decision-making for determination of the remuneration of Executive Board members;
- The RC prepared the decision-making for determination of short and long-term objectives (KPIs) of the Executive Board;
- In addition to these five meetings, the RC held several meetings with individual members of the Executive Board, concerning their individual performance (MY and YE), determination of their objectives and remuneration.

In September 2019 the General Meeting approved the proposal to increase the basic remuneration of (i) the Supervisory Board Chairman to €87.500 and (ii) the Supervisory Board members to €62.500 per year. The remuneration for the chairmanship and / or membership of the permanent SB committees remains unchanged: €8,000 and €4,000 per committee, respectively.

Highlights of the work of the Selection & Nomination Committee during 2019/2020

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 2020 has been an important and busy year for the SNC due to several changes in both Boards and the Executive Committee. The SNC has held four regular meetings and many ad hoc meetings and calls in relation to the succession files mentioned below. Key highlights include:

- Supervisory Board succession planning, update of the Supervisory Board profile, the preparation of the reappointment of Jacqueline Rijsdijk and Frans Eelkman Rooda and the selection and nomination of Hans van der Noordaa as our new Supervisory Board Chairman;
- Succession planning of the Executive Board, and preparation of the appointment of Oscar Snijders as COO and Liesbeth Mol as CQO of Deloitte Netherlands;
- Preparation of the appointment of Rob Bergmans as new BL Audit and the appointment of Johan Hopmans as new statutory Board member of Deloitte Accountants;
- The SNC has repeatedly discussed succession management, the performance evaluation process of partners and leadership development;
- Rotation of ExCo members.

H. van der Noordaa (1961)
Member since 2020

Hans van der Noordaa has many years of (national and international) experience as a banker and insurer. He was CEO of Delta Lloyd (2015-2017) and was previously a member of the Executive Board of ING Bank and a member of the Executive Board of ING Group.

External positions and activities:
- Supervisory Board member of War Child
- Chairman of the Supervisory Board of Stadsherstel Amsterdam NV
- Chairman of the Supervisory Board of the Johan Cruijff Arena,
- Chairman of the Supervisory Board of Onegini and
- Member of the Supervisory Board of Health [e] Foundation.

Frans E. Eelkman Rooda (1952)
Member since 2013

Frans Eelkman Rooda is the former CFO of Royal Wessanen (2008-2011) and Mediq (1997-2008) in the Netherlands. Prior to that, he was a consultant and partner at McKinsey & Company.

External positions and activities:
- Chairman of the Board of Trustees of Centre for Human Drug Research
- Chairman of the Supervisory Board of Netherlands Translational Research Center B.V.

Jacqueline P. Rijsdijk (1956)
Member since 2013

Jacqueline Rijsdijk has worked at the Dutch Central bank for more than 25 years in several executive positions, her last position being Director of Payments (until 2008). Subsequently, she has been a member of the Board of ASR Nederland. As of 2010 she has focused on oversight positions in the public and private sectors.

External positions and activities:
- Chair of the Supervisory Board of Fair Share Fund Triodos Bank
- Chair of the Supervisory Board of the Green Fund Triodos Bank
- Chair of the Supervisory Board of Veer foundation
- Member of the Board of Stichting Beheer Hotelschool Den Haag
- Partner at Partner in Toezicht
- Member of the Supervisory Board of Royal Cosun (Coöperatie Koninklijke Cosun U.A.)
- Member of the Advisory Board of The Waste Transformers
- Chair of the Supervisory Board of Triodos Impact Strategies II NV
- Member of the Supervisory Board of AAP Implantate AG

Vincent G. Moolenaar (1963)
Member since 2016

Since November 1, 2016, Vincent Moolenaar has been a member of the Supervisory Board of Deloitte Netherlands. He has worked at Shell in various Commercial and General Management positions, including the position of Vice President Internal Audit for five years. In addition, he worked at Ahold as Chief Audit Executive from 2010 to late 2015 and from 2015 to late 2018 as Global Integration Programme Leader of the merger of Ahold and Delhaize.

External positions and activities
- Member of the Supervisory Board of 'Stichting Slachtofferhulp Nederland'
- Council ('Raad') of the Corporate Chamber ('Ondernemingskamer') of the Amsterdam Court
- Member of the Advisory Board of the European Leadership Platform
- Member of the Supervisory Board of 'Stichting ProDemos'
- Chair of the Programme Board of the education Executive Internal Audit Programme at the University of Amsterdam
- Chairman of Golfsociëteit De Lage Vuursche
- Auditor of NVZD

Nienke Meijer (1965)
Member since 2017

Since July 1, 2017, Nienke Meijer has been a member of the Supervisory Board of Deloitte Netherlands. Nienke Meijer has extensive (management) experience in the areas of strategy development, innovation/digitalisation, human capital and media. She has worked at (a.o.) Wegener, 'Eindhovens Dagblad' and 'Dagblad de Limburger' in several senior management positions. In December 2019, Nienke Meijer has stepped down as Chair of the Executive Board of Fontys University.

External positions and activities:
- Member of the Supervisory Board of Leiden University Medical Centre (LUMC)
- Owner of BlueLake Strategies B.V.
- Member of the Advisory Board of the AWTI (Adviesraad voor Wetenschap, Technologie en Innovatie)
- Member of the Board of Stichting Buitenboordmotor
- Member of the Board of Stichting de Volkskrant

New Supervisory Board Chair: Hans van der Noordaa

Hans van der Noordaa started his term as the new Supervisory Board Chair of Deloitte Netherlands on 29 April 2020. We ask him about his start at Deloitte Netherlands, the challenges ahead and his ambitions for the year to come.

How was your start at Deloitte?
'I had an intense introduction period at Deloitte. One of the benefits of starting in times like these is the opportunity I had to speak to many people in a relatively short time. Next to the diversity and commitment of the people I have spoken to, I was impressed by the deep talent pool within Deloitte. The diversity of clients and projects really stand out to me as well. As a Chair, the corona crisis immediately presented me with an all-hands-on-deck situation. You get to know the business model, the challenges, and the organisation's ability to respond fast. This takes much longer under normal circumstances.'

Which opportunities do you see for Deloitte?
'Despite the enormous progress Deloitte has made, joining forces to collaborate, both nationally and internationally, is an area where Deloitte still has a wealth of opportunities. Deloitte's enormous network and huge expertise creates many opportunities to offer our clients the best service. Increasing international collaboration to benefit our clients is high on our agenda. Both as Supervisory Board Chair and as Deloitte NSE Board member, I see many opportunities to do so. Next to this it offers a wonderful international challenge for our talented professionals, too.'

What are the challenges for Deloitte in society?
'As an organisation we could raise our profile with the outside world even more. We have an abundance of knowledge and we employ skilled professionals. We can use this to make an greater impact on society. Deloitte has always been modest in this respect. But now we feel confident that we have accumulated so much knowledge and experience that we can leverage it much more. We want to be a purpose-led organization, so we will also have to regard society as one of our stakeholders. I think there are a number of themes where Deloitte can play a positive role and I think one of the purposes of the Supervisory Board is to challenge and support the Executive Board in this respect.'

How do you look at the future developments?
'I feel that the interpretation of the Future of Audit is another important point. How will we, as Deloitte, collaborate with other major players on important themes such as quality, fraud and culture in the coming years? I am looking forward to contribute and my know-how and experience will be of help. In my opinion, talent management also offers plenty of chances and opportunities. We want to better understand how much talent the pipeline holds, how we can further develop this talent and the potential people have. It's an area where a good start has already been made. Last but not least, talent development is a key responsibility for the Supervisory Board. Especially when it comes to developing the pipeline for top management positions.'

Connect to accelerate impact – Strategy 2023

Connect to accelerate impact – Strategy 2023

As Deloitte, we are driven to make an impact that matters to our clients, our people and society. We strive to be an adaptive organisation that continuously evolves to meet new challenges, solves our clients' problems, and positively contributes to the society we live in. We want to be the first choice for our clients and talent, to be the undisputed leader in professional services and to be known as the firm that embraces differences and encourages talent to reach their full potential. We acknowledge that carbon has a negative impact on billions of people and therefore strive to become carbon neutral or even positive. We believe that not all that matters is financial, or even that all that *really* matters in life is *non*-financial and as a consequence steer our business based our purpose combined with a broad set of key performance indicators, both financial and non-financial.

Background

Over the past years, we have grown to become the biggest professional services provider in the Netherlands in terms of turnover and people employed. Our success is mainly driven by autonomous growth that we have experienced as a result of our broad capabilities, and a focus on our businesses and our talent.

The ongoing acceleration of technological innovation and data usage will cause significant changes in society, businesses, and our daily lives, with corresponding opportunities and challenges. Technology is blurring the traditional boundaries of industries, the global economy tilts to Asia. At the same time, global society struggles with the depletion of resources, pollution, and climate change. All of this creates uncertainties about increasing inequality, (job) insecurity, decreased social mobility, a sustainable world, and the safety of our society. The Covid-19 crisis has amplified and accelerated these trends, reconfirming our resolve to transition into the firm we need to be to continue being impactful.

Governments try to deal with these uncertainties by issuing more regulations. Full transparency is rapidly becoming the norm. This transparency will highlight the ever-growing gap of trust between business and society, with businesses having to adjust to a world where being a responsible business is one that places the importance of stakeholder value above that of shareholder value.

New paradigms

The above shifts have created new paradigms:

- **Purpose powers performance**: There is a clear shift from a company's focus on shareholders' value to stakeholders' value. In the latter, companies act with a clear purpose and are willing to take responsibility to create value for all their stakeholders.
- **Fast beats big**: Digital-native organisations are becoming increasingly dominant. This widens the gap between organisations who can keep up, and those who fall behind. The focus of companies' operating models shifts from scaled efficiency to fast learning.
- **Ecosystems beat the lonely**: In this new world, industries will converge, and new ecosystems will emerge. This creates the need for new connections and orchestrators between people, companies and countries based upon the seemingly endless possibilities of tomorrow's technologies.

What the future holds

Within ten years, client expectations will have changed significantly. They will expect fast-paced, entrepreneurial and step=by-step change rather than today's large-scale waterfall transformations. To offer the right service, we need to continue our own transformation to become a more agile firm.
We will be challenged to put our money where our mouth is. Rewards will increasingly be outcome-based, and we will form ventures with our ecosystem partners. Our industry will become far less labour-intensive due to AI solutions and access to large data sets. The disruption by tech giants that we have predicted, is happening. A few agile incumbents like Deloitte will have dared to disrupt their own business models.

Our Audit activities are expected to remain regulated; our Multi Disciplinary Model will prove its value and we will regain trust by innovating our Audit propositions with more relevant and forward-looking assurance.

Our strategy

In this new world, a purpose-driven culture with strong values is essential and provides direction in a rapidly changing world. If we embed our purpose in all our activities and improve our ability to adapt swiftly, we will flourish. All of this urges us to connect; within Deloitte, and with our clients and society.

Connect to accelerate impact

Connect: Proactively connecting clients, partners, suppliers, our people and ecosystems; supporting our clients' transitions to become more responsible businesses;

Accelerate: Accelerating by faster learning and leveraging our C-level relations, technology capabilities and culture of innovation.

Impact: Driving tangible, measurable improvements to amplify impact on our clients, our people and society, focusing on long-term sustainability in the Netherlands, with a priority on following key societal challenges: work, health, safety, energy transition, mobility and food.

In 2023, we will have fully embedded purpose in our daily business, and through our client work will have a tangible impact on the big societal challenges in the Netherlands. As an orchestrator in ecosystems we will be accelerating learning, and connecting across industries, and public and private organisations. In 2023, our aspiration is to be the leader in professional services in The Netherlands: in terms of market position, quality, and most importantly in the minds of our clients, stakeholders and talent.

Strategic imperatives

In order to become the Deloitte that we want to be in the future, our strategy is built on five strategic imperatives where we will deliberately make a step change.

1. **Embrace purpose and quality**
   We live our values to impact our clients, our talent, and the society around us in areas where we can make a difference and lead in quality. Therefore, we will embed our purpose in the core of our business and everything we do, with a focus on key big societal challenges. We will also continue our robust quality programme in Audit and broaden to the whole firm.

2. **Step up to market leadership**
   Undisputed leadership is not (only) about size, but about the impact we make. We should be leading in the minds of our clients, stakeholders, and talent, next to leading in market position in our chosen markets. That is why we aim to strengthen our C-level network and profile in the public domain and aim for a number one or two position in Advisory. In Audit we will lead on quality and innovation and secure a fair market share in the upcoming rotations.

3. **Invest in profitable growth**
   We look to continue our profitable growth in the coming years. To realise profitable growth throughout our client portfolio, we will leverage our NSE MDM growth platforms such as Cyber, Cloud and SAP4HANA, to grow our core, export our unique capabilities and leverage assets. Our objective is a balanced portfolio, which means growth across all client segments.

4. **Accelerate innovation**
   Staying ahead of the curve requires us to continuously invest in innovating our business. Innovating at the edge of our business prepares us for change by disrupting ourselves. With this end in mind, we will innovate with a long term focus close to our clients and innovate at the edge by experimenting with disruptive ideas.

5. **Strengthen engagement and inclusiveness**
   Our Talent defines the impact we have on clients and society. We believe in the power of diversity and recognise that this starts with an inclusive culture that allows every individual to grow in line with their personal needs. Therefore, we will facilitate different career paths, and embed inclusive leadership as the driver for an inclusive culture and the foundation for significant improvements in diversity. We will also stimulate entrepreneurship close to our markets by involving all our partners and Young Deloitte in shaping the future of our firm.

The Covid-19 crisis has strengthened our conviction that our new strategy is the only way forward for us to fulfil our ambition and has pushed us to sharpen our priorities. For a summary of our activities on the five strategic imperatives and for an overview of our Covid-19 response, please see pages 6 - 9 of the Report of the Executive Board.

Embedding our strategy

All our businesses and industries have translated the strategy into their plans for the short and long term. We have set ambitious internal and external targets on the level of Deloitte as a whole, and - where possible - have cascaded them down to our businesses and industries to allow for solid performance tracking and management. Our strategic KPIs and targets will also guide our future public reporting. Please refer to page 35 for an overview of our internal and external KPIs and the targets we have set to be achieved by 2023 and how our new strategy impacts the Sustainable Development Goals.

Future of mobility

Breakthroughs in self-driving cars are only the beginning: The entire way we travel from point A to point B is changing, creating a new ecosystem of personal mobility. The shift will likely affect far more than just automakers—industries from insurance and healthcare to energy and media should reconsider how they create value in this emerging environment.
By sharing insights through articles, podcasts and videos, and conducting specific research into the Future of mobility, we aim to provide a holistic view of trends and technological possibilities. We connect the various actors (governments, private sector, thought leaders, end users) to speed-up the transition away from the status-quo, towards a more sustainable mobility model. At the same time, our teams are working for clients within the mobility ecosystem to ensure their resilience in a fast-changing and revolutionizing sector.
If you want to read more about this topic, please visit https://www2.deloitte.com/us/en/pages/about-deloitte/topics/future-of-mobility.html.

Unemployment research

'State of the State' is Deloitte's research programme to provide policy makers and organisations useful insights in areas of education, health, labour and cyber based on current and open data. With this research we influence the political agenda and government strategies. In 2019 we conducted extensive research and deep dives into mismatches on the labour market in the Netherlands. The team also developed an interactive tool to help the unemployed search for matching positions based on their last position.

'Unemployment is a big issue in the Netherlands, but also in the rest of the world. In our research we revealed that 130,000 unemployed people in the Netherlands have a greater possibility of getting a job if they looked at skills and applied for a job in a different sector where the same skills are needed. This can have an enormous impact on society: we can lower unemployment and vacancies can be filled more quickly.'

Theme: Connect for impact
Challenge: Contribution to society
Solution: State of the State – Deloitte's research programme
Who: Maurice Fransen, partner

Our firm

About Deloitte

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and legal, and related services. With more than 175 (!) years' experience of providing professional services to clients, developing our talent, and engaging with society, our global organisation has grown in scale and diversity—approximately 286,000 people in 150 countries and territories are providing these services—yet our shared culture remains the same. Our organisation serves four out of the five Fortune Global 500® companies and almost all the AEX companies, providing either assurance services or advisory services to non-audit clients.

Deloitte the Netherlands is the Dutch firm of Deloitte North and South Europe and as such is a separate and independent legal entity. Deloitte the Netherlands operates in the Netherlands and in the Dutch Caribbean. For a full list of subsidiaries, please see page 126.

In the Netherlands we employ over 6,400 people (excluding contractors) who work out of 16 different offices around the country. This makes us one of the leading Dutch professional services providers in the areas of audit, tax and legal advisory, consultancy, risk advisory and financial advisory. Our practitioners work in multidisciplinary teams that are a key value add in how we serve our clients, and apply a broad and deep vision in addressing and resolving their challenges and opportunities.

To maintain a consistent high quality of our services to clients, we have developed a standardised business process that is summarised below.

Organisational changes

In 2019/2020, the decision was taken that Deloitte Middle East joins Deloitte NSE on June 1, 2020. Per that date, Deloitte NSE comprises the following countries: the Netherlands (incl. DDC), UK & Switzerland, Ireland, Belgium, Finland, Denmark, Sweden, Norway, Iceland, Italy, Greece, Malta, Libya, Palestinian ruled territories, Cyprus, Lebanon, Jordan, Iraq, Egypt, Saudi Arabia, Kuwait, Bahrain, Qatar, UAE, Oman and Yemen. Deloitte NSE brings together over 49,000 professionals, which will help us make an even greater impact in each of our markets. By working as one enlarged firm we can achieve more - for our clients, our people and the communities we work in - than we would be able on our own.

Material topics

On the basis of our **stakeholder dialogue**, we determine topics that are important to our stakeholders and to us. We actively manage these topics and report on our activities and performance.

Compared to our previous report and in line with both our Strategy 2023 and our **materiality analysis**, we have expanded 'Client satisfaction' to include the Net Promotor Score (NPS), have changed 'Bringing new service offerings to market' into 'Technology enabled solutions' and have added 'Contribution to societal challenges' to the list of material topics.

	Area	Topic	See page(s)
1.	Quality	Quality of services Client satisfaction / NPS Credibility / Trust Privacy Data security Reviews by supervisory authorities	62-63 63 33-34 64 64 3. 47
2.	Ethics & integrity	Ethical standards Integrity Anti-corruption	38-40 38-40 41
3.	Talent	Diversity & Inclusion Training & education Career development Vitality	67-69 62-63, 67 65-67 69
4.	Economic performance	Profitable growth Internationalisation Cost reduction	71-73 76 74
5.	Innovation	Technology enabled solutions	8, 23, 71
6.	Impact on society	Corporate citizenship Social impact Contribution to SDGs Climate and CO_2 emissions Contribution to societal challenges	59-60 59-60 33-37 74-75 6-7, 23

Deloitte Businesses

Audit & Assurance
Consulting
Tax & Legal
Risk Advisory
Financial Advisory

Deloitte NSE countries

- Deloitte Netherlands
- Deloitte NSE
- Deloitte Middle East

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.

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 relationships with and responsibilities towards 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 visit **www.deloitte.com/about**. Deloitte NSE – with affiliates in 13 countries 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 the 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), a 100% subsidiary of Coöperatief Deloitte UA, 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 the NSE Executive. The NSE CEO is accountable to the NSE Board to deliver on the agreed long-term strategy of Deloitte NSE. The Deloitte NSE ways of working are based on the principles of Connected+ Autonomy: Deloitte Netherlands, as well as the other national practices within NSE, maintain a significant degree of marketplace, talent and operating independence. Importantly, our Strategy 2023 is also fully aligned with the overall NSE strategy 2023.

The Dutch Corporate Governance Code and Audit legislation

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 is intended. Nonetheless, we 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.

Deloitte's articles of association, rules and regulations are fully in line with the applicable Audit legislation, such as the Wta and Bta.

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 matters of public interest; (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 members: Hans Honig (Chief Executive Officer and Chair), Oscar Snijders (Chief Operations Officer) and Liesbeth Mol (Chief Quality Officer). The members of the Executive Board are appointed for a period of four years and are eligible for re-appointment for further period(s) of no more than four years.

In the last years, diversity has been one of Deloitte's spearheads of attention and remains a top priority for both the Supervisory Board and the Executive Board. Although there is still room for improvement, our diversity programmes continue to develop: in this financial year, Liesbeth Mol has been appointed as Executive Board member and four out of 19 members of the Executive Committee are presently female (including Liesbeth Mol).

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, considering the relevant interests of all stakeholders. It is responsible for observing relevant laws and regulations, managing the risks involved in the company's activities and overseeing its financial affairs.

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 2019/2020.

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%) that 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. Per June 1, 2020, the Executive Committee consists of 19 members, reflecting our present operating structure (please see page 30 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.

Our leadership in 2019/2020 (per May 31, 2020)*

Supervisory board

Frans Eelkman Rooda	Jacqueline Rijsdijk	Hans van der Noordaa	Nienke Meijer	Vincent Moolenaar
Member	Member	Chairman	Member	Member

Executive board

Oscar Snijders	Hans Honig	Liesbeth Mol
COO	CEO	CQO

Executive committee

Business Leads

Erik Nanninga
Business Lead Consulting

Rob Bergmans
Business Lead Audit & Assurance

Willem Blom
Business Lead Tax & Legal

Harvey Christophers
Business Lead Risk Advisory

Dagmar Enklaar
Business Lead Financial Advisory

Industry Leads

Dominique van Seggelen
Consumer

Eric Vennix
Energy, Resources & Industrials

Pieter Hofman
Financial Services

Rob Dubbeldeman
Government & Public Sector

Michel Vreedeveld
Technology, Media & Telecommunications

Ton van Abeelen
Deloitte Private

Bianca de Elzen
Clients & Industries

Funtional Leads

Petra Tito
CHRO

Rianne Jans
Finance

Carlo Renne
Reputation & Risk Leadership

Emeric van Waes
Corporate Strategy Officer

* Click on a name to access more information

Note: per April 2020, Floris Deckers retired as Chairman of the Supervisory Board. His successor is Hans van der Noordaa. Per October 1, 2019, Oscar Snijders was appointed COO, a position previously held by Mario van Vliet. Oscar was succeeded as Business Lead FA by Dagmar Enklaar per same date. On February 1, 2020, Liesbeth Mol was appointed CQO succeeding Engelhardt Robbe. Per that date, Carlo Renne was appointed RRL, a position previously held by Liesbeth. On the same date, Rob Bergmans was appointed Business Lead Audit & Assurance, replacing Bert Albers. Finally, per May 1, 2020, Rianne Jans was appointed Finance Lead, replacing Anton Sandler who returned to the Audit & Assurance business.

Responsible business

Being a responsible business and being recognised as such by our clients, employees and the public at large is an important element of the ‘Embrace purpose and quality’ imperative of our strategy. Throughout our value chain, we want to do things right. By implementing meaningful corporate responsibility initiatives such as the ones described throughout this report, we aim to reduce negative impacts and enhance our positive ones. 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 what we do. In line with our purpose and strategy, we are an actor 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 is powered by our purpose and aspiration and supported by our strategy.

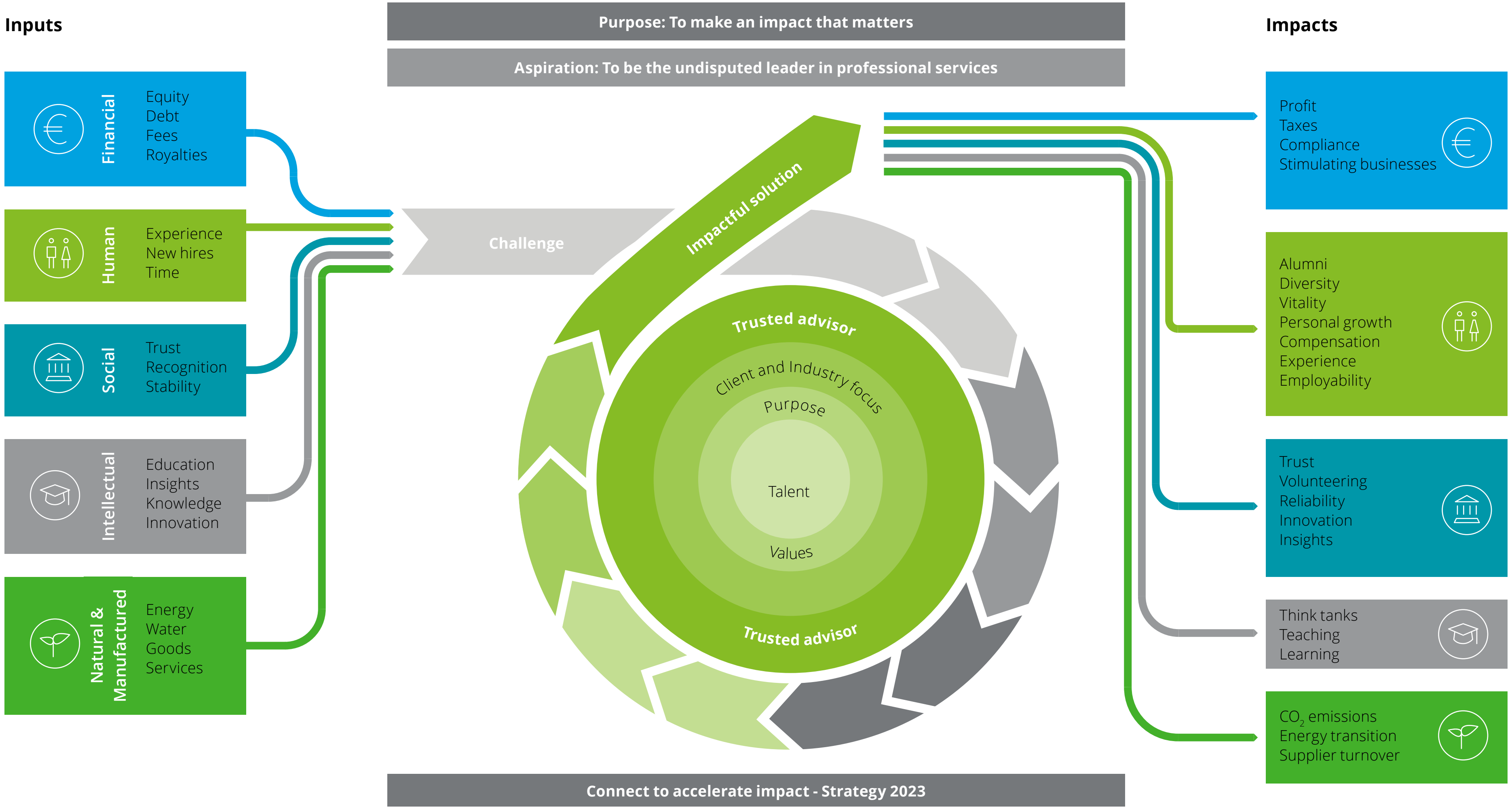
As a business, we use tangible and intangible capitals to fulfil our purpose. By operating our business model, we have a direct and indirect impact on our stakeholders. On page 32 we describe our business model of value creation in a schematic way, detailing our main inputs and impacts. These impacts are further elaborated on pages 33-34.

We value our multi-disciplinary business model (MDM) that combines the capabilities across our businesses in the areas of audit, 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 can switch between businesses, thereby broadening their horizon and increasing their performance;
- All businesses contribute to a better understanding of economic sectors (industries), and provide insights and technology that enhances the overall quality and the economic relevance of the services provided by Deloitte;
- The Covid-19 crisis has confirmed that our MDM ensures we are less exposed to cyclical fluctuations in certain businesses or industries

‘As a responsible business with purpose at the heart of our strategy, we constantly look for opportunities to make an impact in the area of sustainability. For us the Sustainable Development Goals provide a compass to making responsible decision in our operations, our engagements and our partnerships, and during FY20 we also took the first steps to setting a far more ambitious path towards a target of zero carbon emissions as a firm. In terms of our impact on clients' sustainability, we are investing more than ever in building up our sustainability services and embedding it in all our services to clients.'

Harvey Christophers ,
Business Lead Risk Advisory



Embrace purpose and quality
Step up to undisputed leadership
Invest in profitable growth

Accelerate innovation
Strengthen engagement and inclusiveness

Our impacts explained

An impact that matters ...
In this section we elaborate on the impacts that are identified in the Value creation model on page 32. With over 6,400 partners and employees in 16 offices across the Netherlands (and 2 in DDC), Deloitte is the largest provider of professional services. In this section we describe the identified impact on our stakeholders, inspired by the six capitals as defined by the International Integrated Reporting Council (IIRC).

... on the financial world
Our main contribution to the financial world is our indirect 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, optimisation and focus on innovation by our clients.

These activities allow companies and governments to increase their impact and enhance their resilience, thereby stimulating business and contributing to their financial performance.

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 more impactful, 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 have a negative influence on employment.

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. End 2019 we added an additional credit facility of €30 million given the growth of our business and related general and working capital purposes. As a result of the Covid-19 crisis and to ensure our continuity in an extreme scenario, we entered into discussions with our banks to add an additional €50 million in credit facilities in the second half of 2020, which can result in being able to access €150 million in facilities if needed.

Deloitte is successful in achieving a substantial return on its investments in 2019/2020. The Operating result amounted to €157.2 million.

...on our people
Through employment, we contribute to the livelihood, training and development of our more than 6,450 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, each year we team up with many independent external specialists on project basis.

For many of our employees, Deloitte is the starting point of their careers. On an annual basis, some 1,290 students and young graduates are given the opportunity to join our team. Through learning on the job, teaming, continuous training and education, we facilitate both personal and professional growth. 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 eventually lead them to being invited to become a partner in the firm. At the same time, many of our recruits find their ways to successful and 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 active 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 results in a related negative estimated impact of €18.3 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 €6.1 million. These costs help our employees 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 and leading the debate: 192 of our professionals are internally registered to hold additional 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
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, thereby creating value for their stakeholders. We believe the societal impact of our assurance and advisory work to be greater than the revenues received.
We aim to serve our clients with integrity. As a result, we maintain an extensive ethics programme and complaints mechanism

(please see pages 38-39). We want to work for and with clients who act with integrity themselves. To this end, we have robust client acceptance and continuance procedures in place. In 2019/2020, our Acceptance Centre performed 9,278 background checks to support client acceptance or continuance decisions.

To enhance the sustainability of our clients, we offer advisory services to our clients that can help have an impact in this area. Our Sustainability Team in Risk Advisory performs services related to - among other areas - energy transitions, circular business models sustainability reporting. But also, other services relate to the sustainability of our clients, such as supply chain advisory services in Consulting and our legal compliance and ethics services within Risk Advisory. An example of sustainability services in the supply chain is our work with a large agricultural trader to enhance traceability to safeguard compliance with food safety standards, and enhance insight into the structure of the supply chain and the ethical dilemmas that can occur.

Simultaneously, Deloitte contributes by making knowledge available through, for example, our state of the state research (see page 24 for an example from 2019/2020), our 'future of' initiatives and our volunteering through the Deloitte Impact Foundation. Yet, we do realise that in certain instances we have fallen short of societal expectations. We therefore 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 75.

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, e.g. our partnerships with regards to mobility, office development and energy.

Through partnerships with, for example, the Ocean Clean-up and the Vattenfall Solar challenge, Deloitte aims to actively contribute and create awareness around the need to address environmental impact.

Making the connection

The five imperatives from our strategy impact our material topics and the realisation of the Sustainable Development Goals. For all strategic KPIs, we have set targets to be achieved by 2023. Please see page 35 for a summary of how our strategy impacts the realisation of the Sustainable Development Goals and addresses our material topics.

Strategic imperative	Link to material topics	SDG link	KPIs	Target 2023	Actual FY19	Actual FY20	Page(s)
Embrace purpose and quality	Quality of services	4, 8, 16	Score from clients, talents and other key stakeholders	8+	N/A	N/A	
	Client satisfaction and NPS	8, 9, 16					
	Credibility/Trust	8, 16	Client satisfaction score (all engagements)	8+	7.8	8	
	Privacy and Data security	16					
	Reviews by supervisory authorities	16	Regulatory quality	>90%	100%	89%	
	Climate and CO_2 emissions	13					
	Corporate citizenship	1-17	Carbon emission reduction (base year FY19)	>20% reduction	0	-24.2%	
	Social impact	8					
	Contribution to SDGs	1-17					
	Contribution to societal challenges	1-17					
	Training & education	4, 5, 10					
Step up to undisputed leadership	Ethical standards	4, 5, 16	NPS at C-level among tier 1 clients	>40	N/A	N/A	
	Integrity	16					
	Anti-corruption	16					
	International cooperation	17					
Invest in profitable growth	Growth	8					
Accelerate innovation	Technology enabled business	1, 4, 8, 9					
Strengthen engagement and inclusiveness	Talent engagement	8	Talent engagement score	>8	7.5	7.5	
	Diversity & inclusion	4, 5, 8, 10	Employer of choice in relevant ranking	Top 10	#8	#8	
	Career development	4, 5, 8, 10	Employer of choice among STEM students	Top 15	#43	#33	
	Vitality	3, 8	Female positions in leadership roles	30%	24%	29%	
			Female partners as % of total partners	22%	12%	14%	

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 actors, including the private sector. Deloitte impacts the realisation of the goals in two ways: operational and relational.

Operational impacts

Operational impacts to the SDGs are the direct intentional and unintentional results of (the way in which we operate) our business. The main areas of our operational impacts are:

- Our audit & assurance activities that enable informed (investment and other economic) decisions to take place and stimulate financial transactions;
- Our advisory work which enables our clients to improve their organisations;
- Our telant development and investments in innovation.

Based on our business model and the capitals that are most relevant to us, we prioritised four SDGs that are key to making a material impact. Considering the interconnected nature 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 | #5: Natural

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.
- 13 CLIMATE ACTION: To power our offices and travel to clients we emit CO_2
- 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 is driven by our talent and intellectual property. Therefore, both training and diversity & inclusion are strategically important topics 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 62. For inclusion & diversity please refer to pages 67-69.

SDG8: Decent work and economic growth

Innovation and digitalisation facilitate a globalised and interconnected world. Digital solutions are causing radical changes to the global labour market. Herein lies our contribution to SDG8, 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 basic salary ratio for women and men based on the GRI Standards. We believe this indicator best reflects our aim to treat all our employees equally and fairly. Please refer to page 68 for more information.

SDG13: Climate action

Even though we are not considered to be a polluting industry, we use fuel to go to work, visit our clients and maintain our international network. In addition, we heat and power our offices and our dedicated Server Centre. All these activities result in the emission of CO_2 and contribute to global warming. To track our progress against our ambitious reduction targets, we have developed KPIs. Please refer to page 75 for more information.

SDG16: Peace, justice and strong institutions

We observe an increased complexity in value 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 ecosystems. Hence, our contribution to SDG16 is closely linked to our quality ambitions. Our main indicators to measure our impact on this SDG are ‘client satisfaction’ and ‘% of regulatory reviews that are satisfactory’, having set targets in both areas as part of our Strategy 2023.

Relational impacts

Relational impacts occur as a result of our relationships with clients and partnerships with other organisations around socially relevant themes. For example, our ‘future of’ agenda has the potential to impact the following SDGs:

Future of work

Future of health

Future of energy

Future of mobility

Future of safety

Future of food

As it is virtually impossible to capture our contribution to relational impacts in meaningful KPIs, we will report on our efforts in a qualitative way in our future reporting.

Ethics and integrity

Embedding ethics and integrity

Our culture of ethics and integrity is fundamental to our impact. Our Global Principles of Business Conduct (or Global Code) outlines the commitments that each of us makes. It is based on our Shared Values and reflects our core belief that, at Deloitte, ethics and integrity are not negotiable.

Our NSE Code of Conduct embeds the Global Code and defines and outlines specific NSE requirements and ethics programme resources. Our ethics programme aims to build trust in our professions and among our professionals, strengthen our reputation and relationships with stakeholders, minimize ethical risk, and help our talent make the best professional choices.

In 2019/2020, we continued to implement and build on the Deloitte global ethics strategy. In close collaboration with the NSE ethics team we cooperate to achieve these goals via the following strategies:

- Ethical leadership
- Engaging leaders by holding leaders accountable for the ethical culture, and measuring performance against key ethics criteria.
- World class ethics programme
- Setting clear expectations and reinforcing ethical behaviour ensuring all professionals and stakeholders understand what we stand for and how to behave.
- Embed ethics in all we do
- Making ethics integral to all of our processes and decisions.
- Identify and mitigate ethical risk

Collecting and analysing ethics related data to better understand where we stand and to drive a proactive focus on ethics.

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 report in good faith any actual or suspected misconduct. The Deloitte Speak Up line is an additional channel to report actual or suspected misconduct or raise any ethics-related queries, 24 hours a day, 365 days a year. We note that it is also important to learn from mistakes made, violations, and speaking about them while also ensuring privacy elements are respected.

Governance

The ethics programme provides support for building ethical judgement and decision-making skills across Deloitte. The Ethics Leader in the Netherlands engages leadership, addresses and resolves ethics reports, consults on tough issues, and communicates the importance of integrity and the reliability of reporting channels to strengthen the “speak-up” culture.

Our Chief Quality Officer, Liesbeth Mol is - in her role of NSE Ethics Leader -responsible for ethics within NSE. The Dutch and NSE Ethics Leaders are supported by a Deputy Ethics Officer. Furthermore, the Dutch ethics team consists of three confidential counsellors (‘vertrouwenspersonen’). In addition to the ethics team, twelve directors and partners within the functions act as ethics ambassador. They help to broaden the scope of the ethics programme, reaching out to all partners and Deloitte professionals, acting as linking pin between the business and the ethics team and promoting our core values at a local level.

On a periodic basis the Dutch Ethics Leader reports on ethics issues and the progress on the ethics programme to the Executive Board and Supervisory Board.

Learning

In 2019/2020, more than 70% of our partners have attended the ‘Leading with Integrity workshop’, an interactive two-hour session that is delivered across the Deloitte network to all our partners around the world.

In November 2019, we have initially launched the newly designed ‘Champions for Ethics’ e-learning for managers, senior managers and directors. This mandatory e-learning helps them understand the importance of the role they play as team leaders and ethics advocates at Deloitte. From now on we will ask all new hires manager up and new promoted managers to complete this e-learning as well.

In February 2020, we launched the ‘Speak Up for Values’ e-learning for all Deloitters (except for partners who have joined the Leading with Integrity workshop). This mandatory e-learning dives deeper into acting on our values and supports building a speak-up culture by developing our professionals' ethical judgement and decision-making skills, and emphasising the importance of consultation.

Ethics Survey
In September 2019 we measured the effectiveness of the ethics programme through our annual ethics survey. The results of the survey have been discussed by the Executive Board and the Supervisory Board and the highlights were communicated to all employees.

The survey results show that:
- 95% 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 the ethics team, learning, our shared values and Code of Conduct);
- 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 and we need to further enhance this to create a safe environment for reporting unethical business conduct;
- We must intensify our efforts to achieve an even better 'speaking up culture' to encourage our people to report unethical misconduct.

Based on these findings, our Ethics Operational Plan for 2019/2020 was focused on:

1. Continuously creating awareness for ethics, procedures, ethics team and consultation processes;
2. Encouraging people to speak up and to further reduce fear of retaliation;

Table 01: Incidents: number of reported occurrence

Type	2019/2020	2018/2019	2017/2018
Sexual harassment	8	5	4
Intimidation	8	7	10
Stalking	2	0	1
Corruption	0	0	0
Other disrespectful treatment of colleagues (e.g. bullying, alcohol abuse)	73	69	71

Besides the incidents mentioned in Table 01, in 5 instances (2018/2019: 23) contact was sought for the purpose of further alignment.

3. Further development of the ethics ambassadors to create awareness for ethics and to act as linking pin between the business and the ethics team.

Anti-Corruption

Anti-Corruption is one of our Global Key Commitments and requires the attention of all our partners, employees and external hires. We are opposed to corruption in all its forms and want to contribute to good governance, economic development, and the improvement of social welfare wherever we do business. Our partners and employees are required to comply with the applicable Anti-Corruption laws, including as a minimum, the provisions of the Dutch Criminal Code, the UK Bribery Act (2010) and, where applicable, the US Foreign Corrupt Practices Act (FCPA). Our fully implemented and comprehensive Anti-Corruption Framework consists of seven different elements that are presented in the picture below, and that mitigates the risk of corruption within Deloitte, supporting our professionals with guidelines to report Anti-Corruption when needed.

Governance

Programme strategy and objectives are determined by our Anti-Corruption Committee and the progress of our operational plan is periodically discussed within this governing body. 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 Anti-Corruption programme.

Risk Assessment

In November 2019, the annual risk assessment has been redetermined within the Committee to meet the standards of the changed corruption environment. The overall risk profile for all risks in the Netherlands is not higher than low or medium (no significant) risk. Eight risk schemes were identified as low/medium. 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 medium risk on the Anti-Corruption framework. Sufficient mitigating measures are in place to prevent this through our consistent client and engagement acceptance process.

Testing and monitoring

Testing and monitoring is an important part of the Anti-Corruption programme. This process includes the review of the effectiveness of the programme and the testing of key process level controls and certain transactions. Internal Audit (IA) performed specific internal audit procedures for Deloitte the Netherlands early 2020. Process level testing was in scope for the following corruption related topics: 1) Gifts, entertainment and hospitality, 2) Interaction with government officials, 3) Third party due diligence and 4) Client engagement. Compared to last year, the Anti-Corruption processes and awareness have overall been improved. No bribery and corruption red flags have been detected and no high-risk findings related to the Anti-Corruption process have been reported. Because of this and since the AC team has made considerable improvements compared to last year, the result of this audit was satisfactory.

As a result of the previous internal audit in 2019, we have further formalised the second line of defence monitoring activities which started end of 2018. This (bi-monthly) monitoring enables us to act more quickly and pro-actively upon identifying risks. After one year of frequent Testing and Monitoring, we can conclude that for financial year 2019/2020, 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.

Our anti-corruption policy has been communicated to all partners and employees. Our current online anti-corruption training was succesfully completed by 87.3% of our partners and employees.

The completion percentage for members of governance bodies amounted to 94%). In the Summer of 2020, we will launch the refreshed Deloitte Global Anti-Bribery and Corruption training, which is mandatory for all partners and professionals.

Risk management

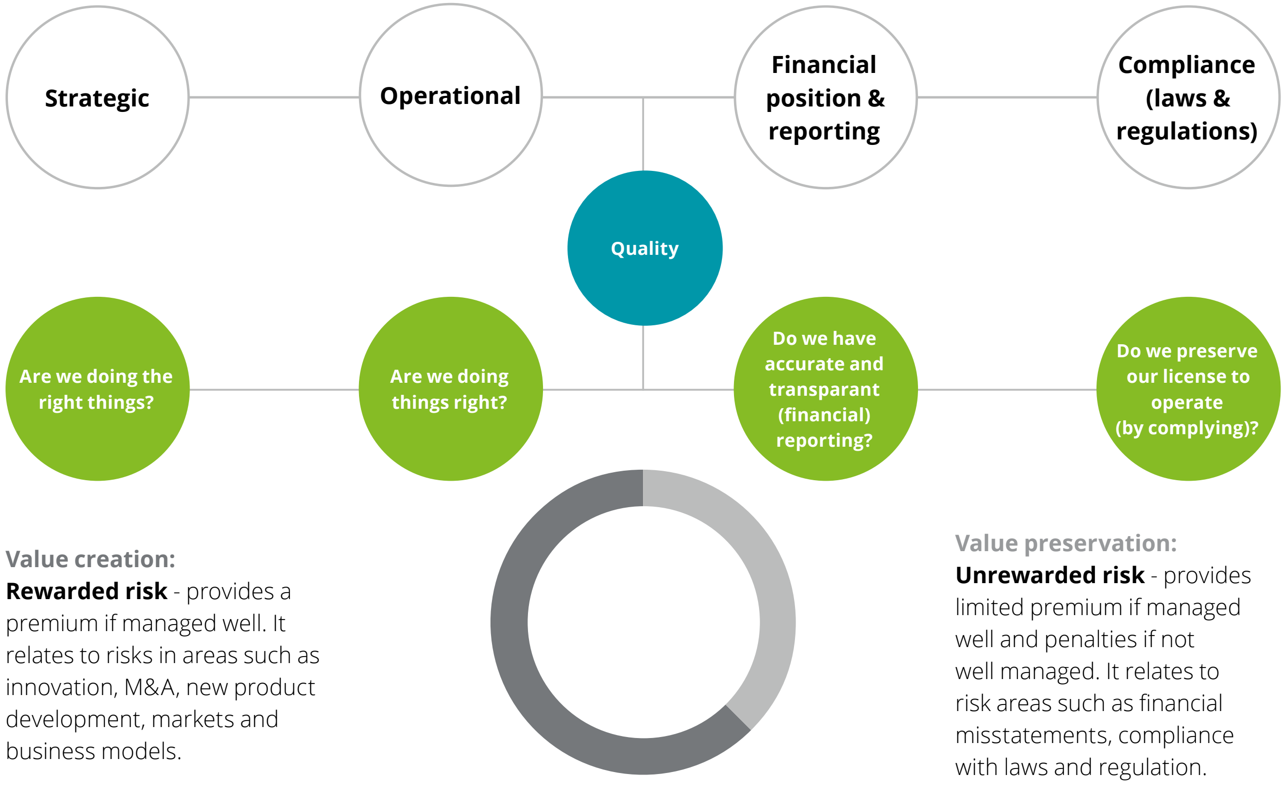
As part of the overarching Business Continuity Management risks, a possible pandemic is also included in the Deloitte NL risk universe. In previous years, however, it was never assessed as a Priority Business Risk. Nevertheless, over the past number of years, a mature Business Continuity Management process was developed in order to mitigate the impact on our businesses in case a pandemic would emerge. Despite – or maybe due to - the low likelihood of the risk of a pandemic, we, like the rest of the world, were hit hard by the severity and magnitude of the Covid-19 virus outbreak. Thankfully, our Business Continuity Management capabilities enabled us to respond in a quick and effective manner. Events like the Covid-19 pandemic prove that intelligent risk management creates opportunities, enables us to respond in case of unforeseen events and is key to sustaining performance.

Context

Given the drive of the NSE Executive to obtain the highest maturity level of risk management, risks have been assessed throughout the creation of the new 2023 Strategy within Deloitte the Netherlands. Interviews were conducted with key leadership in order to understand their concerns with respect to the 2023 choices and ambitions. These concerns were centrally captured and integrated in the Enterprise Risk Framework ensuring full alignment between the new 2023 Strategy and the risk management framework.

During previous years the NSE Risk Management Framework was built from the Risk Management Frameworks of the underlying geographies. This year the NSE QRS Executive decided that the NSE Risk Management Framework should be leading in the geographies. In 2019/2020, the framework has been evaluated on the level of Deloitte NSE and is currently being rolled-out to

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.

the geographies for adaptation in order to optimise the balance between risk and reward within our risk appetite and increase our ability to unlock value whilst protecting the firm, the brand and public interest.

Governance

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 refresh our risk profile and appoint 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 considers the findings and reporting of the external auditor on the functioning of internal controls as part of their annual audit engagement.

In control

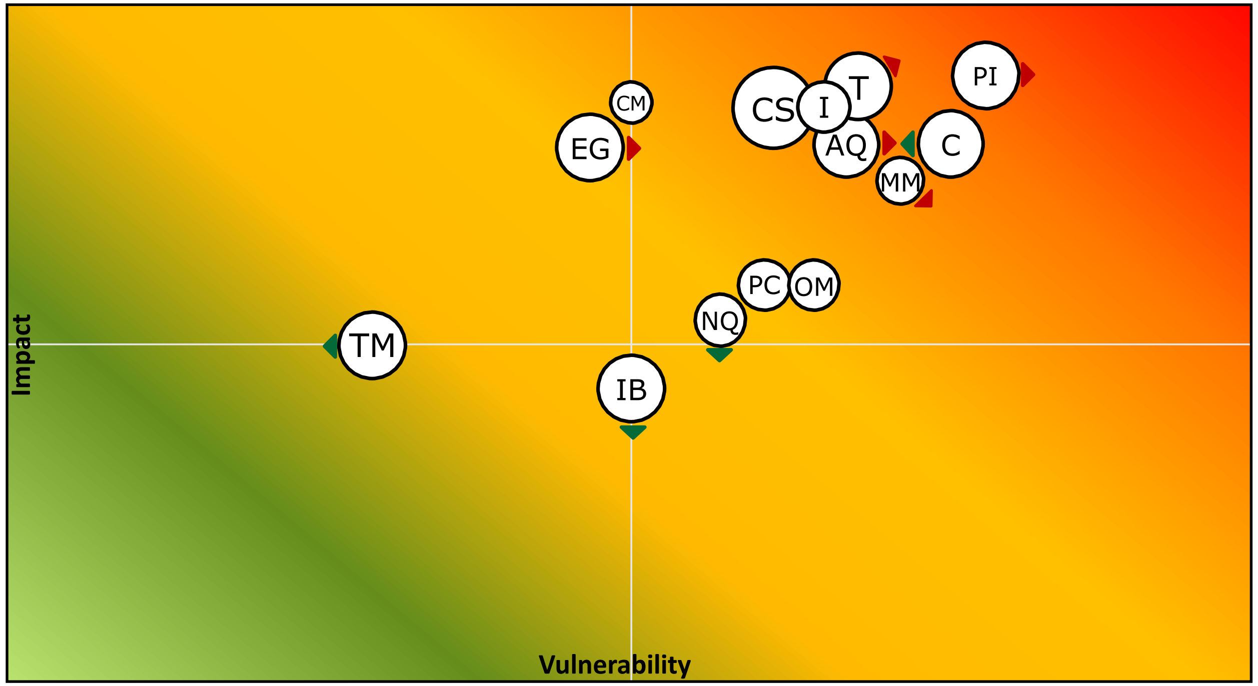
Our Enterprise Risk Framework helps us maintain control, have the right information available, comply with applicable laws and regulations, and meet our own high-quality standards. Last year we continued the reporting cadence. Day-to-day risk management activities reflect our risk appetite for specific domains, for example, when making 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 coming year, risk appetite within NSE will be further aligned, enabling us to consistently maintain the right balance between risk and reward across NSE. 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.

After successfully implementing the Deloitte global CRM Salesforce system, we also plan to implement the Deloitte global finance system, SAP 4Hana which is currently live in several geographies representing approximately 50% of Deloitte's global business. As part of Wave 3 there will be risks involved in migrating to the global system and template and we have taken steps to address these risks including adding a quality assurance role to the project as well as internal audit also performing checks on project integrity. Nonetheless, a financial system migration always has risks that can impact timeliness for both invoicing and paying our clients timely.

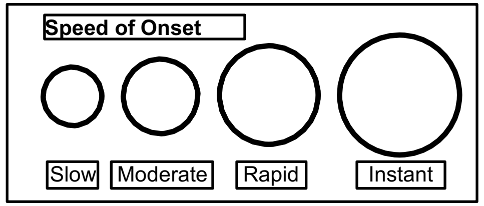
Priority risks

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, our renewed strategy 2023 and our risk appetite. Resulting from the annual assessment with the Executive Board, we have agreed on risks and opportunities related to our strategy (see the figure on page 43. 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 96 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 41). 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 47, 62-64
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 38-40
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.	Page 64
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 71-72
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.	Page 31, 48-49
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 48-49, 51
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 65-69

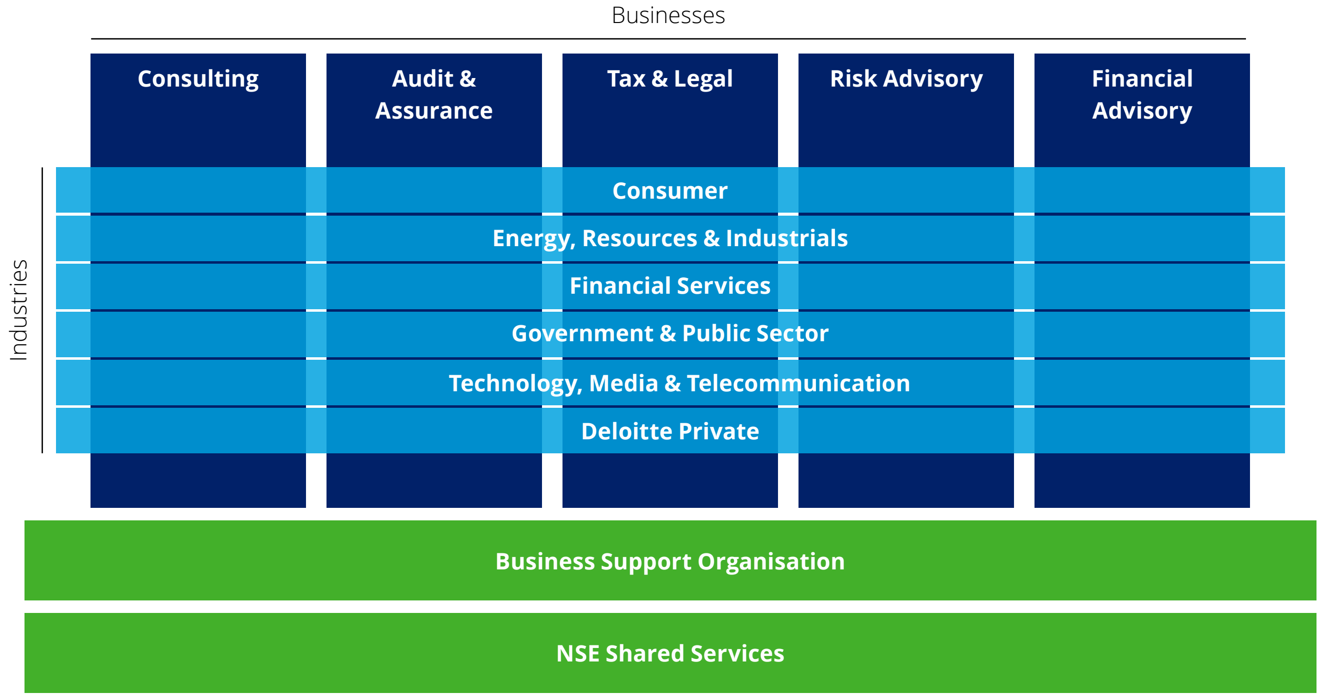
Our businesses and industries

Audit & Assurance
Consulting
Tax & Legal
Risk Advisory
Financial Advisory
Our Industries
Business Support Organisation

Our businesses and industires

Deloitte is organised around five businesses that work across various economic sectors (industries). The businesses are supported by our Business Support Organisation that 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 of our five businesses and Business Support Organisation by zooming in on their key challenges and opportunities. In addition, we discuss the main developments and activities within our industries.



Audit & Assurance

The Audit & Assurance practice is committed to the role we play in protecting public trust and confidence in the capital markets. Our core imperative is to build trust through an unwavering focus on executing consistent, high quality audits. We connect with finance professionals and audit committees of entities we audit, with our people and with society. In doing so, we aspire to achieve a superior quality experience that serves the public interest and inspires our people.

- We connect with internal and external stakeholders as we lead Future of Audit efforts and prepare for the next round of mandatory rotations in audits;
- We accelerate by fostering a culture of learning and inclusiveness, investing in our leadership capabilities and providing opportunities, growth and purpose for our people;
- We drive tangible, measurable improvements in quality, through innovation and standardisation as we amplify impact on the entities we audit or advise, on our people and society.

Financial results in 2019/2020 were steady. Compared to last year, our revenues grew slightly (+0.3%) to €229.8 million in 2019/2020.

Key challenges

Auditors have a vital public task, one in which trust plays a fundamental role. Trust in auditors can and should be reinforced, first and foremost through our own efforts. To this end, we take additional measures based on causal factor analyses, because we acknowledge the importance of accelerating the positive trend in quality enhancement.

Focal themes in our efforts are:
- Strengthening our organisation's culture of learning, in an environment where we are striving for high audit quality while embracing a culture of being allowed to make mistakes, sharing them, and learning from them.
- Building our professionals' resilience against the increasing internal and external pressures they face. Hence our specific focus on diversity and complementarity when staffing our audit teams.
- Ongoing standardisation and application of new technologies in the core of our audit procedures. This includes analytics, robotics and artificial intelligence. The use of Audit Quality Indicators (AQIs) increases the predictability of quality.

Furthermore, themes like financial viability, fraud, sustainability and cyber security have taken a more prominent place in the audit practice. These and other non-financial themes will enlarge our impact.

Key opportunities

We – and others in the sector – have implemented major changes over the past few years years: full separation of audit and advisory services for Public Interest Entities, the introduction of an independent Supervisory Board and the implementation of extensive quality programmes. In the regulatory landscape we identify two - in our view - positive developments:

1. Increased collaboration within our own network, across the sector via the NBA and amongs regulators through our firm-wide interactions with the EU Audit Regulatory platform CEAOB. Through the CTA, there is direct interest in our sector from our minister of Finance, strengthening harmonisation and internationalisation of our sector.
2. Development of regulatory beyond mere compliance. We are advocates of oversight placing more weight into validating and relying on the strength of our quality control framework and on our quality culture. This allows for regulatory conversations and insights adding significant value to our collective goals of continued improvement in audit quality.

We want to leverage our leading position in audit quality to sustainably grow our audit practice and prepare for the next round of mandatory auditor rotations. We are intensifying our efforts, focusing on quality priorities to mitigate risks and further enhance our brand as leading provider of audit services. We continuously invest in technology and in new and disruptive perspectives to enhance our quality and also make our audits more effective, among others using AI and bots like the cash robot that analyses certain aspects of cash flow management. We are making significant steps in truly transforming our business, adopting standardised workflows and using Delivery Centres such as our centre in India on a large scale.

Responsible business

We aim to be a responsible business, in line with our Connect to Accelerate Impact Strategy from three perspectives:

1. Society: We build trust and confidence in businesses and reinforce this by being the number one firm for quality and being at the forefront of shaping the future role of the auditor.
2. Stakeholders: We provide an independent point of view to the companies we audit through our unique skills and expertise.
3. People: Our people have pride in building trust and confidence in business and this is reflected in the quality of their work and their commitment to quality and our clients. Our people reflect society and w are focused on inclusivity.

The Future of audit

In the past year Deloitte has pro-actively invested in the debate on the 'Future of Audit'. The Minister of Finance commissioned the Committee Future Accountancy sector (CTA in Dutch) to advise on how to sustainably further improve audit quality. On two occasions we have provided extensive written input[1]. We have participated in various 'round table' and dialogue sessions with the committee. Furthermore, we have engaged members of Parliament and other stakeholders[2] in conversations on our vision on the future. In all of these interactions we have actively involved our Young Professionals. As this debate is focused on their future, we place great weight in their opinion and active participation.

Reinforcing trust

It is our core belief auditors have a vital public task. One in which trust plays a fundamental role. The trust in auditors can and should be reinforced, first and foremost through our own efforts. To this end, we have taken and are taking additional measures based on causal factor analyses, because we acknowledge the importance of accelerating our positive trend[3] in quality enhancement.

We agree with the CTA's conclusion about not always being able to prevent incidents from occurring. Reinforcing trust should therefore result from structural improvements, instead of responding to incidents. In our opinion, the CTA's recommendations will provide for a strong basis towards structurally reinforcing trust. These recommendations can reinforce the accountancy sector and its regulatory supervision, as well as the entire financial reporting chain. Both executive and non-executive directors from the companies we audit have an important role to play here. We therefore value the CTA's "chain approach"; one that is also endorsed by the Securities and Exchange Commission[4] (SEC) in the US. In 2002 the US-chain has been strengthened by the Sarbanes-Oxley-legislation, with demonstrable quality improvement as a result.[5]

Further acceleration

Although the positive impact of the measures we have already implemented will become more apparent in future, we endorse the need for further acceleration. The measures we implement are based on causal factor analyses[6] and are aimed at:

- *Strengthening our organisation's learning capacity* | This is about finding a proper balance between striving for high quality audits while creating a culture of being allowed to make mistakes, sharing them, and learning from them. This requires a culture in which mistakes and 'near misses' can be discussed openly and constructively. Exemplary conduct is crucial in this respect, as is the design of assessment, remuneration and promotion systems.

- *Building our professionals' resilience against the increasing internal and external pressures they face* | Causal factor analyses show the importance of professionals keeping a straight back when under pressure. All the more so if a suspicion of fraud or corruption is involved, or risks regarding going concern. Hence our specific focus on diversity and complementarity when staffing our audit teams, including investment in skills training and resilience coaching.

- *Quality is enhanced through ongoing standardisation and by applying new technologies* | This includes analytics, robotics and artificial intelligence. The use of Audit Quality Indicators (AQIs) reinforces monitoring and predictability of audit quality. A set of uniform sector-wide AQIs with a causal connection to audit quality is needed.

[1] Deloitte's 2nd CTA-contribution (October 2019), Deloitte's 1st CTA-contribution (April 2019)

[2] Other stakeholders include e.g. the Vereniging van Effectenbezitters (VEB), Eumedion, the Authority for Financial Markets (AFM) and VNO-NCW

[3] See specifically p.2 and pp.10-12 in our 1st CTA-contribution (April 2019)

Designing the future

Deloitte aspires to be the undisputed leader. Therefore we are taking tangible action in designing the future. We are committed to working side-by-side with the Quartermasters[7], our professional institute and the other firms and have chosen three focal areas to do so. Our ambition is to contribute to a financial reporting chain and an economy which is built upon sound audit opinions, which in turn a built upon companies that are 'in control'. Our focal areas are:

1. *Increasing transparency by developing and implementing Audit Quality Indicator*s | Deloitte aspires to lead in collaborating with all stakeholders involved towards the development of AQI's that enable audit quality to be measurable and transparent.

2. *Reinforcing the way we address risk of fraud, corruption and (dis)continuity* | Deloitte intends to further increase focus on detecting financial fraud and risks of (dis)continuity. We will risk-based deploy forensic auditing expertise in the various stages of the audit.

3. *Further accelerating our efforts on and investment in strengthening our quality oriented culture* | Deloitte is focused on a positive and sustainable culture change through (a) reinforcing our capacity to learn and improve, and (b) strengthening the resilience of our professionals.

4 SEC (2018), Wes Bricker, Chief Accountant: "Audits and financial reporting more generally are also enhanced by strong, independent audit committees. Boards of public companies in the U.S. have a financial reporting oversight responsibility, which they usually assign to their audit committees. In the U.S., the entire Board has to approve the release of public company financial reports, even though management is responsible for their preparation. As a result, both management and directors have a vital interest in the quality of the company's books and records and related internal accounting controls in order to address their responsibilities adequately."

5 Meta-study on the impact of SOX, analysis of publiccations on SOX 404, research into benefits and costs of Sarbanes-Oxley Section 404(b) exemption, and studies of the SEC into SOX 404 and 404b

6 Netherlands Institute of Chartered Accountants [NBA] renewed sector analyses (June 2019) on drivers of audit quality, in addition to own causal analyses

7 Future of Accountancy sector Quartermasters, appointed by the Minister of Finance (April 2020)

Consulting

Technology continues to drive major developments in our market. Clients face challenges in finding growth, reinventing business models, becoming (more) customer centric and improving operational and functional effectiveness and efficiency. The underlying infrastructure in the solution to their challenges is increasingly enabled by both Cloud technologies like AWS, Google and Apple, and enterprise applications like S4/HANA, Oracle and Salesforce.

Clients value our combination of business advisory, technological, human capital and digital capabilities. Our aspiration is to be the undisputed leader in orchestrating business transformations to help our clients solve their most complex problems. We are able to support our clients from strategy to execution in their transformational journey. We have also made a big step in bringing these different types of capabilities even closer together in a new operating model, launched at the beginning of the 2019/2020 period. In addition, we continued our focus on serving our key clients, who have a leading position in sectors like banking, insurance, consumer products, retail, transportation, energy, industrial products, telecom, technology, healthcare, central government and local government.

With this, we have served many impactful and iconic corporations, family owned businesses and public sector organisations. Our wide array of services has resulted in the growth of our Consulting business to €305.6 million, reflecting a 14.8% increase over last year.

Key challenges

Attracting and retaining the talent to further grow our Consulting practice remains the biggest challenge to our business. We continue to evaluate and improve our employee experience and create an inclusive environment in which purposeful work and continuous learning take centre stage. To address the ever-increasing demand for our services, mainly in the area of technology implementation, we invest in near and offshore delivery models, leveraging our capabilities in South and Eastern Europe and in Asia. We also have a pool of trusted flexible resources to expand the scope and scale of our capabilities when necessary.

The economic slowdown as a result of Covid-19 has had an impact on our clients and also on our Consulting business. We are closely monitoring this and will anticipate to changing economic circumstances.

Key opportunities

To add maximum value to our clients, we have continued to connect to strategic alliance partners, mostly in the technology arena, and further embedded technology assets into our service delivery. We have strengthened our position in selected ecosystems like health, mobility, work, energy and food and increased our eminence and thought leadership through the 'Future of' series.

Responsible business

We have contributed to key societal challenges in a meaningful way. We accomplished this through our clients and alliance partners, connecting with them to solve some of the most challenging problems of our time. We are in a continuous dialogue with our people to understand where their sense of purpose originates and in what ways we can make their work and life more balanced and meaningful. An example of this is our contribution to the Deloitte Impact Foundation. We spent more than 1% of our working hours to purpose-first projects, like Ocean CleanUp, Social Robot Alice and the Invictus Games.

Tax & Legal

We are confronted with complex transformations. There has been a large increase in regulations targeting, among other areas, the concept of responsible tax with significant uncertainty as a result. Our clients are experiencing more uncertainty as a result of trade wars, Brexit and politically instability, and since March the Covid-19 crisis. Over the last few years, we have seen a huge increase in attention on the role and impact of technology in our profession. We have witnessed a greater focus of tax authorities around the world on digitalisation and we have seen companies starting to prepare for huge investments to further digitising their businesses. As a result, tax and legal departments are being challenged on how to react to this and to do more with less. On top of that, We see a significant impact of all these changes on the business models of our clients and on the external merger and acquisition market.

In these turbulent times, we helped our clients with these complex transformations by applying our deep fiscal & legal content, combined with our technological capabilities, while collaborating with our Advisory businesses nationally and internationally. We continued building the Deloitte Legal brand with the appointment of Frederieke Leeflang as managing partner for our legal business. Also this year, we made significant investments in technology across our business such as Tax-I, the legal engine, and in the domain of SAP4Hana. Furthermore, we remained actively engaged in the Responsible Tax debate and stepped up our involvement on the 'Future of" themes regarding the biggest challenges in society. Financial results in 2019/2020 were steady almost stable with a decline of 0.8% to €211.2.

Key challenges

One of our key challenges is moving towards a more inclusive culture where different perspectives enrich our decision making and where everyone feels safe to contribute to the success of our practice. Looking specifically at gender diversity, we have set clear targets and corresponding actions to increase the amount of female leadership, which is already leading to results. In the last year we were successful in welcoming two new female partners to our business.
We also face challenges around deployment of technology, which is an increasingly important element in the Tax & Legal advisory business. Combining deep fiscal & legal content with technology know how & capabilities is of utmost importance to make an impact in the market and with our clients.

Key opportunities

The Covid-19 crisis forced us to work remotely, both internally among employees, as well as externally with clients and regulators. It is positive to see that as a result of investments before the crisis, we successfully digitalised our operating model, thereby positively impacting the environment through a significant reduction of our carbon footprint.

It also reinforced the awareness that our (economic) world is a constellation of ecosystems. It is here where we can make an impact on society's biggest challenges by bringing Tax & Legal points of view to the debate on the future of energy, food, health, mobility and work. Furthermore we see a big opportunity in the growth of our tax technology as well as our legal practice. The current Covid-19 situation amplifies this.

Responsible business

We help our clients to be compliant with tax and legal rules and regulations, and we enable them to organise their tax and legal process in a modern, efficient and healthy manner. At a time when social responsibility around tax choices is playing an increasingly important role, Deloitte is using a framework of ethical standards and quality rules for its tax advisors. Deloitte has developed Guiding Tax Principles that help give guidance in what can be advised to our clients and what not. To ensure that these principles are followed, a few years ago the Tax Policy Review Board was formed, which consists of senior partners, external members and young professionals. The Board is consulted in situations where there are doubts about possible breaches of the Guiding Tax Principles. In our new Strategy 2023. we aim to keep developing our strong points of view and proactive position on responsible tax as well as on the future of energy, food, health, mobility and work.

Regulatory environment

The tax landscape continues to evolve. The OECD / G20 BEPS initiatives have now been implemented and also the European Anti 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 pressure to come to either a global solution or implement local measures. Despite all this new legislation, we expect more regulations further reducing tax evasion.

Next to these amendments in tax law there is continued focus on the tax advisor profession. The EU has adopted the Mandatory Disclosure Directive (MDR/DAC6) that requires intermediates such as Deloitte to report certain cross-border tax arrangements. Deloitte Tax & Legal educated and guided its practitioners and developed a central tool to facilitate the reporting process. Furthermore, we expect that Covid-19 will lead to additional regulation and discussion on the role of taxation in our global economy.

Risk Advisory

Businesses are attempting address their challenges in a more balanced way and at the same time, move profit-based approaches and strategies, to ones that are more purpose-driven. As Risk Advisory, we help our clients define their Responsible Business agenda. We help clients become more trustworthy, resilient, secure and do more responsible business in the following ways:

- Financial Risk: quantifying their financial risks accurately and engaging in responsible financial and regulatory reporting;
- Regulatory Risk: live up to regulations and conditions from government on what responsible business is to them;
- Cyber Risk: address new cyber opportunities and threats everywhere, so society and organisations can go anywhere;
- Sustainability: manage their responsibility to minimise environmental damage;
- CORE: take responsibility for their organizational and business risks;
- Crisis & Resilience: responsibly prepare for and respond to high impact events that could disrupt their business
- Risk Analytics: make confident key decisions and engage with customers with accurate data in a responsible way.

We have identified seven incremental investment areas to further increase our impact, such as our government practice, cyber, crisis and resilience, and our Life Sciences practice. This has resulted in a stable performance for Risk Advisory (€169.8 million, down 1% from 2018/2019) in a year in which we focussed on investing and re-forming/strategising our practice. Excluding the large flexpool for the derivative remediation one-off projects, we have grown our by 10% while investing in hiring new partnersde and in our marketing and brand. We have also invested in senior female talent: our female partner percentage is 19%, compared to 15% in the previous year.

Key Challenges

One of our main challenge is operating the business effectively and managing the productivity of our talent despite investing in new areas ahead of the revenue upswing. The passion of our people is on innovating, delivering to clients, engaging in new ideas. Our service area leaders, particularly in Cyber and CORE have re-focused on operational discipline to drive greater utilisation of our talent while we anticipate revenue upswing in areas like Cyber, S4 and LSHC. In addition, a switch to additional delivery models using both near shore and offshore-delivery centres, as well as the already successful flexpool model, has been a key feature of the year to ensure us meeting client demands.

Another key challenge is that our talent costs increase at a higher pace than what we receive from our clients, even in areas like Cyber where resources are limited. This due to enhanced competition and more professional and aggressive procurement approaches at our clients. Our response to this is to not expect our people to work harder and longer hours, which is not a sign of a responsible business or something that younger talent, who appreciate a greater balance in life, will tolerate. As such we have a strategy to underpin all services by innovation, data and technology driving greater differentiation and price points. We will use different pricing and risk models that build client partnering, but also capture more value for the firm and delivering assets and managed services to move away from traditional time and material type business models.

Key opportunities

There are many opportunities as our clients seek advice on their responsible business agendas but the key opportunities we have identified are:

1. Cyber
We see a continued growth in demand for cyber services as a key responsible business agenda in an ever more digital business world. Assets (data, IP, plant operations) are ever more vulnerable to increasingly sophisticated criminal and state threats. We have a market leading practice that we have heavily re-invested in with new partner hires in 2019/2020.
2. Sustainability
As part of our RA strategy, we want to help our clients to become more responsible and sustainable businesses. As a specific investment area we bring in world-class expertise, and alliances in and outside our firm to reporting/assurance, climate risk and sustainable finance challenges for our clients.
3. Life Science (LS) Regulatory
With the relocation of the EU pharma regulator, EMA, to NL and the associated move of many of the global Life Sciences EU Head Quarters to the Netherlands, we have invested heavily this year in our LS regulatory advisory business including relocating talent from other parts of the firm and are looking for further expansion in this area.

Responsible business

We have launched a sustainability programme to reduce our carbon footprint with encouraging data from the third quarter particularly around reduction in both short haul internal flights and business class flights. We have elevated our efforts in the area of Inclusiveness & Diversity as this is a prerequisite to helping our clients to do responsible business to sustain and grow. We have launched an initiative around our conduct as a High-Performance Organisation (HPO), balancing the needs of all stakeholders: our talent, our clients, our partners, our business here in the Netherlands and NSE, and society. We have re-committed to our talent spending 1% of time on DIF-projects.

Financial Advisory

In general, M&A activity increased, driven by economic growth resulting in more transaction related work. The teams of Transaction Services, Debt Advisory, Corporate Finance and Valuations & Modelling have all benefited from these market circumstances. The revenues increased by 4.7% compared to the previous fiscal year to €91.4 million. The different offerings showed further cooperation by bringing multidisciplinary offerings to our clients.

New pension regulations, and especially the abolition of DGA pensions, negatively affected the development for the benefits & pension advisory market. This market declined and our Benefits & Pension Advisory services showed a decrease in revenues compared to the previous financial year. We invested in more technology and digitalisation of our services and prepared to be ready for advising our clients on the expected general pension agreement.

Forensic has shown continuous growth in revenues as a result of increasing attention and regulations for Anti Money Laundering, financial crime and Know Your Client procedures for banks and financial institutions. Our mission is to bring financial crime to an end.

The Real Estate practice revenues decreased. They were, however, able to bring more balance in their portfolio with clients in the public and private sector. The current market is expected to change which will impact infrastructure, mobility and energy and real estate is positioned to driving the change.

Our gender diversity grew slightly from 26% to 27% women. The average Talent Engagement Score amounted to 7.8.

Key challenges

The current growth, both in revenue and new service offerings means that we are constantly looking for qualified people. The current labour market is challenging but we are able to attract talented people, however, our biggest challenge is to make sure we have a diversity of people with various backgrounds and visions. Within FA, we havetasked ourselves to attract a more balanced mix of male and female talent. We have committed ourselves on service line level to improve in the coming years.

Another objective for Financial Advisory revolves around increasing collaboration between the Service Lines within and outside FA via the industries of our clients. We have a unique and broad set of skills and offerings that we can bring across our firm. We want to leverage this to the fullest and create new collaboration corridors to bring our joint expertise to clients.

Key opportunities

Following our growth ambitions towards FY23, we have indicated four different growth areas. We will invest disproportionally in:

- Multi-disciplinary M&A: we will advise our clients through the whole M&A lifecycle; from M&A-strategy, Commercial due diligence, acquisition financing, through post-merger integration. We will target three different segments: Corporate, Private Equity and Private, as all segments have specific characteristics. We expect our growth between FY20 and FY23 to be driven through multi-disciplinary M&A growth platforms and new service offerings;
- Grow Forensic: we expect continuous growth through ongoing attention provided by supervisors and regulators on preventing and resolving financial crime. With our extensive eminence in this market we will invest in further increasing market share;
- Mega carve outs: we will further develop in this specialization and leverage on our frontrunner position;
- Grow FSI: based on the good position of several Service Lines within FA and Deloitte in general we will extend our FA FSI community and grow our FSI related services.

Responsible business

We aim to be the undisputed leader by acquiring deals and projects that matter within our priority ecosystems, through delivering premium high-quality services. Our entire approach is based on the Deloitte purpose, to make an impact that matters. We will develop a strong vision on the ‘Future of’ themes: health, mobility, energy and safety and also leverage our NSE strength. We will connect clients and alliance partners within and across ecosystems. Furthermore, we want to create more industry alignment as industry expertise is key in becoming a truly undisputed leader. We will stay close to the pulse of the market and work on assignments that contribute to a long-term vision.

Our industries

Financial Services

In Financial Services we see that the established companies are challenged by new entrants in three categories: FinTechs (e.g. Adyen on payments), Bigtechs (i.e. Google on insurance, Apple on payments), and as large internationals leveraging their investments (e.g. Allianz). To support new market opportunities, all parties need to operate in new and changing ecosystems, blurring the boundaries in financial services. Financial services providers are standardizing and digitalizing their products and services in order to increase customer engagement and reduce costs, while leveraging data and data analytics as a key differentiator. But they also must change their approach to compliance and rethink their core business processes (e.g. Know Your Customer) as a result to increasing pressure from regulators and growing attention from society. In this dynamic landscape, Deloitte's key objective is to partner with our clients in innovating / digitizing their business and to comply with regulations and support new entrants to scale their business.

It goes beyond saying that the key challenge that we face is the attraction and retention of talented professionals as the required skill sets are relatively new and scarce, but in high demand with all our clients and our competitors. With our professionals, we focus on our key accounts, building relationships and serving our clients in the core of their business, at strategic level and within their supporting functions to really understand their organization and become a partner to our clients.

Government & Public Sector

Over the past few years, we have transformed our G&PS practice with a focus on innovation (GovLab) and positioning ourselves as a thought leader in data analytics with several State of the State researched publications. Furthermore, our Consulting business is very well positioned to help clients with innovative value adding projects like Wout (National Police), several big RPA projects (e.g. Ministry of Defense) and contributing to solving societal challenges such as Healthcare of the Future. In addition, our audit business is now much better positioned within G&PS as a result of our portfolio reviews.

Energy Resources & Industrials

The world is facing a 'dual challenge' where energy demand increases, and emissions have to be lowered. In order to achieve this, rapid technological developments are required. Our clients are faced with questions such as:

- How will new technologies (e.g. renewables, smart grids, smart home products, systems management) influence the evolving business models?
- What influence will this have on their relationship with the customer (e.g. changing public opinion, consumer demand and increased customer centricity)?

As a result of rapidly growing data volumes and increasing computing power, we see many opportunities to accelerate the future of energy with data and analytics. One example is the Deloitte data analyses on solar impact where our research showed that solar panels can potentially meet half of Dutch demand for electricity. We are also partnering with Google on predictive performance and portfolio solutions for the industry.

Another trend is that traditional manufacturing has shifted production away from western economies to emerging economies. Lower labour costs in these economies mean that western companies cannot compete on cost alone and, therefore, have transitioned to services, the so-called servitisation. Four major disruptors that facilitate servitisation are: digital information, connected information, mobile information, connected products. Exponential technologies drive this innovation, such as new energy & sustainability, ICT & mobile technology, Blockchain, Sensoring, 3D printing, Artificial intelligence and Robotics. Deloitte helps ER&I clients by combining multiple exponential technologies through Industry 4.0.

Technology, Media and Telecommunications

Digital disruption is leading to radical business model changes and challenges around pricing and monetisation. TMT companies have to develop increasingly complex customer and market solutions. We have focused on the growing necessity for robust digital back office processes and on strengthening traditional business services such as Finance, HR, IT (including cyber security), analytics, pricing and tech delivery platforms. Technology Alliance Partnerships are becoming increasingly important to deliver on the TMT industry's aspirations. As such, our Technology Strategy aspires to generate 'sell-withrevenue with our Alliance partners. We will further build upon the alliance partnerships that have been established. The accelerated adoption of flexible consumption models, IoT, Cloud, robotics, AI and machine learning, and 5G are triggering a new wave of business transformations. There is a continued industry convergence of content and developing services around disruptive M&A, customer value management, operating model of the future, and Cloud based transformation.

On an annual basis, we have leveraged our market knowledge on signature TMT challenges by offering our TMT Predictions, providing insights into disrupting trends and growth opportunities across the sector. Fast-growing technology companies and disruptive start-ups were celebrated as part of the 20st edition of the Fast-50 client programme, in which we showcase the 50 fastest-growing technology companies in the Netherlands.

Consumer Industry

Within the Consumer Industry, the strategic pillar 'Accelerating growth and Innovation' is incremental to our success and true to our purpose by leveraging our talent, quality and our global organisation. We aim to create meaningful value with our clients to sustainably enhance the lives of consumers. Change happens quickly with consumer expectations increasing as a result of increasing service levels from existing and new market players. At the same time, the Consumer Industry has a major environmental impact and contributes significantly to global emissions. Clients are facing pressure to act customer-oriented and responsibly in order to maintain brand reputation and their consumers.

We help our clients transform their customer engagement, sales and channels (e-commerce). We have supported our clients in strengthening their competitive position by updating their backbone as well as their storefronts, using market knowledge and experience, consumer insights and technological knowledge. We also support our clients by identifying and managing (cyber) security and privacy risks and assess their business impacts.

A result of our increased client orientation, our focus is on impactful themes such as 'Future of Food' and 'Future of Mobility'. In the Future of Food domain, we help clients navigate the transformation of global food systems. Both consumers and governments are demanding the food industry to change towards a more sustainable model. We help our clients to remain profitable in this new reality, and to achieve their goals to make a positive impact on people's lives. We monetised around the Future of mobility, like our MaaS (Mobility as a Service) products.

The convergence of industry-changing forces and mega-trends are disrupting existing markets and creating an entirely new system of personal mobility. The 'Future of Mobility' offers an extraordinary promise, namely that more people and goods will be able to move faster, safer, cheaper, and cleaner than today. Deloitte works closely with the private sector, governments, civic leaders, unions, NGOs, technologists and universities globally to shape the future of mobility ecosystem.

Deloitte Private

Deloitte Private represents large family owned businesses, plus the midmarket and SME clients, accounting for 30% of Deloitte's turnover worldwide and thus an important segment for Deloitte, also in the Netherlands. In this segment, we see clients scaling up their operations and facing impactful business transformations. These developments require an MDM service approach. In addition, our Private clients are addressing the digitization of the economy and there is an increase in purpose thinking. This leads to investment in new capabilities and the attraction of talent.

Private companies are increasingly thinking in platforms and new ways of collaboration (e.g. ecosystems). The importance of a relationship with a trusted advisor remains key. Therefore, we aim to move from a traditional transactional client approach to a more longstanding relationship approach. Our internal response to external developments is embedding a more MDM focused approach with our LCSPs towards the market. We have redefined the SME segment into emerging growth companies with a focus on start-ups and scale-ups. These organisations are highly innovative and have the potential to become global players. In general, these players are scaling up from a volume perspective and Deloitte Private is well positioned to grow together with them.

Business Support Organisation

Our Business Support Organisation (BSO) is designed to support our businesses in the execution of our strategy. It provides services in the areas of (brand) communication, corporate social responsibility, client services, finance and control, legal affairs, reputation and risk, talent, ICT and housing. BSO aims to ensures efficient business processes so that our practitioners have access to the tools and services they need to optimally serve our clients. The landscape of the Business Support Organisation is constantly evolving both at NSE and global level. We see increasing cooperation across the board between member firms and geographies, strengthening our processes, increasing efficiencies and mitigating risks and costs. In 2019/2020, our support organisation employed 812 people, an increase of 6.1% compared to 2018/2019.

Key challenges

We are increasingly becoming technology driven. This has consequences for our support organisation. For example, our IT-systems must be equipped to host new software solutions and programmes for our clients whilst maintaining a high degree of network security. Our Talent department must be able to hire graduates with a background in science and technology rather than the traditional business students and our Reputation and Risk Leadership department must develop a profound understanding of the numerous tech start-ups that we partner with in our eco-systems in order to assess and mitigate possible risks.

Our changing inclusive culture implies that we are moving away from the way we know to where we want to be. Existing informal networks and their lines of communication are vanishing, creating space for new networks and ways of communication. In addition, the use of delivery centres and deployment of contractors creates both opportunities (diversity) and challenges (identity) in the area of culture.

In the aftermath of the Covid-19 crisis, a new normal is being defined. This new normal has impact on where, when and how we work, travel, rest, eat and relax. Our support organisation needs to meet the changing and flexible demands from our partners and employees, our clients and our other stakeholders. We will have to select suppliers that can also operate in a flexible way, for example in areas such as mobility and housing.

Key opportunities

Over the past year, we have worked hard in making our business processes more efficient and user friendly. Examples of our activities are the launch of Concur, our new cloud based expense claim system that allows all employees to submit their business expense claims through a simple and completely digital process, and Jupiter, our Customer Relationship Management (CRM) platform. Jupiter enables us to transform the way we manage our clients and opportunities, and removes barriers to selling across businesses and borders. But there remain many more opportunities to increase efficiencies and (internal) transparencies. An example of the first is the ongoing implementation of SWIFT, our global SAP 4/Hana platform. We expect this implementation to be finalised in the coming financial year. With the implementation in the Netherlands, Deloitte transitions to the newest version of the core platform of SAP. It is the most significant change in years, enables business with real-time insights, automation and integration across the full value chain, and is an important enabler for future growth and globalisation. The system will be implemented in combination with the transition to a Global Finance Services organisation. This will lead the way to one global Deloitte as a strategic partner for our international client base, providing innovative end-to-end business solutions and will facilitate improved management of finance processes for global clients.

Responsible business

The impact on society by the Business Support Organisation is diverse and can significantly help Deloitte to become a more responsible business and to meet legal and regulatory requirements. A clear example of our work in this respect is the reduction of carbon emissions where Procurement and Workplace Services have developed proposals to lower our carbon footprint by changing our mobility policies and ICT facilitating working from home. When entering a new lease for housing, especially for new buildings, there has been strong focus on leading in sustainability by example. This has resulted in Deloitte occupying one of the world's greenest office buildings ('The Edge') in Amsterdam.

The Legal Technologist Programme

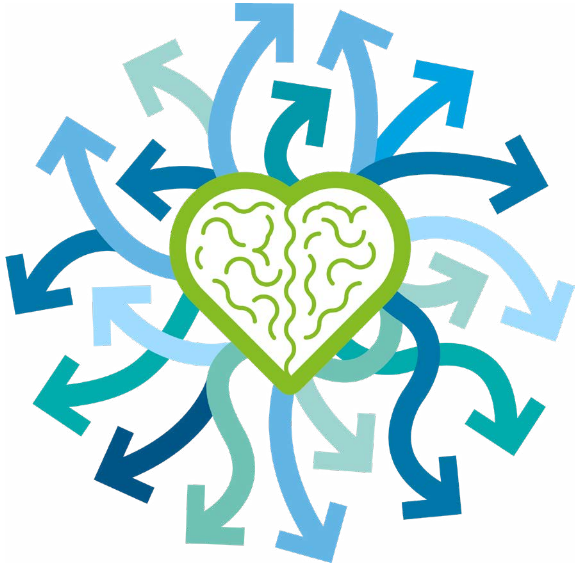
Deloitte Legal initiated the LTP to help legal professionals become fully equipped with the necessary skills, knowledge and expertise to operate in the legal landscape of the future. LTP focuses on the various legal implications of digital disruptors (e.g. artificial intelligence and robotics, cloud computing, big data, blockchain, and internet of things), and on how to leverage these disruptive technologies in the legal practice. It addresses these technologies through the lenses of contract law, regulatory law, intellectual property law and ethics. We have created LTP by connecting with universities such as the University of Brussels, the University of Amsterdam, teachers from Stanford University and industry experts. Currently, we are scaling up LTP together with the Global Tax & Legal Learning team in order to deliver LTP to 2,500 Deloitte professionals worldwide with the purpose of serving clients better.

'LTP allows us to stay relevant in a future where technology sets the tone. LTP is an essential requirement in our journey towards remaining the undisputed leader in a digital future.'

Theme: Connect for impact
Challenge: Increase client impact by training
Solution: A specialised educational programme: D.LT
Who: Peter Kits, Dominique Poot, Nathalie Niessen, David Dalenberg

Deloitte Impact Foundation

Deloitte Impact Foundation



The Deloitte Impact Foundation (DIF) is our internal social engagement platform. DIF encourages our practitioners 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.

Our purpose and our strategy have created a new momentum in our way of thinking about our impact on society. Our target for 2019/2020 was to achieve more than 30% involvement of our employees in DIF projects. With over 30% unique registrations of our people on our digital platform since September 2016, we consider the target achieved.

Another target for 2020 was that one percent of our time, approximately 45,000 hours, be spent on making an impact through the Deloitte Impact Foundation. This target turned out to be too ambitious with 33,521 hours spent, but we remain proud of the impact on society we were able to make. In addition, we gained a lot of experience that allows us to take the next step in our new strategy. In Strategy 2023 we will introduce two top-down partnerships in an 'ecosystem' with external partners, focusing on the DIF themes of Education and Sustainability, to make more significant, visible and enduring impact.

We have introduced our new DIF themes: WorldClass, Sustainability and Endurable society, as these align better with our global CSR programmes and the project requests that DIF receives. The ambition of this new way of working is to make more impact with our channel of employee-led (bottom-up) initiatives, by increasing the volume and quality of proposals and the impact of approved initiatives.

Deloitte remains committed to driving societal change and promoting environmental sustainability. By working in innovative ways with government, non-profit organisations, society, and by combining knowledge, we are designing and delivering solutions (see below) that contribute to a sustainable and prosperous future.

In 2019/2020, we recorded over 33 thousand hours on making an impact on society through the Deloitte Impact Foundation, representing a value of approximately €4.9 million.

Alice the Social Robot

Together with the VU (Vrije Universiteit), our Deloitte Digital colleagues work on the development of Alice, a robot that aims to improve the quality of life among the elderly. The response of the participants in the research is heart-warming. Additionally, the ongoing development of Alice's hardware led to multiple researches relating to AI in combination with the elderly, accelerating the impact that can be made on this fast-growing population in society.

Building Bots with Kids

Nikie van Duurling and her colleagues visit multiple schools in the Netherlands with their LEGO-robots and software robots to teach children the basics of programming. Through their project **'Building Bots with Kids'** they prepare them for a future in which everyone will be expected to have at least some understanding of technology.

The Think Forward Initiative

The Think Forward Initiative is a multi-year movement that brings together experts from governments, academics, consumers, and experts from the financial and technology sectors. Together with ING, Dell EMC, Dimension Data and CEPR, Deloitte conducts research on how and why people make financial choices. These insights are subsequently converted into innovative tools that help create a financially resilient society. This year, the Think Forward Initiative created Money Talk, a game that gets parents and kids talking about money. Deloitte's participation in the Think Forward Initiative is supported by the Deloitte Impact Foundation.

Our performance against Plan 2020

Five years ago, we embarked on a journey with our then newly introduced Plan 2020 as a compass. Over the past years, we have reported updates on the progress of the Plan 2020 implementation in our Integrated Annual Report.

Our Plan 2020 has laid a solid foundation for our new Connect to Accelerate Impact Strategy. It consists of six strategic pillars:

1. Ensure quality
2. Become the premier career destination
3. Accelerate growth and innovation
4. Improve our client portfolio
5. Establish lean operations
6. Seek internationalisation

This year, for the final time, we report on our activities and progress against the strategic pillars of Plan 2020. In our 2020/2021 Annual Report, we will start reporting against ambitions and targets of the strategic imperatives from our Connect to Accelerate Impact Strategy.

Ensure quality

In prepararing our new 2023 strategy, in 2019/2020 we examined our current performance and visited clients and opinion formers to obtain an outside-in perspective. As a next step, we zoomed-in to investigate key trends and developments and their impacts on our clients and the professional services industry, and used this to crystallise our ambition and strategic direction. In doing so, we closely aligned with our global strategic direction and the NSE ambitions.

Embedding purpose and quality

For undisputed leadership by 2023, we should lead in market position, in quality, and most importantly, in the minds of our clients, stakeholders, and talent. Undisputed leadership goes beyond mere financial performance and compliance. We want to live our values to impact our clients, our talent, and society around us, in areas where we can make a difference and through services that are distinctive in their consistently high quality.

Our quality journey

When we launched our 'Ensure quality' initiative, we needed to elevate our culture to where quality is deemed most important relative to other business requirements such as speed of delivery, time allocated and price. We realise that quality is imperative to reaching our ambitions. To drive our quality agenda, we created the position of Chief Quality Officer in our Executive Board. We started our efforts with an extensive zero measurement, the Culture Survey, through which we obtained valuable insights on how the importance of quality was perceived internally. By measuring client satisfaction and client quality through our Client Service Assessment-programme, we were also able to track our clients' perspective on the quality of the services we deliver. Finally, we measured quality through the external reviews that take place on a periodic basis by regulators and external supervisory bodies. The scores of all these indicators have improved during the years that Plan 2020 was in place.

These improvements are built on significant attention and related measures implemented in the past four years, ranging from including quality aspects in our periodical Talent Survey to extensive internal dialogue and communication on the importance of having a culture that has quality as the highest priority within Deloitte. We have also included quality in formal processes such as performance reviews, and have actively committed to address issues such as workload, pressures, and work-life balance. We note that more work and improvements are needed in these areas. All our efforts have taught us that changing culture is possible albeit that the pace of progress is not always in line with our expectations. For this reason, in Strategy 2023 we are not shying away from quality but continue our relentless focus.

Opportunities in challenging times

Last year's external challenges further enhanced our conviction to embrace purpose and quality in everything we do. The public debate on audit quality and the future of the profession (see the Future of Audit section) was the key topic of the CTA (Commission for the Supervision of the Accountancy Sector) established by the Dutch Government. Additionally, the Monitoring Commission Accountancy of the NBA published a new report on the improvements made in the sector. Our country is not alone in the attention it gives to the future of audit: similar discussions between government, regulators and the sector are conducted in most other NSE countries. The necessity to further embed purpose and quality in our multi-disciplinary service delivery model is also driven by the international responsible tax debate as well as global events like the war on trade, Brexit and the Covid-19 pandemic.

These external challenges have also created opportunities. Opportunities to really make an impact that matters on our clients, our people and society in times of distress. We will continue our further build on our quality programme in Audit and broaden it to the whole firm ensuring consistent quality across all the Businesses of our MDM model.

These key challenges and opportunities are broadly discussed within our professional teams and communities and are consequently embedded deep in our organisation to ensure quality is embraced from the first day that people join our organisation.

Talent

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 02 provides details on the amount of training hours that were registered in SAP and our online training environment SABA. We believe that the actual amount of training hours exceeds the hours registered due to under-registration, especially in cases where employees participate in events and online learnings outside office hours. Besides formal training, on the job learning remains a key element of our talent development, both in their technical skills as in key skills related to management and leadership.

Table 02: Average training hours per FTE

	2019/2020	2018/2019
Total	80.6	87.3
By gender		
Male	82.7	88.5
Female	76.9	85.1
By category		
Partners	24.8	35.7
Directors	60.7	61.8
Senior managers	34.3	37.1
Managers	56.4	60.9
Aspirant / Jr. managers	78.0	86.0
Other staff	138.6	145.7
Interns	152.0	149.1
Average training days per Business		
Audit	18.9	19.2
Consulting	5.2	5.4
Financial Advisory	7.5	9.3
Tax & Legal	8.5	13.5
Risk Advisory	12.9	10.1
Others	2.0	2.2

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 an almost 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.

Client satisfaction

On the basis of 89 Client Service Assessment conversations (CSAs) conducted among 47 clients in 2019/2020, we received an overall score of 8.0 (last year: 7.8), meeting our target. Contrary to previous years, we have not specifically asked our clients about client quality as it is our experience over the past years that client quality and client satisfaction go hand-in-hand.

The main trends in CSAs that we performed are:

- Our clients increasingly recognise Deloitte as an innovative advisory thought leader, making the shift from the 'audit' brand image to a consultancy firm that acts on strategic level with the ability to implement;
- Clients are interested in the broad services we offer. However, they appear not to have a complete overview of our abilities yet;
- Clients overall express a high degree of client satisfaction related to the quality of our services;
- We make an impact that matters at client level, and there is an opportunity to increase this impact by acting more as a continuous sparring partner throughout the year. To do this we should increase the accessibility of our international and ecosystem networks, bringing insights and global thought leaders to our clients;
- Independent interviews like CSA's strengthen the client relationship and with the follow-up we further increase the impact we make at our clients. At the same time, clients expect us to conduct these interviews, so they have the opportunity to share their thoughts and insights.
- As part of a strong sparring partner relationship, some clients want to be challenged and stretched in their thinking and ask Deloitte to be bolder.

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 our Business Support Organisation on privacy and confidentiality aspects in relation to the processes and systems we employ.

Working from home during the Covid-19 crisis has accelerated the demand for new and innovative tooling to connect both with clients and colleagues. For all new tooling a solid and robust assessment of privacy and data security measures is needed in order to safeguard client- and Deloitte data. In addition, many new initiatives from our Cyber Acceleration Programme have been approved by our Privacy Office ensuring privacy and data security by design. Our IT and security teams stepped up to the challenge enabling all our practitioners to work from home in safe and secure environments while also offering additional tooling and other items, thus providing a robust environment for our people, also at home.

Despite our efforts, in 2019/2020 we discovered 92 data leaks, in addition, we received one complaint regarding breaches of client privacy or loss of customer data. In four cases, we notified personal data breaches to the supervisory authority in conformity with the legal requirements of the 'Wet meldplicht datalekken' (Law on mandatory reporting of data leaks).

'Quality is key to reaching our ambitions and is at the heart of our strategy. Our primary focus is on elevating the quality of our work rather than merely meeting business requirements, such as speed of delivery and price. In the past years, we have put even more effort in embedding quality in our culture through various internal and external projects. In Strategy 2023, quality remains a top priority.'

Carlo Renne
Reputation & Risk Leader

Become the premier career destination

We work in a sector that typically is known to have fairly high employee turnover rates. Hiring, development and retention of high-performers are critical to our commercial success and the impact we make. Despite Covid-19, in 2019/2020 we welcomed 28 new partners and 1,672 new employees, growing our workforce to 6,455 people.

In order to provide a superior quality, we need a diverse and inclusive culture where people with different cultural backgrounds, education and experience feel at home and thrive. We also need to create the right circumstances to challenge our talent with meaningful work, allowing them to have a purpose, to develop themselves to their full potential at their own pace, safeguarding a healthy work-life balance.

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 6,450 people when searching for new talent through our referral programme. Our promise to new employees is that we offer them a challenging job in an environment where they can be themselves while ensuring purpose (meaningful and challenging work) and 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 early in 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. 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 2020 Universum employer of choice ranking for business and commerce students at the universities that are in scope for our activities.

In 2019/2020, we started work on the improvement of our recruitment experience. Through the transition to one single Applicant Tracking System (ATS), we aim to reduce risks and input errors in the recruitment process, and improve candidate experience, hiring manager experience, workflow and efficiency.

Retention of talent

Together with DTTL and NSE, we have clarified our Employee Value Proposition (EVP) with the aim of creating one single distinctive and truly international experience for all Deloitters. In this EVP, passion for purpose, true inclusion and continuous personal growth are the core value drivers. Through the moments that matter most to our people and their everyday interactions, we are committed to providing an exceptional human experience and a career that is personalised and meaningful. This is made tangible through seven ambitions. These ambitions are supported by processes and procedures that are designed to deliver on them.

As stated above, our sector has relatively high employee turnover rates. Asking employees who voluntary leave Deloitte about the reasons behind their decisions, helps us to better understand how we can further improve our employee experience. To gain insights, we have exit interviews and an exit survey in place. By changing the procedure per June 1, 2020, we expect to improve our understanding and create a solid basis for appropriate interventions (e.g. culture game, parental leave, part-time work, etc).

To have an "always better employee experience" and fostering a great place to work, we must understand the challenges and pressures our employees face daily, and their perspective and preferences on our Rewards programmes. That is why, we have conducted a Talent Insights survey. The Talent Insights survey provides insights into employee priorities regarding personal health, financial security, family wellbeing, job security, career, and other factors. We will use the results from this survey to: (i) understand the everyday challenges and pressures of our employees better; (ii) identify challenges that may not be directly related to an employee's work but could be impacting their

Table 03: Turnover by gender in reporting year

Employment category	Turnover male	Turnover % male	Turnover female	Turnover % female
Partners	25	8.8%	0	0%
Directors	26	10.1%	7	12.5%
Senior managers	74	10.1%	17	5.8%
Managers	110	18.0%	47	16.2%
Aspirant / Jr. managers	182	14.9%	132	16.8%
Other staff	124	17.6%	119	13.4%

performance and; (iii) determine if there are ways to deliver more value to our employees through our Total Rewards programme by addressing some of their needs.

The results have been insightful and remarkably consistent, highlighting areas we need to address. They give insight into the (talent) issues and benefits our employees value most. The first results highlighted that: (i) challenging and meaningful work (while maintaining a good work-life balance); (ii) fitness and healthy living and; (iii) recognition and reward are of the greatest importance to our employees. Further analysis and modelling of survey results will be carried out to determine next steps and possible changes regarding rewards and recognition that can be made to future our benefits policies.

Performance management

Performance Experience is all about personal development by receiving qualitative and frequent feedback on performance. By doing so, we want to grow our business, drive employees engagement and deliver qualitative support for their personal development. This integrated approach across the Deloitte network enables us to fuel, see and recognise performance and engagement. It covers all talent models, drives excellence and strives for simplicity. Our methodology is centred around continuous strength-based conversations with employees about their development through Check-Ins with Team Leaders to provide real-time feedback on assignments and Career Coaching conversations with a coach who supports them in their long-term development. It 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.

Table 04: % of employees receiving regular performance & career development reviews*

	2019/2020	2018/2019	2017/2018
Total	81%	70%	77%
By gender	**2019/2020**	**2018/2019**	**2017/2018**
Male	79%	71%	78%
Female	86%	69%	74%
By category	**2019/2020**	**2018/2019**	**2017/2018**
Partners	N/A	47%	47%
Directors	57%	87%	93%
Senior managers	83%	59%	94%
Managers	92%	86%	94%
Aspirant / Jr. managers	96%	84%	90%
Other staff	81%	65%	67%

* For the 2019/2020 results, we have used a different (more accurate) data source. As a result, the figures for 2019/2020 are not fully comparable with the figures from previous years. As the partner population is not part of this specific data source, we no longer provide data on performance reviews of partners.

In addition, performance is regularly assessed on an assignment basis through Performance Snapshots filled in by the Team Leader and discussed in Talent and Business Reviews between Business Leaders, Talent Representatives and the Coaches or People Leaders to ensure an objective view of performance at the end of the financial year. in 2020/2021, we will update the performance snapshot scale and supply better guidance to Team Leaders on when to award specific scores, leading to improved comparability of scores. By redesigning Pulse surveys, we aim to provide employees the possibility to provide feedback on their experience on their team. This should lead to improved insights of Team Leaders into the functioning of their teams.

Leadership development

As building the next generation leaders is essential for Deloitte, in 2019/2020, 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 build a leadership firm by strengthening our current leaders, investing in our future leaders, and fostering a leadership culture.

We continued to focus on developing our leaders by expanding and improving our cross function development programmes for our future Partners, Directors and LCSPs. We added interactive workshops and masterclasses to the director and partner development programme (DDP & PDP) facilitated by our own inspiring leaders. 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. DUring the Covid-19, we continued these programmes digitally.

In September 2019, we introduced a new onboarding programme element for our new partners, the transition Lab. The Transition Lab is a personalised and exclusive oneday workshop for the new partner, in which the partner can think about the aspirations, plans and challenges in their role and will help them develop a detailed plan for their first year as a new partner.

As a people-based business, we will only continue to be successful if we have engaged, motivated and inclusive teams committed to delivering for our clients. This 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 with respect to inclusiveness, in 2019/2020 the businesses have started implementing an Inclusive leadership assessment focusing on inclusive people leadership skills. These assessments will be followed up by one-on-one coaching by internally trained and certified Deloitte coaches.

Learning and development

Personal and professional growth and development are crucial for Deloitte. Working in a collaborative environment on challenging assignments ensures personal growth, as does working for different clients, in different teams delivering on different challenges. We offer our employees a personal development programme that 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 2019/2020, we continued our focus 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 € 6.1 million in learning, and we believe this investment is key to supporting our people in their growth and possibilities to make an impact.

Inclusion, diversity and equality

Our 2023 inclusion mission is to create an inclusive workplace in which every individual can be their true self, is respected, and can fulfil their potential. We want to create an inclusive culture that attracts and retains diverse talent and is representative of the society in which we operate.

Strength from inclusion and 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. Inclusion is the goal we want to achieve, and diversity and equality are measures of success. This requires embedding inclusion, diverslty and equality into all aspects of the talent experience, measuring progress and holding leaders accountable for inclusive behaviors and diversity and inclusion results. We acknowledge that indeed there are differences between males, females, cultures and generations in the working environment. At Deloitte, we embrace and respect these differences in order to create the best possible outcomes for our clients, our people and society.

We continue targeting and measuring gender representation

Table 05: Gender diversity

Diversity figures female (%)	2019/2020	2018/2019	2017/2018*
Partners	14%	12%	10%
Directors	18%	17%	16%
Senior managers	28%	28%	26%
Managers	32%	32%	29%
Aspirant / Jr. managers	39%	38%	37%
Other staff	56%	54%	52%

* Due to a change in definitions of job grades, the results for 2017/2018 can not be fully compared with the data provided for later years

goals in line with our Inclusion, Diversity & Equality strategy – but with greater ambition, commitment and accountability. From research we know that focusing on the dominant minority has the greatest impact and therefore targeting gender balance will also have a positive effect on advancing other diversity dimensions. In 2019/2020 we realised an improvement in the numbers. Whilst we want to further increase the number of women (and other diversity dimensions) in leadership positions, we recognise that this requires a long-term investment in the talent pipeline. We cannot change gender representation in leadership overnight, but we can cultivate an environment where we are developing the next generation of women leaders for years to come.

Our approach to inclusion and diversity focuses on the dimensions gender, globe (LGBTI), geography and generations. Company-wide communities have been set up to support each of these diversity dimensions. In 2017/18 we launched a Female Mentoring programme designed to support our pipeline of female leaders through mentoring, peer coaching, and development modules that focus on personal and professional development. In 2019, we opened up this programme for all managers and senior managers. Since its launch, over 400 managers and senior managers have participated in the programme, which was supported by over 150 mentors comprising partners, directors as well as all ExCo members.

Key achievements in 2019/2020 are:

- Further development of our leaders. In 2019-2020 all Partners were be trained on inclusive leadership behaviors and increased percentage of female partners in line with our internal targets;
- Cross business initiatives in all key areas: experience & exposure, hiring, promotion & succession, inclusive leadership.

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

Table 06: Job category by age In 2019/2020

By category	< 30 years	30 - 50 years	> 50 years
Partners	0%	62%	38%
Directors	0%	77%	23%
Senior managers	1%	84%	15%
Managers	8%	84%	8%
Aspirant / Jr. managers	55%	43%	2%
Other staff	72%	20%	8%

Table 07: Ratio of basic salary of women to men per job category 2019/2020

	2019/2020		2018/2019	
By category	Men	Women	Men	Women
Partners	N/A	N/A	N/A	N/A
Directors	100	91.5	100	92.1
Senior managers	100	98.7	100	98.8
Managers	100	97.2	100	96.5
Aspirant / Jr. managers	100	98.9	100	99.5
Other staff	100	101.9	100	101.3

Table 07 on page 68 shows the ratio of basic salary of women to men per job category in 2019/2020. 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;
- In line with our ambitions regarding inclusive leadership, relatively more women were appointed to the level of director than men. This means that in the director population, more women are relatively new to the job level meaning that their salaries have not yet reached levels of directors who have been in their position for a longer time, mostly men in the 50+ age category
- Other data differences are primarily the result of variances between businesses and the number of years that employees have been in their current job grade.
- Based on the table and our analysis, we conclude that there is a limited pay-gap within Deloitte.

Vitality

To improve the work-life balance of our talent, in October 2018, we conducted the Risk Identification and evaluation of Psychosocial Work Stress (RI&E PSW). All Deloitte employees were sent a related survey (zero measurement). This survey contained questions about various issues, such as work pressure and the balance between work and private life. On the basis of the results, we designed an Action Plan that we have been implementing ever since. Every quarter, we monitor the risks per business, office and job grade in order to take appropriate measures within the various target groups. In addition, our periodic Talent Survey contains questions on PWS and work-life balance.

For well-being, we have performed an inventory to assess where we stand. Currently we are in the process of (improved) embedding of well-being in all talent processes. Our absenteeism results are an encouragement that we are on the right path in this respect. Within Deloitte FIT – our programme aimed at improving the physical and mental fitness of our talent – we have included mental fitness modules aimed at improving the feeling of well-being. Especially during the Covid-19 crisis with so many of our people working from home, this proved to be an important activity.

Table 08: Vitality*

	2019/2020			2018/2019		
	Total	**Male**	**Female**	**Total**	**Male**	**Female**
Lost day rate	48,553	21,776	26,757	43,265	17,987	25,278
Sickness leave	3.0%	2.1%	4.5%	2.6%	1.7%	4.3%

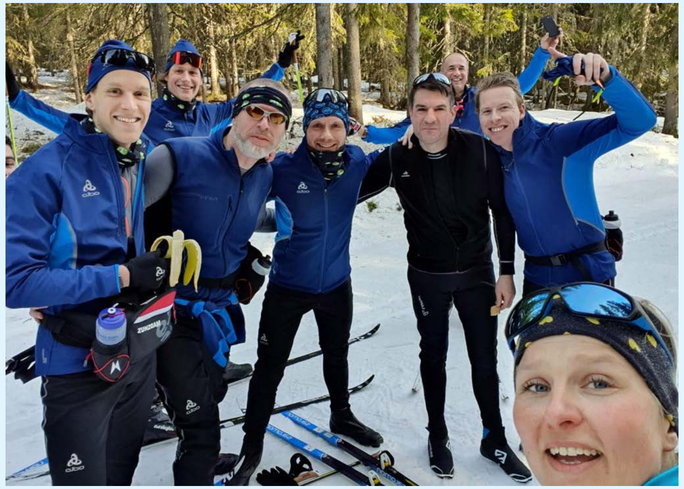
* Data pertains to both own employees and contractors

‘We aspire to create a sense of belonging for all employees and partners by creating an inclusive culture and workplace where every individual can be their true self, is respected, and can fulfil their potential.Why? Because it’s the right thing to do: it’s better for our clients and talent and it’s what’s expected from us. We will do so by being willing to Learn what we don’t understand, Listen with our heart, and Act to empower. External discussions on cultural diversity and gathered internal feedback stressed the importance to make further steps in the area of cultural diversity and strengthen our plans on this. We take our role seriously and have initiated specific actionplan.

Petra Tito
Talent Leader

Vasaloppet

The Vasaloppet is the world's longest cross-country skiing competition in icy conditions. Twenty Deloitters participated, facilitated by Deloitte FIT. These included activities that contribute to a healthy lifestyle. We want to connect colleagues in a positive and vital way, and encourage our colleagues to exercise, eat healthily and stay mentally FIT. All facets are discussed and Olympic athletes are often used to train and inspire us in the run-up to an event.



Theme: Connect for impact
Challenge: Healthy & safe work environment
Solution: Deloitte Fit
Who: Arjen Martens, senior consultant

'During the preparation and completion of a challenge such as the Vasaloppet or Reaching Peaks you will get to know yourself better both mentally and physically, which is very valuable both professionally and privately. Finally, it is also a very nice way to get to know colleagues from different functions and offices.'

Accelerate growth and innovation

Innovation

One of the objectives of the Accelerate growth and innovation pillar of Plan 2020 was to be recognised as the most innovative professional services firm in the Netherlands and improve on our ability to take innovations to market.

Technological developments take place at an extremely rapid pace. During the past four years, we saw the introduction and adoption of new technologies around data analytics, advanced analytics, artificial intelligence, quantum computing, blockchain, cloud, internet of things and robot process automation (RPA). We have started collaborations in the form of alliances, ecosystems and consortia around these themes. Moreover, we have set up cross-functional Centres of Expertise around Advanced Analytics (2015), Artificial Intelligence (2017), Blockchain (2018) and Ecosystems (2019). Furthermore, we have set up and run an innovation ecosystem to align all Deloitte Innovation teams and activities in the different businesses and geographies. In the Netherlands we have implemented dedicated Dutch business teams on cloud, internet of things and RPA.

In driving our innovation agenda, the key challenges we faced were:

1. The lack of (mass) adoption of technology driven innovative products & services by Deloitte / Deloitters as the current business model is more focused on time than on offering automated solutions;
2. Measurement of revenue from innovative products and services as our ERP system does not support track & trace of specific products or (parts of) procedures. In addition is has proven difficult to assess what part of wins can be attributed to innovative products in a proposal.

Despite these challenges we see that Deloitte is recognized by clients and talent as an innovative firm, leading to a high proportion of wins in innovative areas, and to a boost in job-applicants and new colleagues with a STEM profile. The multiple Centres of Expertise around technologies connect the STEM communities in various businesses and boosts the cross-business staffing in assignments.

Innovation goes beyond the development of new products and processes. Innovation is all about continuous behavioural change. Therefore, strong support from leadership remains essential, not only in words and (long term) investments, but first and foremost by setting the example, even if this means changing the way we do business. Our Strategy 2023 recognises this lesson and gives room to other reward models.

Center for the Edge

In a rapidly increasing pace, new technologies and revitalised values like transparency, authenticity, collaboration, sharing results, purpose and societal impacts (such as sustainability) are in focus for many organisations. These trends are bound to disrupt virtually every existing business model. At the Center for the Edge it's our mission to identify and explore new opportunities on the edge of business and technology.

As a transformation partner, we aim to engage company leaders and unlock innovation potential. That is how we shape the future, generating sustainable growth for everyone. As every transformation starts in the boardroom, we focus on the leaders of organisations. We aspire to accelerate their transformations and with that, Europe's. That is why we focus on building trust and engage in a dialogue with CEOs around relevant transformation topics. When we create trust, we can start to help them to transform their organisations with different propositions.

Client relationships

Our client relationships programme consists of four main initiatives: Deloitte Academy, Around the Boardroom, Greenhouse and Corporate Sponsoring. The objective of our programme is to enhance our relationships with existing and potential clients on C-level in strategic Dutch and global clients in order to create opportunities and grow business.

Deloitte Academy

Deloitte Academy offers training and education programmes aimed at talent development for clients and prospects of Deloitte. In 2019/2020 Deloitte Academy has focused progressively on participants from multi-national Dutch and global clients. Moreover, Deloitte Academy has developed new educational programmes such as various new cyber trainings, Women on Boards courses (diversity programme for women in board positions or women that will be entering the boardroom shortly), a course on fraud risks factors, a training on European customs law and the new course *Rechtmatigheidsverantwoording* (Legal). Business Chemistry programme has contributed to empowering individuals and teams to flex and adapt smoothly in today's dynamic business landscape.

Around the Boardroom

The Around the Boardroom programme conducted extensive research in order to redesign our C-Suite relationship programmes from a push to a pull approach. The programme is the driver behind the CxO Hub, a service delivery centre that supports our industries in building relationships in a demand-driven and tailor-made way. Another new service is the C-Suite Expat programme, and we have issued extensive Points of View and interviews on this topic. Furthermore, Around the Boardroom supports many CxOs onboarding and transitioning into new board roles.

Greenhouse
The year 2019/2020 started with the launch of the renewed Greenhouse in The Edge in Amsterdam. Deloitte Greenhouse is a cutting-edge physical space designed to help clients tackle some of their most complex challenges. In Deloitte Greenhouse, we apply behavioural sciences, analytics, technology, and facilitation that exceeds traditional problem-solving methods. Greenhouse Labs aim to engage participants not only intellectually, but also physically and emotionally.

Corporate sponsorships
Face-to-face dialogue remains the most powerful way to strengthen and broaden relationships, even in a digital era. Through our sponsorship programme, we provide the opportunity to connect people, invest in long-term relationships, and sustain our networks by building friendships, trust and mutual loyalty. Our aim is to deliver our purpose 'Make an Impact that Matters', by proactively connecting with clients, our people and society. Deloitte is proud partner of, among others, the Royal Dutch Hockey Federation, the Netherlands Bach Society and De Nieuwe Kerk Amsterdam. Our sponsorship programme is also a platform to attract talent, e.g. through our sponsorships of the Vattenfall Solar Team in Delft as well as the Dutch Chess Championship.

'Deloitte is widely acknowledged to be an innovative firm. Innovation is all about continuous behavioural change. We must keep our leading position in the industry and continue to redesign the way in which we do business. By means of our purpose driven "Future of …" focus, our client relationships programme and the Center for the Edge, we engage leaders and enhance our relationships with existing and potential clients to unlock innovation potential and grow business.'

Bianca den Elsen
Clients & Industries Leader

Improve our client portfolio

We continue to make progress to engage and build sustainable and rewarding client relationships premised on making a meaningful impact. Given the progress made as part of our Plan 2020, we have now fully embedded and integrated the Improve client portfolio strategic initiative in our business processes and decision making. Consequently, this is no longer managed as a separate initiative. Looking ahead to our Strategy 2023, we have a strategic initiative to work with our clients in their aspirations of becoming more responsible and purpose driven. In this context and building on making an impact with our clients, we are assessing in, for example, our Consulting business, what the impact is that we are making on a scale of 1 to 5.

In executing the 'Improving our client portfolio' pillar of our strategy, we have had both the opportunity and challenge in making the right strategic decisions on client investments and continuation given limited resources. During the last four years we considered the results from our improve client portfolio strategic initiative as being successful in view of the combined impact we have been able to make in conjunction with our improved business and financial performance over this period when considering Quality and Client Satisfaction.

Establish lean operations

The strategic pillar 'Establish lean operations' was aimed at increasing efficiency while reducing overhead costs – at both a central and business level. In the previous year, the overhead costs at business level per fee earner increased and the same trend was visible in the first three quarters of 2019/2020. This increase was mainly driven by travel and technology. In the last quarter business overheads were significantly lower following the ban on (non-critical) travel and training resulting from the Covid-19 outbreak. Nonetheless, overhead costs exceeded the target due to an increase in Innovation expenditures and similarly for expenditures related to technology driven projects (Swift, Jupiter), the refurbishment of our offices, and service fees paid to Deloitte global.

The increase in Business overheads, and specifically travel, was driven by the integration of NSE, resulting in more international meetings, training and assignments. The increase in travel costs is common across the NSE geographies and therefore a stricter policy on international NSE meetings was issued. To lead by example, the executive meetings of CEOs, COOs and CFOs were rescheduled to conference calls alternating with physical meetings.

Attention to training remains key for Deloitte, in line with our aspiration to be the undisputed leader in professional services. Decreasing training expenditures therefore are not a goal and the challenge is to spend our training investments wisely to maximise impact.

Our technology investments have resulted in an increase in overhead costs. These technology investments (e.g. Swift and Jupiter) support further integration within NSE from a business perspective but also on enabling areas (EA). EA integration will also be shaped further on a global level. An example of this are finance activities performed by local teams that will be performed by global teams and NSE teams.

An important lesson we have learned relevant to the execution of our Connect to accelerate impact strategy is that we need to be more disciplined. When defining Plan 2020, targets were set with a strong focus on cost reduction, efficiency and effectiveness. Adherence to these targets in the planning process could have been stricter. In addition, we accepted that our businesses and support organisation invested more broadly. This resulted in instances where investments were insufficiently prioritised and we missed targets. For example, approving too many investments with sound business plans but not sufficiently prioritised e.g. related to investments in technology or innovations. Going forward, we will further prioritise our investments.

Climate and CO_2 reductions

As a result of our business model, we consume energy to power, heat or cool our offices, to go to and return from work, and to travel to and from our clients, nationally and internationally. This energy consumption results in the emission of greenhouse gasses, mainly CO_2.

As CO_2 emissions are widely blamed for causing global warming beyond limits that our planet and its occupants can absorb, the basis for our CO_2 approach is to reduce our emissions as much as we can. We cannot avoid all emissions yet - not in all cases there are affordable alternatives – and therefore we aim to compensate our annual CO_2 emissions where we can.

The main causes of our emissions are housing (heating, cooling and powering our offices) and mobility (lease cars, rail and air travel).

Housing

We aim to rent office space in leading energy-efficient buildings. Good examples of such buildings are our office in Amsterdam ('The Edge'), which has a BREEAM Outstanding certificate, and in Rotterdam ('Maastoren'). All our offices are equipped with energy efficient lighting. Where we are the main tenant, we purchase renewable energy, where we are not, we aim to offset our share in the energy related emissions.

Mobility

For mobility, we maintain a mobility policy that offers our employees the choice between a lease car, a cash option or public transport. When employees opt for a lease car, we encourage them 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 attractive. In all lease categories, we include electric cars either as standard or as the preferred car choice.

Internationalisation has required that we travel increasingly 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 travel, both in terms of approvals designed to prevent unnecessary travel, and of travel choices to prevent unnecessary costs and CO_2 emissions. In line with our reduction ambitions, we have set additional rules for short international travel (where it is preferred to use rail) and are in the process of setting further conditions to reach our CO_2 reduction target of 20% overall reduction by 2023 compared with 2019.

Table 09: Energy consumption, CO_2 emissions and intensity

	2019/2020	2018/2019*	2017/2018*	Related emissions 2019/2020
Housing				
Electricity consumption	8,760,710 kWh	9,329,933 kWh	9,329,934 kWh	0
Specific electricity consumption	116.3 kWh/m^2	108.4 kWh/m^2	108.3 kWh/m^2	
Scope 1 thermal energy consumption	3,403 GJ	N/A	N/A	0
Scope 2 thermal energy consumption	17.558 GJ	N/A	N/A	0
Total thermal energy consumption	20,961g GJ	N/A	N/A	0
Specific thermal energy consumption	0.278 GJ/m^2	N/A	N/A	
Mobility				
Total kilometres driven by lease cars	90,850,301 km	101,841,977 km	101,931,052 km	
Number of lease cars - electric cars (incl. plug-in hybrids)	3,523 685	3,498 502	3,423 478	
Kilometres/lease car	25,788 km	29,114 km	29,778 km	
Total petrol consumption	4,514,237 l	5,383,209 l	4,665,944 l	12,640 tonnes
Total diesel consumption	581,182 l	1,134,994 l	1,857,986 l	1,860 tonnes
Total LPG consumption	483 l	0 l	230 l	1 tonnes
Total electricity consumption cars	1,590,645 kWh	919,680 kWh	963,870 kWh	756 tonnes
Total kilometres travelled by air	35,859,527 km	47,651,527 km	43,866,163 km	9,175 tonnes
Kilometres by air per FTE	5,918 km	8,307 km	8,300 km	
Total kilometres travelled by train	13,749,589 km	9.978.013 km	9,832,012 km	82 tonnes
Train kilometres/FTE	2,269 km	1,740 km	1,860 km	
Mobility CO_2 emissions intensity**	175 g CO_2/km	203 g CO_2/km	200 g CO_2/km	
Total CO_2 intensity	4.05 tonnes CO_2/FTE	5,64 tonnes CO_2/FTE	5.9 tonnes CO_2/FTE	
Totals				
Total CO_2 emissions	24,514 tonnes	32,341 tonnes	31,173 tonnes	

* The data for 2018/2019 and 2017/2018 has not been subject to external assurance

** This is the sum of all mobility-related CO_2 emissions divided by the total distance travelled by car, plane or train

Seek internationalisation

One of the first objectives that we achieved in our Plan 2020 was formalising our international cooperation, when 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 NWE firm remain responsible for their respective markets but join forces in areas such as clients & markets, talent, innovation, quality, and operations. This cooperation was needed to become the undisputed leader and make an impact that matters on our clients by offering seamless cross-border services to our international client base.

Because of the international cooperation across 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.

Following the inclusion of Deloitte Ireland within Deloitte NWE in 2018, and in line with our global strategy, Deloitte NWE has expanded its international footprint with the creation of Deloitte North and South Europe, which comprises our activities of thirteen countries (Netherlands, Nordics (Denmark, Finland, Iceland, Norway and Sweden), Belgium, Ireland, UK, Switzerland, Italy, Greece and Malta) in 2019. Per June 1, 2020, NSE will expand further when it merges with Deloitte Middle East.

Over the past years we have started to integrate our market activities with a focus on Strategic and Priority accounts. For Deloitte the Netherlands, this resulted in further growth opportunities across various sectors. In addition, we saw initiatives to further integrate our operations, driven by the COOs of the NSE geographies. This included - among others areas - improved alignment of investments in systems and technology and steps to further integrate our IT organisation, talent agenda and Clients & Industries. In the coming years we will continue our integration in several areas, including our financial systems. We have seen that many of the investments we have made have resulted in us hitting our performance targets, for example, in the area of new partner recruits.

Our international cooperation within NSE has brought us:

- Value add and solutions to clients with resulting growth in revenues and performance;
- The integrated IT organisation under leadership of one centrally appointed IT Executive, which 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 global CRM (Salesforce) and ERP (SAP 4Hana) systems to improve client relationship management and common systems and processes throughout Deloitte;
- An increase in engagements that are staffed internationally, offering our clients greater expertise and our talent the opportunity to grow in an international environment;
- Central buying power via our global procurement organisation CoRe (for example, in the area of wireless telecom) has resulted in considerable cost reductions.

‘Our international footprint has greatly expanded over the past few years with the creation of Deloitte NSE. The collaboration between our geographies has made a tangible difference in how we can serve our clients across borders and make an impact in our communities. Our diversity of skills, expertise and perspectives is drawn from 27 countries and 50,000 people, with Deloitte Middle East and Cyprus joining NSE in June this year.’

Richard Houston
CEO Deloitte NSE

Bringing Deloitters closer through an iftar dinner

This year's Ramadan was a bit different, as the Covid-19 outbreak meant that many colleagues were not able to visit friends and family, or their local mosque. Luckily, there are other ways to stay connected. The Risk Cultural I&D Network organised a Virtual Iftar for 45 colleagues and their family members, in which we learned more about the Ramadan, connected with our colleagues and discussed the value of inclusion and diversity at Deloitte. The successful evening included a Ramadan Quiz and Zoom (Break Out) dinner with all attendees once they received their Iftar meal at their home address.

'With the Risk Cultural Inclusion & Diversity Network we strive to have a work environment in which we connect, create and celebrate cultural inclusiveness and diversity within Deloitte. Initiating these kinds of projects for all colleagues will help us achieve this. That is true inclusion.'

Theme: Connect for impact
Challenge: Being a more diverse and inclusive firm
Solution: Bringing Deloitters closer through a Ramadan dinner
Who: Emel Güngör, senior consultant

Our year at a glance

Report from the Executive Board

Report from the Supervisory Board

Connect to accelarate impact - strategy 2023

Our firm

Deloitte Impact Foundation

Our performance against Plan 2020

Annexes

Annexes

Annex 1: Consolidated financial statements

Consolidated statement of profit or loss and other comprehensive income for the year ended May 31, 2020

in € thousands	Note		2019/2020		2018/2019
Revenue	5	**1,015,479**		968,242	
Other operating income	5	**2,254**		6,435	
Total operating income			**1,017,733**		974,677
Costs of subcontracted work and other external costs		**200,963**		186,115	
Salaries and social security charges	6	**444,448**		411,471	
Amortisation of intangible assets and depreciation of property, plant and equipment	7	**49,309**		14,714	
Impairments of intangible assets and property, plant and equipment	7	**587**		-	
Other operating expenses	8	**165,194**		187,271	
Total operating expenses			**860,501**		799,571
Operating result			**157,232**		175,106
Financial income	9		**729**		125
Financial expenses	10		**(11,280)**		(7,717)
Share of result from participating interests			**-**		40
Result before taxation and management fee			**146,681**		167,554
Management fee and compensation members of Coöperatief Deloitte U.A.	11		**(133,653)**		(151,243)
Result before taxation and after management fee			**13,028**		16,311
Taxation on result of activities	12		**(6,422)**		(10,315)
Profit for the year			**6,606**		5,996
Item that may be reclassified subsequently to profit or loss					
Reclassification adjustment cash flow hedge reserve		**481**		633	
Net income tax related to adjustment cash flow hedge reserve		**(88)**		(280)	
Total other comprehensive income, net of income tax			**393**		353
Total comprehensive income for the year			**6,999**		6,349

Consolidated statement of financial position at May 31, 2020 (before result appropriation)

Assets (in € thousands)	Note	**May 31, 2020**	May 31, 2019
Non-current assets			
Property, plant and equipment - owned assets	13	**59,415**	54,421
Property, plant and equipment - right-of-use assets	14	**171,663**	-
Intangible assets	15	**9,133**	7,550
Deferred tax assets	12	**10,885**	11,790
Investments	16	**2,000**	1,033
Other non-current assets	17	**1,623**	4,126
Total non-current assets		**254,719**	78,920
Current assets			
Unbilled services	18	**82,250**	112,170
Trade and other receivables	19	**222,429**	189,645
Cash and cash equivalents	20	**17,524**	15,823
Total current assets		**322,203**	317,638
Total assets		**576,922**	396,558

Equity and liabilities (in € thousands)	Note	**May 31, 2020**	May 31, 2019
Equity		**(32,567)**	(36,115)
Non-current liabilities			
Membership capital	21	**6,250**	6,250
Interest-bearing loans and borrowings	22	**143,500**	145,964
Lease liabilities	23	**163,277**	-
Provisions	24	**21,729**	2,853
Derivative financial instruments	22.2	**2,658**	3,330
Deferred income and accrued cost		**-**	22,141
Deferred tax liabilities	12	**1,064**	815
Total non-current liabilities		**338,478**	181,353
Current liabilities			
Trade and other payables	25	**226,495**	222,750
Interest-bearing loans and borrowings	22	**9,253**	14,527
Lease liabilities	23	**34,400**	-
Provisions	24	**834**	8,881
Deferred income and accrued cost		**29**	5,162
Total current liabilities		**271,011**	251,320
Total liabilities		**609,489**	432,673
Total equity and liabilities		**576,922**	396,558

Consolidated statement of changes in equity for the year ended May 31, 2020

in € thousands	Note	Legal reserves	Other reserves	Cash flow hedge reserve	Result for the year	**Total**
Balance at June 1, 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)**
Profit for the year		-	-	-	6,606	**6,606**
Movement other comprehesive income		-	-	393	-	**393**
Total comprehensive income for the year		-	-	393	6,606	**6,999**
Deemed distribution	29.1		(3,455)			**(3,455)**
Profit appropriation prior financial year		-	6,000	-	(5,996)	**4**
Movement capitalised costs	15.2	545	(545)	-	-	**-**
Balance at May 31, 2020		**545**	**(37,600)**	**(2,118)**	**6,606**	**(32,567)**

Consolidated statement of cash flow for the year ended May 31, 2020

(Prepared using the indirect method)

in € thousands	Note		**2019/2020**		2018/2019
Profit for the year			**6,606**		5,996
Adjustments for:					
- Taxation on result of activities	12		**6,422**		10,315
- Share of result from participating interest			**-**		(40)
- Financial income	9		**(729)**		(125)
- Financial expenses	10		**11,280**		7,717
- Depreciation and amortisation	7		**13,918**		14,714
- Depreciation of right-of-use assets	7		**35,391**		-
- Impairment of goodwill	7		**387**		-
- Amortization of non-current assets	17		**866**		750
- Results on disposal of property, plant and equipment	7		**200**		(232)
- Results on disposal of a business	27		**-**		(4,235)
Cash flows before movements in working capital			**74,341**		34,860
Net foreign exchange (loss)/gain	10		**256**		(134)
Change in management fee/compensation members of Coöperatief Deloitte U.A.	11		**5,480**		(18,941)
Change in unbilled services and advance billings	19, 25		**39,019**		(10,340)
Change in trade receivables			**(8,837)**		(7,451)
Decrease in provision	24		**(9,096)**		(1,212)
Change in trade payables			**(9,774)**		789
Change in deferred income and accrued cost			**29**		(5,167)
Cash flow generated from operating activities			**91,418**		(7,596)
Interest received		**185**		42	
Interest paid		**(7,245)**		(7,357)	
Interest paid on lease liabilities		**(2,514)**		-	
Dividend received		**-**		40	
Corporate income tax paid		**(6,925)**		(5,771)	
			(16,499)		(13,180)
Net cash from operating activities			**74,919**		(20,642)

Consolidated statement of cash flow for the year ended May 31, 2020

(Prepared using the indirect method)

in € thousands	Note		**2019/2020**		2018/2019
Net cash from operating activities			**74,919**		(20,642)
Investments in intangible fixed assets	15	**(3,344)**		-	
Purchase of property, plant and equipment	13	**(19,804)**		(15,764)	
Proceeds on disposals of property, plant and equipment	13	**1,386**		469	
Disposal of a business	27	**-**		3,087	
Acquisition of subsidiary, net of cash acquired	27	**(308)**		124	
Investments in other financial assets	16	**(4,422)**		(566)	
Repayment of other financial assets	16	**31**		117	
Cash flow from/(used in) investment activities			**(26,461)**		(12,533)
Stichting Financiering Deloitte/Members:					
- Receipts subordinated loans	22	**9,500**		9,975	
- Repayment of subordinated loans	22	**(14,657)**		(5,739)	
- Cash movement in current account	25	**-**		-	
Net cash inflow from members		**(5,157)**		4,236	
Receipts from non-current liabilities	21	**500**		500	
Payments to non-current liabilities	21	**(900)**		(325)	
Repayment of lease liabilities	23	**(38,020)**		-	
Repayment of other (interest-bearing) loans	22	**(3,180)**		(3,000)	
Net cash from / (used in) financing activities			**(46,757)**		1,411
Net cash flow			**1,701**		(31,764)
Cash and cash equivalents at start of financial year			**15,823**		47,587
Movements in cash and cash equivalents			**1,701**		(31,764)
Cash and cash equivalents at end of financial year	20		**17,524**		15,823

Notes to the consolidated financial statements for the year ended May 31, 2020

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. became 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. On June 1, 2020, Deloitte Middle East (DME) will officially become part of Deloitte NSE. Per that date 4,200 employees and 200 partners will become part of NSE.

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 16 Leases. The impact of the new standards is recognised in the opening balance sheet of June 1, 2019. The adjustments are explained in more detail in the following disclosure note.

2.1.1 Impact of initial application of IFRS 16

*T*he Group has adopted IFRS 16 Leases retrospectively from June 1, 2019, but has not restated comparatives for the prior year, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on June 1, 2019. The new accounting policies are disclosed in note 3.7.

Applying IFRS 16, for all leases previously classified as 'operating leases' under the principles of IAS 17 Leases, the Group:

a) recognises right-of-use assets and lease liabilities in the consolidated balance sheet, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted for lease incentives received and property restoration costs.
b) recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated income statement;
c) separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes small items of office furniture and equipment), the Group has opted to recognise a lease cost on a straight-line basis as permitted by IFRS 16. This cost is presented within 'other operating expenses' in the income statement.

The adoption of IFRS 16 has no cash impact on the Group.

(a) Practical expedients applied
On adoption of IFRS 16, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
- accounting for operating leases with a remaining lease term of less than 12 months as at June 1, 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The group has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to apply to those leases entered into before June 1, 2019.

(b) Measurement of lease liabilities
On June 1, 2019 lease liabilities were measured at the present value of future lease payments, discounted using the relevant incremental borrowing rate as of June 1, 2019. The weighted average incremental borrowing rate (IBR) applied to the lease liabilities on June 1, 2019 was 1.23%. The remaining weighted average lease term was 8.4 year at this date.

€'000	2020
Operating lease commitments and other components disclosed as at May 31, 2019	253,455
Onerous leases disclosed as at May 31, 2019	1,414
Non-lease components in the contracts	(45,714)
Operating lease commitments disclosed as at May 31, 2019	209,155
(Less): variable lease components in contracts	(3,042)
Add/(Less): adjustments as a result of a different treatment of extension and terminations options	18,245
Effect of discounting by using the incremental borrowing rate	(11,541)
Lease liability recognised at June 1, 2019	212,817
Analysed as:	
Current lease liabilities	38,626
Non-current lease liabilities	174,191
	212,817

(c) Measurement of right-of-use assets
The Group has opted to measure the right-of-use asset recognised at 1 June 2019 at an amount equal to the lease liability of €212,817, adjusted for lease incentives received and property restoration costs. The right-of-use asset recognised at 1 June 2019 is therefore €184,172. The adoption of IFRS 16 did not result in a change to the net asset position the Group on June 1, 2019.

Financial effects of initial application

The effects on the statement of financial position from the adoption of IFRS 16 as per June 1, 2019 and the effects on the statement of cash flows is summarised in the tables below.

	May 31, 2019	Impact IFRS 16	June 1, 2019
Fixed assets			
Property, plant and equipment – owned	54,421	(492)	53,929
Property, plant and equipment – Right of use	-	184,172	184,172
Current assets			
Trade and other receivables	189,645	420	190,065
Total Assets		184,100	
Non-current liabilities			
Lease liabilities	-	174,191	174,191
Provisions	2,853	(708)	2,145
Deferred income and accrued cost	22,141	(22,141)	-
Current liabilities			
Lease liabilities	-	38,626	38,626
Deferred income and accrued cost	5,162	(5,162)	-
Provisions	8,881	(706)	8,175
Total liabilities		184,100	

The effect of IFRS 16 on the financial result of the Group are not material, the effect on the financial position is material for the recognised assets and liabilities. During the renewal of the financing agreements and corresponding debt covenants the ratios are based on the accounting policies that were applicable for the consolidated financial statement for the Financial Year ended May 31, 2019 ('Frozen Accounting Principles').

2.2 New and revised IFRSs in issue but not yet effective

There are no new IFRS accounting standards, amendments to existing standards or new IFRIC interpretations published that are not yet effective that are expected to have a material impact on the Group in future reporting periods and on foreseeable future transactions.

3. Significant accounting policies

Going concern

Capital base

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 €92,926 (May 31, 2019 €92,173). 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 generally stable number of partners, the company does not expect a situation of a noteworthy net repayment of such loans in the coming years. The restructuring is a non-cash event and did 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.

Cash flow and performance

The global and Dutch economies have been severely impacted by the Covid-19 crisis. Driven by our diverse business and services offerings combined with integrated solutions for our clients across businesses we incurred a limited impact in the last quarter of 2019/2020. This combined with our strong performance leading up to the crisis.
While the impact of Covid-19 on our 2019/2020 financial performance has been limited, for the summer months and beyond, we see a considerable reduction in our pipeline where our clients have in certain instances either deferred or discontinued engaging on new projects. Also, building on new engagements is gradual combined with longer lead times.
In financial year 2019/2020 and financial year 2018/2019 Coöperatief Deloitte U.A. generated €209 million (€171 million after IFRS 16 payments) and €130 million respectively in net cash from operating activities before management fee/ compensation with approximately between €27 million (2019/2020) and €12 million (2018/2019) in annual investments.

The cash generating ability of the Group based on past performance and future planned performance continues to show sufficient cash generation capacity and is expected to form a solid basis for distributing funds from Deloitte Holding B.V. to Coöperatief Deloitte U.A. and from Coöperatief Deloitte U.A. to its members. As of March 2020 the management fee has been decreased and payment of the distribution is delayed to the end of 2020/2021. And for 2020/2021 the monthly paid management fee is also decreased. Importantly, we have a solid financial position and have taken measures to deal with various potential negative scenarios resulting from Covid-19 should these arise. Scenarios have been developed where the best case is still our most likely case, but also in our worst case scenario we operate within the limits of our covenants (see note 22).
Furthermore, we consider that the combination of our focus on working capital management (see note 4.1.3), available credit facilities, and the ability to manage upfront partner management fee distributions, equips us to meet our obligations and continue as a going concern.
As a result of the Covid-19 crisis and to ensure our continuity in an extreme scenario, we entered into discussions with our banks to add an additional €50 million in credit facilities in the second half of 2020, which can result in being able to access €150 million in facilities.
We have not made use of the available facilities created by the Dutch government to secure the immediate continuity of Dutch businesses.

Conclusion

The Executive Board is confident about the future outlook for the Deloitte Netherlands Group. The financial statements are prepared applying the going concern assumption. Our financial statement states those material risks and uncertainties that are relevant to the expectation of the Groups' continuity for the period of twelve months after the preparation of this report.

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.

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.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture.

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 r elated 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 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.

3.7.1 Leasing

(a) The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;

- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.
The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the reporting period (comparatives are under IAS 17) presented.
The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.
Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.
Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.
The right-of-use assets are presented as a separate line in the consolidated statement of financial position.
The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.
Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the profit or loss (see note 8).
As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient . For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(b) The Group as lessor
When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. 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.
Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

3.7.2 Leasing accounting under IAS 17 (applied untill May 31, 2019)

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.

3.7.2.1 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 incenives 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.

3.7.2.2 The Group as lessor

Rental income from operating leases is recognised on a straightline 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, except for Deloitte Dutch Caribbean B.V. 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.

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 until May 31, 2019 and in Right-of-Use assets since June 1, 2019 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 1.2% (prior year 0.4%). 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 until May 31, 2019 and in Right-of-Use assets since June 1, 2019 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.

4.1.3. Expected credit losses

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.

Given the current Covid-19 developments and impact, the risk of default is expected to have increased. For trade receivables we have limited relevant historical data and experience reflecting sufficiently the current adverse economic conditions on which to base the estimate in the ECL matrix. The economic downturn is abrupt without concrete forward looking data. A significant economic downturn is to be expected. Uncertain is what the duration of the negative consequences will be. The current conditions will have an impact on probability of default ('PD') and the loss given default ('LGD') . To date, we have experienced a limited effect of Covid-19 for trade receivables collections.

Our existing collection policies enable us to closely monitor developments in our receivables. The billing and subsequent collection are still meeting our targets. We see no noteworthy developments in delayed payments or changes in credit limits.

For the provision matrix we used an overlay as the impact is not included in our main expected credit loss matrix. We have not added one or more additional scenarios to the existing scenarios.

In the overlay we included the forward-looking information based on all available information such as expected economic developments.

See note 26.2 on how the Group manages its credit risks.

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 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

4.4. Significant sources of estimation uncertainty

Given uncertainties and limited visibility on further consequences resulting from Covid-19 as well as the possibility for a second wave and impact, we consider future Covid-19 developments as a significant source of estimation uncertainty. The impact of this uncertainty mostly impacts our assessment of expected credit losses related to trade receivables and unbilled revenues (note 4.1.3).

In the assessment of other balances we have assessed the possible impact of Covid-19 on the measurement of goodwill, our right-of-use assets, investments and provided loans. Although we have recognised impairments losses these were not related to Covid-19.

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	2019/2020	2018/2019
Audit & Assurance	**229,848**	228,971
Tax & Legal	**211,227**	212,820
Consulting	**305,592**	266,220
Risk Advisory	**169,773**	171,478
Financial Advisory	**91,449**	87,332
Support/Other	**7,590**	1,421
	1,015,479	968,242

Revenue is mainly realised in the Netherlands.

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.

in € thousands	2019/2020	2018/2019
ICT hosting revenues for external parties	**1,641**	1,968
Capitalised own production	**613**	-
Disposal Ctrl B.V.	**-**	4,235
Book results of disposed assets	**-**	232
	2,254	6,435

6. Salaries and social security charges

in € thousands	2019/2020	2018/2019
Salaries *)	**365,424**	339,712
Social security charges	**52,568**	47,422
Pension costs	**26,456**	24,337
	444,448	411,471

*) Salaries contains €3,276 (2018/2019 €3,460) 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:

	2019/2020				2018/2019			
	Equity partners	Fee earners	Support Staff	Total	Equity partners	Fee earners	Support Staff	Total
Audit & Assurance	**55**	**1,542**	**36**	**1,633**	69	1,518	34	1,621
Tax & Legal	**60**	**876**	**13**	**949**	69	866	14	949
Consulting	**69**	**1,415**	**17**	**1,501**	64	1,243	14	1,321
Risk Advisory	**34**	**682**	**6**	**722**	33	663	4	700
Financial Advisory	**33**	**394**	**2**	**429**	27	352	1	380
Support/Other	**10**	**86**	**816**	**912**	12	5	748	765
	261	**4,995**	**890**	**6,146**	274	4,647	815	5,736

Virtually all employees are based in the Netherlands., The average number of employees working abroad in Curaçao and Aruba amounted 96 (2018/2019: nil).

7. Amortisation/depreciation and impairments

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

in € thousands	2019/2020	2018/2019
Intangible assets:		
Amortisation	**1,374**	2,165
Property, plant and equipment - owned assets:		
Depreciation	**12,544**	12,549
Property, plant and equipment - right of use assets:		
Depreciation	**35,391**	-
	49,309	14,714

7.2 Impairment of intangible assets and property, plant and equipment

in € thousands	2019/2020	2018/2019
Intangible assets:		
Impairment,	**387**	-
(Gain) / loss on disposed assets:		
Property, plant and equipment	**200**	-
	587	-

8. Other operating expenses

Other operating expenses are specified as follows:

in € thousands	**2019/2020**	2018/2019
Staff cars	**29,522**	43,715
Employee benefits	**34,108**	39,036
Accommodation costs	**13,240**	31,390
International member firm fees	**23,555**	22,670
Office costs	**12,370**	12,102
Other costs	**52,399**	38,358
	165,194	187,271

In other costs are included costs for Group projects of €39,175 (2018/2019: €30,968). This comprises mainly IT-, legal-, marketingcost.

Lease-related income and expenses

€'000	2020
Depreciation cost on right-of-use assets (included in Depreciation)	35,391
Interest cost on lease liabilities (included in Financial expenses)	2,514
Costs relating to short-term leases (included in Accomodation costs)	97
Cost relating to variable lease payments not included in the measurement of the lease liability (included in Other costs)	1,099
Income from sub-leasing right-of-use assets (included in Accomodiation costs)	(3,080)
	36,021

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

in € thousands	**2019/2020**	2018/2019
Audit of the financial statements	**373**	390
Other audits	**47**	42
Tax advisory services	**-**	-
Other non-audit services	**-**	-
	420	432

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	**2019/2020**	2018/2019
Financial instruments measured at amortised cost:		
Interest income and similar income	**270**	125
Financial instruments measured at FVTPL:		
Change in fair value interest rate swaps	**191**	-
Other:		
Market value discount provisions	**1**	-
Exchange differences	**267**	-
Financial income	**729**	125

10. Financial expense

in € thousands	**2019/2020**	2018/2019
Financial instruments measured at amortised cost:		
Interest paid and similar costs	**(7,264)**	(7,203)
Interest paid on lease liabilities	**(2,514)**	-
Impairment losses on financial assets*)	**(1,502)**	(23)
Financial instruments measured at FVTPL:		
Change in fair value interest rate swaps	**-**	(359)
Other:		
Market value discount provisions	**-**	(46)
Exchange differences	**-**	(86)
	(11,280)	(7,717)

*) 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 was 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		**2019/2020**		2018/2019
Management fee (to be) distributed to members	**122,782**		135,567	
Additional compensation available for members	**10,871**		15,676	
Total management fee and compensation		**133,653**		151,243
Deduction of profits for compensation of negative equity	**5,340**		5,340	
Movement legal reserve not payable to members	**545**		-	
Adjustments not payable to members *)	**721**		656	
Proposed deduction of profits (Net result after taxation)		**6,606**		5,996
Corporate income tax		**6,422**		10,315
Result before management fee and taxation		**146,681**		167,554
Average number of members in fte **)		**259**		271
Average management fee and earnings available for distribution before tax per member (x €1,000)		**566**		618

*) Adjustments mainly relates to goodwill amortisation and interest rate swap, these differences between management accounts and IFRS 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 €129,498 (2018/2019 €176,894)

12. Income taxes

12.1.1 Income tax recognised in profit or loss

in € thousands	**2019/2020**	2018/2019
Current tax		
In respect of the current year	**5,198**	6,927
In respect of prior year	**(87)**	(86)
	5,111	6,841
Deferred tax		
In respect of current year	**1,399**	3,754
Net income tax related to adjustment cash flow hedge reserve	**(88)**	(280)
	1,311	3,474
Total income tax expense recognised in the current year	**6,422**	10,315

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

in € thousands	**2019/2020**	2018/2019
Result before taxation	**13,028**	16,311
Income tax expense calculated at 25% (2018/2019: 25%)	**3,257**	4,078
Effect of income that is exempt from taxation	**(10)**	(10)
Tax losses not recognised	**539**	-
Effect of expenses that are not deductible in determining taxable profit*	**3,286**	4,563
Application local, nominal rates (higher/lower rates)	**(11)**	(11)
Effect of rate adjustment deferred taxes	**(552)**	1,781
Income tax prior year	**(87)**	(86)
Income tax expense recognised in profit or loss	**6,422**	10,315

*) 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, 2020 €2 (2019: €1,258) and of current income tax receivables as of May 31, 2020 €379 (2019: 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, 2020**	May 31, 2019
Deferred tax assets	**10,885**	11,790
Deferred tax liabilities	**(1,064)**	(815)
	9,821	10,975

€1,7 million of the deferred tax assets is expected to expire next year, €9.2 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, 2020

in € thousands	Opening balance	Recognised in profit or loss	Change in consolidation	Closing balance
Deferred tax assets/(liabilities) in relation to:				
Goodwill and intangibles *)	9,712	(1,357)	-	**8,355**
Property, plant and equipment	563	251	-	**814**
Provisions	-	-	(32)	**(32)**
Interest rate swap	700	(117)	-	**583**
Tax losses	-	-	101	**101**
	10,975	**(1,223)**	**69**	**9,821**

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

Movement deferred tax in the year ended May 31, 2019

in € thousands	Opening balance	Recognised in profit or loss	Change in consolidation	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**

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, 2019	63,515	24,445	41,144	1,798	**130,902**
Accumulated depreciation and impairments as of June 1, 2019	(31,810)	(13,433)	(31,238)	-	**(76,481)**
Book value as of June 1, 2019	31,705	11,012	9,906	1,798	**54,421**
Reclassification due to IFRS 16	(491)	-	-	-	**(491)**
Change in consolidation	162	73	8	-	**243**
Additions *)	4,906	1,782	14,479	(1,798)	**19,369**
Disposals **)	(60)	(375)	(11,007)	-	**(11,442)**
Accumulated depreciation on disposals	59	371	9,429	-	**9,859**
Depreciation	(5,108)	(2,145)	(5,291)	-	**(12,544)**
Book value as of May 31, 2020	**31,173**	**10,718**	**17,524**	**-**	**59,415**
Acquisition cost as of May 31, 2020	67,589	25,925	44,624	-	**138,138**
Accumulated depreciation and impairments as of May 31, 2020	(36,416)	(15,207)	(27,100)	-	**(78,723)**
Book value as of May 31, 2020	**31,173**	**10,718**	**17,524**	**-**	**59,415**
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, 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	-	

*) Of the additions €(435) (2018/2019: €332) 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 Right-of-use assets

in € thousands	Buildings	Vehicles	**Total**
Cost			
June 1, 2019 *)	150,787	33,828	**184,615**
Additions	422	18,148	**18,570**
Remeasurements	5,963	(1,504)	**4,459**
Decrease of scope	-	(144)	**(144)**
Disposals	(37)	-	**(37)**
May 31, 2020	157,135	50,328	**207,463**
Accumulated depreciation			
June 1, 2019 *)	(443)	-	**(443)**
Accumulated depreciation ons disposals	34	-	**34**
Change for the year	(19,748)	(15,643)	**(35,391)**
May 31, 2020	(20,157)	(15,643)	**(35,800)**
Net book value			
June 1, 2019	150,344	33,828	**184,172**
May 31, 2020	136,978	34,685	**171,663**

* The Group adopted IFRS 16 on 1 June 2019. Please refer to note 2.1.1 for details of the adjustments recognised.

15. Intangible assets

The movements in intangible assets are as follows:

in € thousands	Goodwill	Other intangible assets	Intangible assets under construction *)	**Total**
Acquisition cost as of June 1, 2019	6,170	8,555	-	**14,725**
Accumulated amortisation and impairments as of June 1, 2019	-	(7,175)	-	**(7,175)**
Book value as of June 1, 2019	6,170	1,380	-	**7,550**
Additions	-	1,030	2,314	**3,344**
Fully depreciated	-	(8,304)	-	**(8,304)**
Accumulated amortisation fully depreciated	-	8,304	-	**8,304**
Amortisation	-	(1,374)	-	**(1,374)**
Impairment	(387)	-	-	**(387)**
Book value as of May 31, 2020	**5,783**	**1,036**	**2,314**	9,133
Acquisition cost as of May 31, 2020	6,170	1,281	2,314	**9,765**
Accumulated amortisation and impairments as of May 31, 2020	(387)	(245)	-	**(632)**
Book value as of May 31, 2020	**5,783**	**1,036**	**2,314**	9,133
Amortisation periods in years	-	1-7 years	-	

*) Intangible assets under construction relates to a global software project. No fixed amount have been committed.

in € thousands	Goodwill	Other intangible assets	Intangible assets under construction	**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	-	

15.1 Goodwill

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

in € thousands	**May 31, 2020**	May 31, 2019
Audit & Assurance - Core audit	**937**	939
Tax & Legal - Business tax	**937**	1,322
Consulting - Customer solutions	**1,300**	1,300
Consulting - Human capital	**2,609**	2,609
	5,783	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% (2018/2019 -10.0%). We estimated the recoverable amounts by applying a discount rate of 20% (2018/2019 20%). As a result of analysis, the Executive Board recognised an impairment of €384 as of May 31, 2020 (May 31, 2019 nil). 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.

15.2 Other intangible assets

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

in € thousands	**May 31, 2020**	May 31, 2019
Tax - Business Tax	**-**	33
Consulting - Business Operations	**-**	500
Consulting - Digital	**-**	223
Financial Advisory - Corporate Finance	**132**	624
	132	1,380
Risk Advisory - capitalised development costs software client related	**545**	-
Support - development software for internal use	**359**	-
	1,036	1,380

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%.

16. Investments

The movement of the investments is as follows:

in € thousands	**2019/2020**	2018/2019
Book value as of June 1	1,033	474
Movements:		
Additions	967	559
Impairment	-	-
Book value as of May 31	**2,000**	1,033

The composition of the participating assets is as follows:

In € thousands	**May 31, 2020**	May 31, 2019
Nautilus Indemnity Holdings Ltd, Bermuda (11.3%)	354	354
Deloitte University EMEA BVBA, Belgium (0.3%)	-	-
Deloitte CIS Limited (11.8%)*	5	5
Deloitte European Support Services Ltd, England (5%)	111	111
EMEA Holdings S.a.r.l., Luxembourg (6.67%)	570	563
Deloitte NSE Investments Ltd, England (non-voting shares)	960	-
	2,000	1,033

*) Via a 29.41% participating interest in IHC Interposed Holding Company 1 SAS, established in France. This is a related party.

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

In respect of the equity investment made in Deloitte NSE Investments Limited, a discounted cash flow valuation methodology was used to derive the fair value. This was based on an expected return of capital from the underlying project that NSE has invested in at an estimated future point in time. Consequently, this fair value measurement is a Level 3 within the fair value hierarchy as set out in IFRS 13.

17. Other non-current assets

The movement of the financial assets is as follows:

in € thousands	**2019/2020**	2018/2019
Cost price	5,337	4,489
Accumulated impairments	(1,211)	(1,188)
Book value as of June 1	4,126	3,301
Movements:		
Interest accrual	84	85
Issued loans	-	1,207
Impairment	(1,502)	(23)
Exchange rate differences	11	48
Repayments	(1,096)	(867)
Book value as of May 31	**1,623**	3,751
Cost price	4,392	5,012
Accumulated impairments	(2,769)	(1,261)
Book value as of May 31	**1,623**	3,751

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 €594 (2018/2019: €1,460). The incentives are related to the sub-rental agreements and are therefore amortised over the term of the sub-rental agreement of which €866 is recognised in the result of 2019/2020 (2018/2019 €750). 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 $716 (€644). This receivable is a financial asset valued at amortised cost. This is a reasonable approximate of the fair value. The impairment relate to a vendor loans and the loan to IHC Interposed Holding Company 1 S.A.S. related party loan taking into account the effects of the CIS debt forgiveness program and expected recoverable amount. The maturity date for the vendor loans is March 1, 2022 and March 1, 2024 and for the related party loan May 31, 2028.

18. Unbilled services and advance billings to customers

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

In € thousands	**May 31, 2020**	May 31, 2019
Net unbilled services and advance billings to customers	**53,982**	92,394
Advance billings to customers (contract liabilities)	**28,268**	19,776
Unbilled services (contract assets)	**82,250**	112,170

Amounts are not yet billed and measured at expected realisable value and are neither past due nor impaired. Billing in excess of project revenue earned is included in trade and other payables. Compared to last year unbilled services and advance billing decreased due to improved working capital management.

19. Trade and other receivables

Trade and other receivables are specified as follows:

In € thousands	**May 31, 2020**	May 31, 2019
Accounts receivable	**187,060**	165,900
Corporate income tax	**379**	-
Other receivables, prepayments and accrued income	**34,990**	23,745
	222,429	189,645

19.1 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, 2020**	May 31, 2019
Accounts receivable – gross	**190,295**	167,046
Allowance for doubtful debts	**(3,235)**	(1,146)
	187,060	165,900

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.

For the provision matrix, we applied an overlay due to the lack of relevant historical data and also given the impact is not included in our main expected credit loss matrix. In the overlay we also include the forward-looking information based on available information. Consequently, we included an amount of € 600 in our ECL provision given the expected future credit losses beyond our lifetime expected loss for non-impaired items.

See note 26.2 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	**2019/2020**	2018/2019
Balance at the beginning of the year	**1,146**	2,237
Change in consolidation	**238**	-
Amounts written-off during the year as uncollectible	**(559)**	(871)
Amounts recovered during the year	**1**	14
Movement in provision	**2,409**	(234)
	3,235	1,146

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

In € thousands	**May 31, 2020**		May 31, 2019	
	Gross receivable	Provision (ECL)	Gross receivable	Provision (ECL)
Not past due	149,827	(372)	138,278	(165)
< 30 days	24,114	(352)	18,788	(55)
30-90 days	11,022	(440)	6,576	(153)
90-180 days	3,856	(585)	2,251	(249)
180-365 days	1,431	(810)	759	(282)
> 365 days	675	(676)	394	(242)
	190,925	**(3,235)**	167,046	(1,146)

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

20. 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 have bank overdrafts as per May 31, 2020 of € 85 (May 31, 2019: none). Cash is at free disposal of the Group.

21. 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, 2019		6,250
Repayments falling due within one year		675
Membership capital as of June 1, 2019	277	6,925
New memberships during the financial year	20	500
Retired memberships during the financial year	(36)	(900)
Membership capital as of May 31, 2020	261	6,525
Repayments falling due within one year		(275)
Balance as of May 31, 2020		**6,250**

22. Interest bearing loans and borrowings

Non-current financial liabilities are specified as follows:

In € thousands	**May 31, 2020**	May 31, 2019
Subordinated loan Stichting Financiering Deloitte	**122,044**	122,038
Bank loans	**21,456**	23,926
	143,500	145,964

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

In € thousands	**May 31, 2020**	May 31, 2019
Membership capital	**275**	675
Subordinated loan Stichting Financiering Deloitte	**5,689**	10,852
Bank loans	**3,204**	3,000
Bank overdraft	**85**	-
	9,253	14,527

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, 2019	122,038	23,926	145,964
Change in consolidation	-	621	621
Additional borrowing	9,500	-	9,500
Repayments	(3,805)	89	(3,716)
Repayments in the following year	(5,689)	(3,204)	(8,893)
Other non-cash changes	-	24	24
	122,044	21,456	143,500

22.1 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 €39 million (May 31, 2019: €45 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.

22.2 Bank loans

Deloitte Holding B.V. has bank loans provided by ING Bank and Rabobank, each participating for 50%. On March 16, 2020 a renewal of the term and revolving facilities agreement of May 24, 2018 took place. The main adjustments were:

- Increase of the revolving loan facility with €30,000 to €105,000.
- Adding green covenants (final definition to be determined between Deloitte and its banks).
- Covenants are based on the accounting policies that were applicable for the consolidatied financial statement for the financial year ended May 31, 2019 ('Frozen Accounting Principles').

After repayments to date, the loans amount to €24,000 as at May 31, 2020. 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. The net interest rate of both the loan and the interest rate swap is 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 measured at fair value through profit and loss. The fair value as at May 31, 2020 amounts to €2,658 (2019: €3,330) 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 €105,000, including current account facilities. The credit facility is partly used to provide guarantees, the remaining €101,000 is not used as of May 31, 2020.

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 March 16, 2020 the Group will ensure that the following financial and non 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.
- Improvement of Sustainability KPI's such as (final definition to be determined between Deloitte and its banks):
  Reduction in CO_2 emissions
  Employee Engagement Score
  Female in leadership
  Female partners

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

As of May 31, 2020 the Group is in compliance with the covenants in the credit agreements.

Deloitte Dutch Caribbean B.V.
In 2017/2018, a loan was taken by Deloitte Dutch Caribbean B.V. from MCB Bank N.V. for an amount of ANG2,000 (€1,006) to refinance shareholders debt. The applicable interest rate to the facility is 5.75%. Monthly installments are ANG33 (€17). The loan will mature on February 28, 2023. At June 1, 2019 the amount of the loan was ANG1,629 (€820).
When financial covenants are not met the bank has the right to increase the interest rate. At May 31, 2020 the covenants are not met.

Collateral:
1.Fiduciary ownership on Machines, Equipment, Furniture and Fixtures of with appropriate insurance coverage assigned to the Bank.
2.Fiduciary General Assignment on all Accounts Receivable.
3.Corporate guarantee in the name of JLR Tax B.V., Lans Accountants B.V., Martina Accountants B.V., Visor Consulting B.V. and VR Belastingadviseurs B.V., each for the amount of ANG400 plus interest and costs.

The repayments made in FY20 are ANG220 (€111). For FY21 the repayments will be ANG406 (€204) including the last 3 terms of FY20 which were postponed due to the Covid-19 moratorium.

23. Lease liabilities

In € thousands	
Balance June 1, 2019	**212,817**
Additions	**18,570**
Remeasurements	**4,459**
Unwinding interest	**2,514**
Payments	**(40,534)**
Decrease in scope	**(149)**
Payments in the following year	**(34,400)**
Balance May 31, 2020	**163,277**

24. Provisions

in € thousands	Professional liability**)	Unoccupied premises*)	Dismantling cost*)	Occupational disability	**Total**
Balance as of June 1, 2019	7,760	1,414	1,530	1,030	**11,734**
Reclassification due to IFRS 16	-	(1,414)	-	-	**(1,414)**
Additions	21,465	63	28	266	**20,582**
Charged	(9,000)	-	(74)	(142)	**(7,976)**
Released	-	-	(51)	(311)	**(362)**
Unwinding of discount and effect of changes in the discount rate	-	-	25	(26)	**(1)**
Balance as of May 31, 2020	**20,225**	**63**	**1,458**	**817**	**22,563**

in € thousands	Professional liability**)	Unoccupied premises*)	Dismantling cost*)	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

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

	May 31, 2020			May 31, 2019		
in € thousands	Current	Non-current	Total	Current	Non-current	Total
Professional liability	225	20,000	20,225	7,760	-	7,760
Unoccupied premises	63	-	63	834	580	1,414
Dismantling costs	349	1,109	1,458	113	1,417	1,530
Occupational disability	197	620	817	174	856	1,030
Balance as of May 31	**834**	**21,729**	**22,563**	8,881	2,853	11,734

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 is 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 for professional liability 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 as to do so could seriously prejudice the position of the Group.
Substantially all the recognised provision for professional liability is covered by this type of insurance resulting in an impact on the results that is limited to the own risk amount per insured claim. The corresponding receivable on the insurance company is recognised separately under the other receivables. Management assesses provisions for claims and litigation on an ongoing and individual basis. The proceedings are long-term in nature and estimates may be revised by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the Group. These uncertain events can have an effect on the amount and timing of the outflows of both the provision and the related insurance receivable. Variations in outcome will not have a significant net impact on the financial position of the Group given that the Group is deemed to carry sufficient professional indemnity insurance to cover negative scenario's.

25. Trade and other payables

The specification of the trade and other payables is as follows:

In € thousands	**May 31, 2020**	May 31, 2019
Salaries and other personnel costs	**64,884**	68,104
Taxes and social security contributions	**56,000**	46,366
Trade payables	**27,458**	42,398
Management fees payable to members	**36,303**	30,827
Advance billings to customers	**28,268**	19,776
Pension liabilities	**67**	-
Other liabilities and accruals	**13,515**	15,279
	226,495	222,750

26. Financial instruments

26.1 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. Covenants are applied with regards to the bank loans, see note 22.2.

26.1.1 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.

26.1.2 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. Deloitte has implemented a Claw-Back scheme with a six year term for profit-sharing partners who serve as external auditors and are involved in statutory audit engagements. In case of a Claw-Back Event the amount accrued under the Claw-Back scheme is not paid out to the audit partner. 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 €39 million (May 31, 2019: €45 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.

26.2 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.

26.2.1 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 and a vendor loan included in non-current financial assets (refer to note 4.1.3 and 17). 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 19. Impairment risks of trade receivables are assessed on an individual basis and provisions are set-up accordingly. . Given the current Covid-19 developments, the risk of default is expected to have increased. The current conditions will have an impact on probability of default ('PD') and the loss given default ('LGD') with a difference per sector affected. Unbilled receivables are typically billed within a month after arising and invoices are generally payable between 14 and 90 days after presentation. For accounts receivable we have provided for expected credit losses bases on the information at hand, including forward looking information. In order to mitigate the risk of credit losses in receivables we are monitoring developments in our accounts receivable positions. In case of an expected increased collection risk, a client specific provision is recognised. Currently we have not seen a noteworthy delay in allowed payment terms.

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.

26.2.2 Liquidity risk

Liquidity risk is the risk that the Group 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. The Group increased its credit facility with ING Bank and Rabobank by €30 million to €105 million. The credit facility is partly used to provide guarantees, the remaining €101 million is not used as of May 31, 2020. As a result of the Covid-19 crisis and to ensure our continuity in an extreme scenario, we entered into discussions with our banks to add an additional €50 million in credit facilities in the second half of 2020, which can result in being able to access €150 million in facilities if needed and ensures we are not dependent on other measures for the foreseeable future.

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

in € thousands	< 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
May 31, 2020					
Non-interest bearing	173,843	575	1,725	2,875	**179,018**
Variable interest rate instruments *)	9,245	19,883	65,099	66,049	**160,276**
Lease liabilities	36,663	30,715	72,111	67,915	**207,404**
	219,751	51,173	138,935	136,839	**546,698**
Interest rate swaps **)	727	636	545	-	**1,908**
Total	**220,478**	**51,809**	**139,480**	**136,939**	**548,606**

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**

*) 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.

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. 26.2.3 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 €24,000 (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.

26.2.4 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.

26.2.5 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, except for the investment in Deloitte NSE Investments Limited (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.

27. Acquisitions and disposals

Acquisitions

During the year the Group made one acquisition which is not material compared to the total assets and revenue of the Group. In prior year two acquisitions were made with a total acquisition value of € 1.3 million.

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 acquisition was accounted for as an business combination. 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, 2021 when certain performance thresholds are met. The 2018/2019 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 was integrated.

28. Subsequent event

There are no subsequent events.

29. Related party transactions

29.1 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, 21, 22 and 25 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	
	2019/2020	2018/2019	**2019/2020**	2018/2019	**May 31, 2020**	May 31, 2019	**May 31, 2020**	May 31, 2019
Related parties - Deloitte NSE LLP group affiliates								
Deloitte Belgium	**5,281**	5,533	**9,033**	8,897	**863**	1,046	**1,828**	2,008
Deloitte Denmark	**3,529**	2,461	**1,204**	1,137	**885**	763	**231**	251
Deloitte Finland	**934**	909	**326**	342	**221**	232	**76**	63
Deloitte Greece	**109**	-	**110**	-	**8**	-	**43**	-
Deloitte Iceland	**9**	21	**34**	38	**2**	5	**8**	5
Deloitte Ireland	**735**	437	**871**	2,007	**225**	67	**122**	419
Deloitte Italy	**907**	-	**4,064**	-	**99**	-	**368**	-
Deloitte Malta	**115**	-	**40**	-	**39**	-	**14**	-
Deloitte Norway	**3,662**	6,214	**512**	317	**737**	1,253	**91**	91
Deloitte Sweden	**1,109**	1,541	**772**	782	**247**	302	**176**	205
Deloitte Switzerland	**8,544**	5,354	**1,409**	3,323	**3,625**	1,708	**286**	1,271
Deloitte United Kingdom	**31,954**	30,180	**39,366**	42,762	**5,597**	4,107	**2,778**	11,153
Total	**56,888**	52,650	**57,741**	59,605	**12,548**	9,483	**6,021**	15,466

During the year, the Group subscribed to different classes of non-voting redeemable shares in Deloitte NSE Investments Limited ("DNSEI"), an NSE group entity set up to hold NSE group investments in strategic projects. The total amount subscribed was EUR 4,415. For the purposes of these financial statements, an amount of EUR 3,455 was accounted for as a deemed distribution to Deloitte NSE LLP. The remaining amount of EUR 960 is the fair value of this equity investment (see note 16).

29.2 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. For the NSE business all Executive Board members have been involved and contributed in their respective capacity to various management work streams for NSE.

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	**2019/2020**	Short-term benefits	Other long-term benefits	2018/2019
W.F.J. Honig (as of June 1, 2019)	1,227	-	**1,227**	-	-	-
O. Snijders (as of October 1, 2019)	618	-	**618**	-	-	-
E. Mol (as of February 1, 2020)	309	-	**309**	-	-	-
P.J. Bommel (until May 31, 2019)	-	-	**-**	1,225	13	1,238
E.M. Robbe (until January 31, 2020)	620	-	**620**	929	38	967
M. van Vliet (until September 30, 2019)	311	-	**311**	926	13	939
Total	**3,085**	**-**	**3,085**	3,080	64	3,144
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	**2019/2020**	2018/2019
H. van der Noordaa (as of April 29, 2020)	**8**	-
J.P. Rijsdijk	**68**	56
F. Eelkman Rooda	**68**	56
V.G. Moolenaar	**73**	60
E.C. Meijer	**73**	60
F.G.H. Deckers (until April 1, 2020)	**73**	78
Total	**363**	310
Number of members of the Supervisory Board per May 31	**5**	5

30. Commitments and guarantees

30.1.1 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.

30.1.2 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.

Operating lease arrangements (prior to 1 June 2019)

For the year ended May 31, 2019, operating lease rentals of €163m were charged, and sublease income of €6m was credited, to the consolidated income statement. Both these amounts were included in other operating costs. These leases are for assets which include buildings, equipment and vehicles.

At May 31, 2019, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which are disclosed in the table below.

Non-cancellable commitments related to operational leases

in € thousands	**May 31, 2020**	May 31, 2019
Not later than 1 year	**13,570**	47,363
Between 1 and 5 years	**25,616**	129,571
Later than 5 years	**8,166**	76,521
	47,352	253,455

The amounts per May 31, 2020 comprise other costs not in scope of IFRS 16. As of June 1, 2019 operational leases are recognised on balance. The amounts per May 31, 2019 comprise the operational leases in scope of IAS 17.

Non-cancellable sublease commitment

in € thousands	**May 31, 2020**	May 31, 2019
Not later than 1 year	**3,040**	3,745
Between 1 and 5 years	**9,273**	2,101
Later than 5 years	**-**	-
	12,313	5,846

Liabilities recognised in respect of non-cancellable operating leases

in € thousands	**May 31, 2020**	May 31, 2019
Onerous leases	**-**	1,414
Lease incentives	**-**	-
	-	1,414

As of June 1, 2019 operational leases are recognised on balance. The amounts per May 31, 2019 comprise the operational leases in scope of IAS 17.

30.1.3 Other obligations

Other obligations are related to ICT, facility services and marketing contracts.

in € thousands	**May 31, 2020**	May 31, 2019
Not later than 1 year	**16,586**	14,461
Between 1 and 5 years	**5,055**	2,832
Later than 5 years	**-**	-
	21,641	17,293

30.1.4 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 32) or to employ them with a succeeding facility supplier if the contract is not renewed.

30.1.5 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.

30.1.6 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 €122,044 as per May 31, 2020 (May 31, 2019: €122,038) 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 €4,650 (May 31, 2019 €4,185) have been issued to third parties.

Other guarantees
Following past acquisitions, guarantees have been agreed for the maximum amount of €10,779 (May 31, 2019: €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.

30.1.7 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. 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.

31. 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	**2019/2020**	2018/2019	**2019/2020**	2018/2019	**2019/2020**	2018/2019	**2019/2020**	2018/2019
Third party revenue	229,849	228,971	211,227	212,820	305,592	266,220	169,773	171,478
Intercompany revenue	10,796	19,080	5,204	6,205	28,352	16,659	5,757	9,217
Total revenue	240,645	248,051	216,431	219,025	333,944	282,879	175,530	180,695
Other income	-	4,235	-	-	-	-	613	-
Operating result	**11,030**	24,314	**38,899**	56,293	**62,891**	52,595	**21,133**	26,370
Share in result of 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	75,747	68,663	77,406	78,556	82,574	82,012	34,312	40,264
Non-current assets	937	1,940	942	1,388	3,909	4,632	545	-
Investments	-	-	111	111	-	-	-	-
Total assets	**76,684**	70,603	**78,459**	80,055	**86,483**	86,644	**34,857**	40,264
Current Liabilities	44,207	41,613	44,287	36,993	33,953	46,214	17,737	19,488
Non-current liabilities	20,475	8,094	385	316	626	431	45	101
Total equity / subordinated loans	12,002	20,896	33,787	42,746	51,904	39,999	17,075	20,675
Total liabilities and equity	**76,684**	70,603	**78,459**	80,055	**86,483**	86,644	**34,857**	40,264

Financial information per business

	Financial Advisory		Support & Other / Eliminations		Consolidated	
in € thousands	**2019/2020**	2018/2019	**2019/2020**	2018/2019	**2019/20120**	2018/2019
Third party revenue	91,449	87,332	7,589	1,421	**1,015,479**	968,242
Intercompany revenue	5,067	3,529	(55,176)	(54,690)	-	-
Total revenue	96,516	90,861	(47,587)	(53,269)	1,015,479	968,242
Other income	**-**	-	1,641	2,200	2,254	6,435
Operating result	**21,956**	28,509	**1,323**	(12,975)	**157,232**	175,106
Share in result of non-consolidated associated comp.					**-**	40
Financial income and expenses					(10,551)	(7,592)
Management fee and compensation members Coöperatief Deloitte U.A.					(133,653)	(151,243)
Corporate income tax					(6,422)	(10,315)
Net result after taxation					**6,606**	5,996
Current assets	29,430	33,936	22,734	14,207	322,203	317,638
Non-current assets	132	624	246,254	68,928	252,719	77,512
Investments	-	-	1,889	1,297	2,000	1,408
Total assets	**29,562**	34,560	**270,877**	84,432	**576,922**	396,558
Current Liabilities	12,478	11,339	118,349	95,673	271,011	251,320
Non-current liabilities	-	81	194,903	50,292	216,434	59,315
Total equity / subordinated loans	17,084	23,140	(42,375)	(61,533)	89,477	85,923
Total liabilities and equity	**29,562**	34,560	**270,877**	84,432	**576,922**	396,558

Annex 1: Company financial statements

Company statement of profit or loss and other comprehensive income for the year ended May 31, 2020

in € thousands	Note	2019/2020	2018/2019
Share of result from participating interests		**6,606**	5,996
Other income and expenses after taxation	5.1	**10,870**	15,676
Result after taxation and before compensation		**17,476**	21,672
Compensation members of Coöperatief Deloitte U.A.		**(10,870)**	(15,676)
Profit for the year		**6,606**	5,996
Item that may be reclassified subsequently to profit or loss			
Other comprehensive income, net of income tax		**393**	353
Total comprehensive income for the year		**6,999**	6,349

Company statement of financial position at May 31, 2020

(before appropriation of result)

Assets (in € thousands)	Note	May 31, 2020	May 31, 2019
Non-current assets			
Financial assets	5.2	**95,663**	92,112
Total non-current assets		**95,663**	92,112
Current assets			
Trade and other receivables	5.3	**18,512**	30,254
Total current assets		**18,512**	30,254
Total assets		**114,175**	122,366

Equity and liabilities (in € thousands)	Note	May 31, 2020	May 31, 2019
Equity	5.4	**(32,567)**	(36,115)
Non-current liabilities			
Membership capital	5.5	**6,250**	6,250
Interest bearing loans and borrowings	5.5	**122,044**	122,038
Total non-current liabilties		**128,294**	128,288
Current liabilities			
Trade and other payables	5.6	**12,484**	18,666
Interest bearing loans and borrowings	5.5	**5,964**	11,527
Total current liabilities		**18,448**	30,193
Total liabilities		**146,742**	158,481
Total Equity and liabilities		**114,175**	122,366

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	**2019/2020**	2018/2019
Intercompany charges	**12,163**	17,380
Net of financiale income and expenses	**(1,723)**	(2,272)
Taxation	**430**	568
	10,870	15,676

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	14,974	77,138	**92,112**
Accumulated depreciation and impairments	-	-	**-**
Book value as of June 1, 2019	**14,974**	**77,138**	**92,112**
Movements:			
Issued loans	-	9,975	**9,975**
Conversion share premium to loan	(6,000)	6,000	**-**
Share in result of participating interests	6,606	-	**6,606**
Movement cash flow hedge reserve	393	-	**393**
Deemed distribution *)	(3,455)	-	**(3,455)**
Repayments	-	(9,968)	**(9,968)**
Book value as of May 31,2020	**12,518**	**83,145**	**95,663**
Gross value	12,518	83,145	**95,663**
Accumulated depreciation and impairments	-	-	**-**
Book value as of May 31, 2020	**12,518**	**83,145**	**95,663**

*) See note 16 and note 29.1 of the consolidated financial statement

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:			
Additions	-	10,500	**10,500**
Issued loans	(15,000)	15,000	**-**
Share in result of participating interests	5,996	-	**5,996**
Movement cash flow hedge reserve	353	-	**353**
Deemed distribution	-	-	**-**
Repayments	-	(14,052)	**(14,052)**
Book value as of May 31,2019	**14,974**	**77,138**	**92,112**
Gross value	14,974	77,138	**92,112**
Accumulated depreciation and impairments	-	-	**-**
Book value as of May 31, 2019	**14,974**	**77,138**	**92,112**

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, 2020	Share in the issued capital May 31, 2019
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. [1]	Rotterdam	0%	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 [2]	England	0%	100%
- Tytho Inc [3]	USA	0%	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%
- Deloitte Innovation Sales B.V. [1]	Rotterdam	0%	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%
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%
Deloitte Dutch Caribbean B.V.	Curaçao	100%	0%
Stichting Deloitte Impact Foundation	Rotterdam		

[1] OnNovember 30, 2019 Deloitte Belastingadviseurs Hong Kong B.V. and Deloitte Innovation Sales B.V. have been liquidated.
[2] On February 25, 2020 Tytho UK Ltd has been liquidated.
[3] On February 8, 2019 Tytho Inc has been liquidated.

5.3 Trade and other receivables

Trade and other receivables are specified as follows:

in € thousands	**May 31, 2020**	May 31, 2019
Current account owed by Group companies	**-**	1,342
Corporate income tax	**379**	-
Other receivables, prepayments and accrued income	**18,133**	28,912
	18,512	30,254

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.

5.4.3 Legal reserves

The legal reserves, €545, is related to the capitalised own production from a subsidiary.

5.5 Non-current liabilities

Non-current interest bearing loans and borrowings are specified as follows:

in € thousands	**May 31, 2020**	May 31, 2019
Subordinated loans Stichting Financiering Deloitte	**122,044**	122,038

Repayment obligations falling due within one year are included in current liabilities:

in € thousands	**May 31, 2020**	May 31, 2019
Membership Capital	**275**	675
Subordinated loans Stichting Financiering Deloitte	**5,689**	10,852
	5,964	11,527

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

in € thousands	Subordinated loans Stichting Financiering Deloitte
Balance June 1, 2019	122,038
Additional borrowings	9,500
Repayments	(3,805)
Repayments in the following year	(5,689)
Balance May 31, 2020	**122,044**

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 €39 million (May 31, 2019: €45 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 €122,044 as per May 31, 2020 (May 31, 2019: €122,038) 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 21 of the consolidated financial statements.

5.6 Trade and other payables

in € thousands	**May 31, 2020**	May 31, 2019
Current accounts owed to Group companies	**39**	-
Management fees to be paid to members Coöperatief Deloitte U.A.	**10,870**	15,676
Tax	**-**	1,397
Other liabilities and accruals	**1,575**	1,593
	12,484	18,666

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 2019/2020, 0 employees were employed on a full-time basis (2018/2019: 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 29.2 in the consolidated financial statements.

6.3 Appropriation of result for the financial year June 1, 2018 until May 31, 2019

The annual report 2018/2019 was adopted in the general meeting held on September 6, 2019. 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, 2019 until May 31, 2020
The Executive Board proposes, with the approval of the Supervisory Board, that the result for the financial year 2019/2020 amounting to €6,606 will be added to the other reserves. The financial statements do not yet reflect this proposal.

Rotterdam, July 15, 2020

Executive Board	**Supervisory Board**
W.F.J. Honig (Chair)	H. van der Noordaa (Chair)
E. Mol	F.E. Eelkman Rooda
O. Snijders	E.C. Meijer
	V.G. Moolenaar
	J.P. Rijsdijk

Annex 2: 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.

% 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.

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. As we do not separately monitor business trips, commuting and private use of lease cars, our data includes all these elements.

- Total litres of petrol, diesel and LPG are obtained from our supplier. For conversion of our fuels to CO_2 emissions we used the most respective Well-to-Wheel conversion factors as published online at www.co2emissiefactoren.nl:
  Petrol: 1 litre equals 2.8 kilogrammes CO_2;
  Diesel: 1 litre equals 3.2 kilogrammes CO_2;
  LPG: 1 litre equals 1.9 kilogrammes CO_2.

- 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 2019 conversion factors including radiative forcing 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: 0.25493 kg CO_2/kilometre per passenger;
  Short-haul international average: 0.15832 kg CO_2/kilometre per passenger;
  Short-haul international economy class: 0.15573 kg CO_2/ kilometre per passenger;
  Short-haul international business class: 0.2336 kg CO_2/ kilometre per passenger;
  Long-haul international average: 0.19562 kg CO_2/kilometre per passenger;
  Long-haul international economy class: 0.14981 kg CO_2/ kilometre per passenger;
  Long-haul international premium economy class: 0.2397 kg CO_2/ kilometre per passenger;
  Long-haul international business class: 0.43446 kg CO_2/ kilometre per passenger;
  Long-haul-international first class: 0.59925 kg CO_2/kilometre per passenger.

- The total kilometres travelled by train are obtained from our supplier. For the calculation of related CO_2 emissions, we used a conversion factor of 0.006 kg CO_2/kilometre per passenger as published by co2emissiefactoren.nl.

Annex 2: Deloitte offices

To contact any of our offices, please call us at +31 88 288 28 88

Alkmaar
Robonsbosweg 5
1816 MK Alkmaar

Amsterdam
Gustav Mahlerlaan 2970
1081 LA Amsterdam

Amsterdam Dynamostraat
Dynamostraat 50
1014 BZ Amsterdam

Amsterdam Stadionplein
Stadionplein 12
1076 CM Amsterdam

Arnhem
Meander 551
6825 MD Arnhem

Breda
Stadionstraat 4
4815 NG Breda

Den Haag
Schenkkade 50d
2595 AR Den Haag

Eindhoven
Flight Forum 1
5657 DA Eindhoven

Groningen
Eemsgolaan 15
9727 DW Groningen

Hoorn
Willemsweg 73
1623 JB Hoorn

Leeuwarden
Sophialaan 24-26
8911 AE Leeuwarden

Maastricht
Amerikalaan 110
6199 AE Maastricht Airport

Middelburg
Park Veldzigt 25
4336 DR Middelburg

Rotterdam (Head Office)
Wilhelminakade 1
3072 AP Rotterdam

Utrecht
Orteliuslaan 982
3528 BD Utrecht

Zwolle
Grote Voort 291A
8041 BL Zwolle

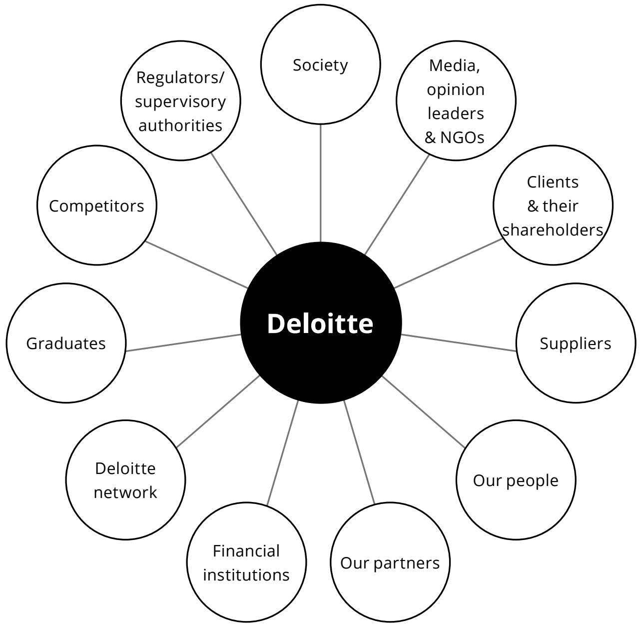
Deloitte Dutch Caribbean

Aruba
Avenida Milio J. Croes 60-62
Oranjestad

Curaçao
Arrarat Bridge Offices
Berg Arrarat z/n
Willemstad

Annex 2: Our dialogue with stakeholders

We want to be a role model for quality, integrity, and positive change, helping our clients to become more responsible businesses. 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 for our firm 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 and our peers are not geographically bound or limited to traditional (local) markets.

2. Labour market

We need professionals and teams with diverse profiles in order to succeed in responding to our clients' service needs. Due to our changing business, we are increasingly recruiting and employing engineers, mathematicians, psychologists, scientists and other specialists next to talent with a more 'traditional education'. In addition, the nature of labour relationships is also evolving. Millennials have different career expectations and online platforms provide mechanisms to collaborate beyond boundaries. In addition, we see a trend towards hiring external specialists for specific assignments. It is up to us to be a leader in the talent domain, to recruit and retain the talent and leaders of the future offering an outstanding career experience, and where our talent are able to align their individual aspirations with those of Deloitte.

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

Society expects us to deploy our knowledge and experience in solving some of the toughest challenges that society faces around health, food, energy, mobility, safety and work. As a consequence - and as previously noted - a pillar in our Connect to Accelerate Impact Strategy covers the 'Future of …' agenda, an initiative that comprises our contribution to solving some of society's main challenges in the areas of food, energy, mobility, healthcare, work and safety. In addition, we are expected to lead by example in terms of transparency about the way in which we conduct our business, help our clients and how we report on our impacts. At the same time, there is recognition for the impact of our work and the social initiatives we engage in.

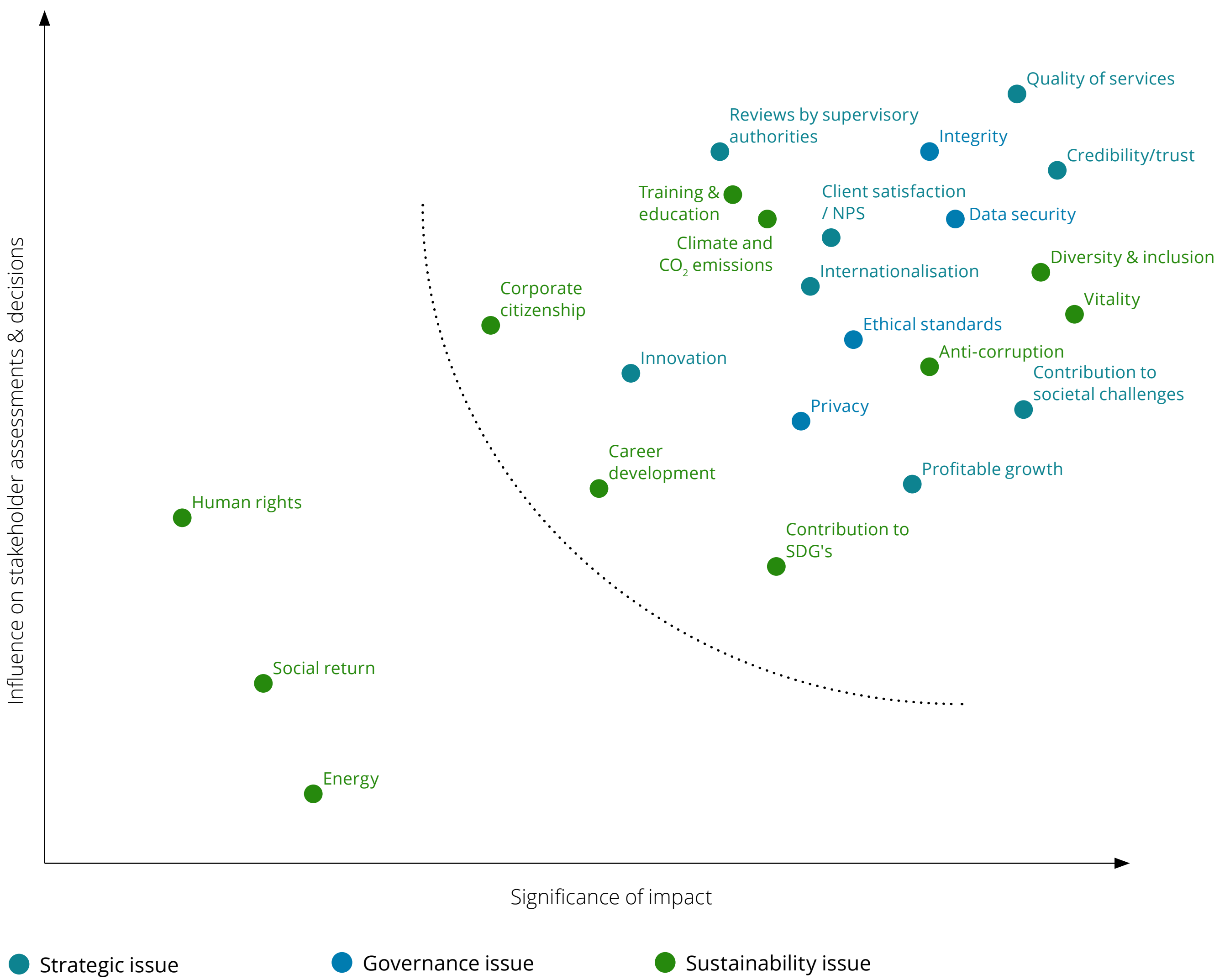
We actively seek our stakeholders' views

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 2019/2020.

Materiality analysis

Based on our stakeholder engagement, we have plotted the materiality of the various topics that are relevant to our stakeholders and to our firm and that as a consequence we actively manage and report upon.

Materiality matrix



Annex 3: About this report / glossary

This is our fifth 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, 2019 and ended on May 31, 2020. It builds on our previous Integrated Annual Report that we published on September 10, 2019.

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.

This Report aims to bridge the mandatory standards applicable to Deloitte for financial reporting with generally accepted reporting frameworks and standards from organisations such as the International Integrated Reporting Council (IIRC) and the Global Reporting Initiative (GRI). After proviing an overview of our progress against 2020 targets, we continue with the 'Report from the Executive Board' and the 'Report from the Supervisory Board'. Next, we introduce our exiting new Strategy: Connect to Accelerate Impact, followed by the section 'Our firm'. This section provides insight into how we are organised, what we do, how we are guided by ethical and sustainability principles, how we create value, our risk management, and how our businesses and industries have further developed in the reporting year. In 'Deloitte Impact Foundation', we describe our structured apporach to societal projects and 'in Our performance against Plan 2020' we detaiil the activities and achievements against our (previous) strategy.

In addition to this report, Deloitte Accountants B.V. publishes an annual Transparency Report that contains information on the structure, governance and system of quality controls of our Audit & Assurance practice. This Report can be found on our website as from end September 2020. Our 2019/2020 IAR also covers 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 that you can access by clicking the link [LINK].

This Report has been prepared in accordance with GRI Standards: Comprehensive option. We have published the **GRI Content Index** as a separate document online. The sustainability information in the Integrated Annual Report is assured by our external auditor, and we refer to Annex 4 for the full assurance report. This Report also serves as our Communication on Progress, as prescribed by UN Global Compact, to which Deloitte Netherlands is a participant. 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. Due to the insignificant influence on the data reported, we excluded Deloitte Dutch Caribbean from our non-financial data, unless otherwise indicated. Coöperatief Deloitte U.A. is the firm for the Dutch geography within Deloitte North and South Europe, the second largest member firm of Deloitte Touche Tohmatsu limited (DTTL).

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 **Stakeholder Engagement Report 2019/2020** that is available on our website.

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 Inclusiveness & Diversity, these key areas also directly influence the quality and continuity of our services. The boundary of our reporting therefore is 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

Compared to our previous report we have made the following restatements:

- For CO_2 emissions caused by air travel, we have multiplied our emissions with a factor 2 to include the global warming effects of radiative forcing;

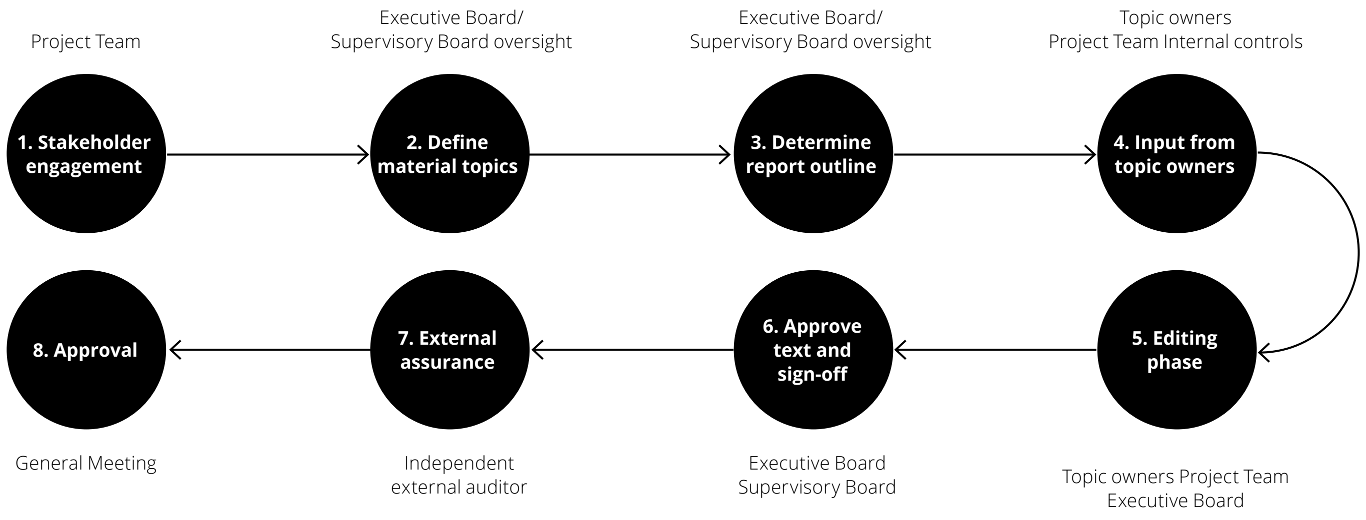
- For career development, we have changed the source of the percentage of employees who have received regular feedback on their performance from SAP to our performance management system, as we believe this provides a more accurate insight;
- We have discovered that our coverage of sickness leave has been inaccurate in the past years. We have made the necessary corrections resulting in slightly lower sickness leave percentages than reported in past years;
- We no longer report on client quality as this indicator is no longer measured on account of insufficient distinctiveness from measuring overall client satisfaction;
- Due to the layered reporting of the Dutch data into DTTL, an internal benchmark of our overhead costs in the international network is no longer available and as a result we no longer report our relative position in the international network.

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, BDO Audit & Assurance B.V., to provide reasonable assurance on the sustainability information. The assurance report and conclusions of BDO Audit & Assurance B.V. can be found in their Assurance report in Annex 4.

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 specialists 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



Annex 3: Glossary

A&FC	The Audit & Finance Committee of the Supervisory Board
AFM	Autoriteit Financiële Markten
AI	Artificial intelligence
AWS	Amazon Web Services
BEPS	Tax base erosion and profit shifting
BSO	Business Support Organisation
Bta	Besluit toezicht accountantsorganisaties
CEO	Chief Executive Officer
COO	Chief Operational Officer
CQO	Chief Quality Officer
CSA	Client Service Assessment
CTA	Commissie Toekomst Accountancy
DDC	Deloitte Dutch Caribbean
DIF	Deloitte Impact Foundation
DTTL	Deloitte Touche Tohmatsu Limited
ER&I	Energy Resources & Industrials
ExCo	Executive Committee
FA	Financial Advisory
FSI	Financial Services Industries
FY	Fiscal year
G&PS	Government and public sector
GRI	Global Reporting Initiative
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
IoT	Internet of things
KPI	Key Performance Indicator
LS	Life sciences
LTP	Legal technologist programme
M&A	Mergers and acquisition
MCA	Monitorings Commissie Accountancy
MDM	Multi Disciplinary Model
NBA	Nederlandse Beroepsorganisatie Accountants
NGO	Non-goventmental organisation
NSE	Deloitte North and South Europe
OECD	Organisation for Eceonomic Cooperation and Development
PCAOB	Public Company Accounting Oversight Board
QIRC	Quality Integrity & Risk Committee of the Supervisory Board
RC	Remuneration Committee of the Supervisory Board
RPA	Robot Process Automation
SAP S/4HANA	The latest generation ERP software from SAP
SDG(s)	Sustainable Development Goal(s)
SNC	Selection & Nomination Committee of the Supervisory Board
SRS	Sustainability Reporting Standards
TMT	Technology, Media and Telecommunications
Wta	Wet toezicht accountantsorganisaties

Annex 4: 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.

Combined independent auditor's and assurance report

To: the general meeting and Supervisory Board of Coöperatief Deloitte U.A.

A. Report on the audit of the financial statements and sustainability information 2019/2020 included in the Integrated Annual Report

Summary

The full text of the independent auditor's report, which includes the audit opinion on the financial statements and the reasonable assurance report on the sustainability information included in the Integrated Annual Report has been included in the following pages. The sustainability information in scope of our audit is included in the sections "Our year at a glance, Report from the Executive Board (excluding "In control statement" and "Outlook" on pages 9-10), Connect to accelerate impact – Strategy 2023, Our firm (excluding "Our businesses and industries" on pages 46-56), Deloitte Impact Foundation, Our performance against Plan 2020, Annex 2: Basis of report / Deloitte offices / Dialogue with our stakeholders and Annex 3: About this report / glossary" (hereafter: the sustainability information).

	Financial statements	**Sustainability information**
Opinion	Unqualified opinion on financial statements.	Unqualified opinion on sustainability information.
Materiality	• Materiality of € 8,000,000. • Approximately 5% of reported income before tax and management fee.	Based on our professional judgement we determined materiality levels for each relevant part of the sustainability information and for the sustainability information as a whole.
Key audit matters	• Valuation of unbilled services and advance billings to customers. • Valuation of professional liability provision. • Covid-19 pandemic.	Fair view on material theme Diversity & Inclusion.

Our opinion

We have audited the financial statements and sustainability information 2019/2020 of Coöperatief Deloitte U.A. based in Rotterdam. The financial statements comprise the consolidated financial statements and the company financial statements.

SCOPE	OUR OPINION
Financial statements The financial statements comprise: 1. the consolidated and company statement of financial position as at May 31, 2020; 2. the consolidated and company statement of profit and loss and other comprehensive income, changes in equity and cash flows for the year then ended; 3. the following statements for 2019/2020: the consolidated statement of changes in equity and cash flows for the year then ended; 4. the notes comprising a summary of the significant accounting policies and other explanatory information.	***Financial statements*** In our opinion, the accompanying: - consolidated financial statements give a true and fair view of the financial position of Coöperatief Deloitte U.A. as at May 31, 2020 and of its result and its cash flows for 2019/2020 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; - company financial statements give a true and fair view of the financial position of Coöperatief Deloitte U.A. as at May 31, 2020 and of its result for 2019/2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.
Sustainability information The sustainability information comprise: 5. Our year at a glance, Report from the Executive Board (excluding “In control statement” and “Outlook” on pages 9-10), Connect to accelerate impact – Strategy 2023, Our firm (excluding “Our businesses and industries on pages 46-56), Deloitte Impact Foundation, Our performance against Plan 2020, Annex 2: Basis of report / Deloitte offices / Dialogue with our stakeholders and Annex 3: About this report / glossary (“the sustainability information”). The sustainability information include prospective information such as ambitions, objectives, targets and expectations. Inherent to this information is that the actual results may differ in the future and are therefore uncertain. We do not provide any assurance on the achievability of prospective information in the sustainability information.	***Sustainability information*** In our opinion the sustainability information presents, in all material respects, a reliable and adequate view of: - the policy and business operations with regard to corporate responsibility; and - the thereto related events and achievements for the year ended May 31, 2020 in accordance with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) (Comprehensive option) and the supplementary internally applied reporting criteria as disclosed on pages 135-136.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing and the Dutch Standard 3810N 'Assurance-opdrachten inzake maatschappelijke verslagen' (Assurance engagements relating to sustainability reports), which is a specified Dutch standard that is based on the International Standard on Assurance Engagements (ISAE) 3000: 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements and sustainability information' section of our report.

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 assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Reporting criteria financial statements

The information in the scope of our engagements needs to be read and understood together with the reporting criteria, for which of Coöperatief Deloitte U.A. is solely responsible for selecting and applying, taking into account applicable law and regulations related to reporting. The criteria used for the preparation of the consolidated and company financial statements are EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code, respectively.

Reporting criteria sustainability information

The criteria used for the preparation of the sustainability information are the GRI Standards (Comprehensive option) of the Global Reporting Initiative (GRI) guidelines and the supplemental reporting criteria developed by Deloitte as disclosed on pages 135-136. The absence of an established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Materiality

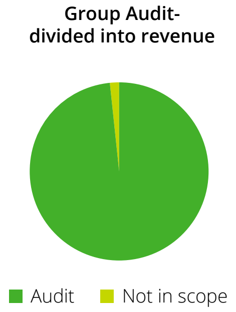
Based on our professional judgement we determined the materiality for the financial statements as a whole at € 8,000,000. The materiality is based on a benchmark of income before tax and management fee (representing approximately 5% of reported income before tax and management fee). We used this benchmark based on our analysis of the common information needs of users of the financial statements. On this basis, we believe that the income before tax and management fee is an important metric for the financial performance of the group. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

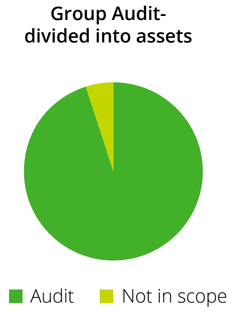
We agreed with the Supervisory Board that misstatements in excess of € 410,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

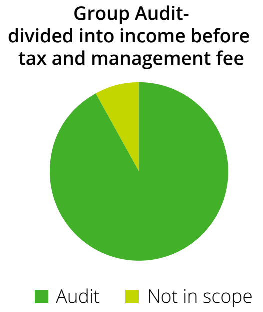
Materiality sustainability information

Based on our professional judgement we determined materiality levels for each relevant part of the sustainability information and for the sustainability information as a whole. When evaluating our materiality levels, we have taken into account quantitative and qualitative considerations as well as the relevance of information for both stakeholders and the company.

For clarification purposes we hereby present our scope of work performed below:







We agreed with the Supervisory Board that misstatements which are identified during the audit and which in our view must be reported on quantitative or qualitative grounds, would be reported to them.

Scope of the group audit

Coöperatief Deloitte U.A. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Coöperatief Deloitte U.A.

Our group audit mainly focused on significant group entities. We consider an entity significant when;

- it is of individual financial significance to the group; or
- the component, due to its specific nature or circumstances, is likely to include significant risks of material misstatement, whether due to fraud or error of the group financial statements.

To this extent, for the purpose of the audit of the consolidated financial statements, we performed audit procedures to all of the following significant group entities:

- Deloitte Risk Advisory B.V.
- Deloitte Accountants B.V.
- Deloitte Belastingadviseurs B.V.
- Deloitte Consulting B.V.
- Deloitte Financial Advisory B.V.
- Deloitte Holding B.V.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements and the sustainability information. In making this determination we took the following into account:

- the risks that we believed were significant to our audit and therefore required special audit consideration;
- areas of higher assessed risk of material misstatement that influenced our audit focus;
- significant audit judgements relating to areas in the integrated annual report including accounting estimates that we identified as having high estimation uncertainty;
- the effect on our audit of significant events or transactions that occurred during the period; and
- those assessed risks of material misstatement that had the greatest effect on the allocation of resources in the audit and directing the efforts of the audit team.

We have communicated the key audit matters to the Supervisory Board and the Audit & Finance Committee. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements and the sustainability information as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The table below describes the key audit matters, a summary of our procedures carried out and our key observations.

VALUATION OF UNBILLED SERVICES AND ADVANCE BILLINGS TO CUSTOMERS	OUR AUDIT APPROACH
As at May 31, 2020 the recognised unbilled services (contract assets) amounts to € 82 million. Refer to note 18 - Unbilled services and advance billings to customers. The valuation of unbilled revenues and advanced billings to customers as at the financial year-end requires a significant degree of management estimate that may be complex and inherently subjective in nature. This 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. We considered the valuation of unbilled services to be a key audit matter due to its significance, subjectivity in the estimates of the valuation of the unbilled revenues and the fraud risk in revenue recognition.	We evaluated the design and tested implementation of both automated and manual internal controls within the organisation relating to the valuation of the unbilled revenues and advance billings to customers. We tested the operational effectiveness of the internal controls that were considered relevant for our audit, to validate the appropriate recognition of revenues and the existence and accuracy of gross unbilled revenue prior to the application of provisions. In addition to our reliance on effective internal control measures in place, we applied tailored data analytical procedures focusing on partner portfolio profitability and partner portfolio profitability trends -including major contrary effects within portfolios- to identify any tendencies through management bias or indications of management override. Furthermore, we performed substantive audit procedures on specific elements not yet fully addressed by aforementioned procedures. Examples of which are cut-off testing including realisation of success fees, onerous contracts and (non) chargeable hours. Additionally, we performed substantive audit procedures regarding the valuation of unbilled services and advance billings by testing the estimate of expected results and recorded fees, including any overruns and scope changes to supporting documentation (e.g. contracts) for a sample of projects. We also tested journal entries recorded on the general ledger accounts related to unbilled services and advance billings to customers. Finally, we assessed the adequacy of the related disclosures in the financial statements.

VALUATION OF PROFESSIONAL LIABILITY PROVISION	OUR AUDIT APPROACH
The group is involved in a number of disputes in the ordinary course of business which may give rise to claims. Refer to note 24 – Provisions and note 30.1.7 – Claims for the disclosures with respect to such claims and legal proceedings. The professional liability provision is based on assumptions of, amongst others 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. We have considered the valuation of the provision for professional liability provision a key audit matter due to the high degree of subjectivity and complexity in the assumptions.	The audit procedures mainly comprised of substantive audit procedures. The procedures notably consisted of: • obtained and read the company's insurance arrangements related to professional liability; • assessed the completeness of registered claims by discussing the claims with the in-house legal counsel, validating that registered claims are consistent with the partner confirmations, a review of legal expenses, internet research, review of the minutes of meetings of the company's Executive Board and Supervisory Board and obtaining the correspondence with regulators; • discussed and challenged the appropriateness of key assumptions and on the existence of a present obligation by evaluating management position papers, discussion with in-house legal counsel and by having direct communication with the company's external lawyers, in respect of a sample of both current year and prior year matters, including review of supporting documentation and correspondence; • obtained confirmation from insurers of the claims notified to them as at May 31, 2020 to verify the completeness of registered claims; • attended meetings of the Audit & Finance Committee of Coöperatief Deloitte U.A. where the professional liability matters were discussed, including claims received, as well as the results of internal and external (regulatory) investigations; • performed back-testing procedures to assess the appropriateness of the estimates of prior year; • reviewed the website of the Authority of the Financial Markets (AFM) to assess the completeness of investigations that we have been made aware of, as well as their current status; • we assessed the collectability of receivables towards the insurers, amongst others by means of validating that claims fall within the scope of the insurance agreements. Furthermore, we assessed the adequacy of the related disclosures relating to professional liability in the financial statements.

COVID-19 PANDEMIC	OUR AUDIT APPROACH
On March 11, 2020, the World Health Organization declared Covid-19, a global pandemic. Measures taken by various governments including the government of the Netherlands to prevent the virus spread, affected the economic activities. The impact continues to evolve, causing complexity and inherent uncertainty. The developments in response to the Covid-19 pandemic and the potential lack of available information for evaluating the reasonableness of significant assumptions used during the pandemic, increase the estimation uncertainty associated with the expected credit losses on amongst others the accounts receivable and unbilled services (notes 18 and 19); valuation of property, plant and equipment intangible assets and other non-current assets (notes 13, 15 and 17 respectively). Given the possible impact and consequences of Covid-19 on the group's ability to continue as a going concern and the high degree of estimation uncertainty in multiple areas of the financial statements we have considered this to be a key audit matter.	We audited and challenged management's assessment of the impact of Covid-19 on their business and the ability to continue as a going concern, including: • enquiries with key members of management outside of the finance function, to understand the group's mitigating actions and potential impact on the business; • review of the minutes of meetings of the company's Executive Board and Supervisory Board to understand actions taken to understand mitigating actions and potential impact on the business; • reviewed performance (management) reports and ongoing scenario analysis; • reviewed management's group's future cash flow projections. Furthermore, we audited and challenged management's assessment of the impact of Covid-19 on the application of accounting policies and valuation of several accounts in the financial statements. Notably, consisting of the following: • audit assumptions and methodology in determining ECLs under IFRS 9 (impacting amongst others, unbilled services and accounts receivables); • valuation of goodwill, property, plant and equipment, other non-current assets and deferred tax assets; • audited the impact of Covid-19 on provisions (like onerous contracts and restructuring provision), classification of debt and accounting treatment of leases under IFRS 16. In performing our audit procedures we maintained our professional scepticism and remained alert for any possible impact of the Covid-19 pandemic on the financial statements and we analysed events subsequent to May 31, 2020 to determine whether any adjusting events require adjusting amounts recognised in the financial statements. Finally, we evaluated the overall view of the financial statements, including the disclosures, related to the impact of the Covid-19 pandemic.

FAIR VIEW ON MATERIAL THEME DIVERSITY & INCLUSION	OUR AUDIT APPROACH
With regard to the sustainability information one of the most material themes in the materiality matrix (annex 2) is Diversity & Inclusion. As a result, this theme is the most important part of our audit of the sustainability information.	We determined which information in the sustainability information refer to the material theme Diversity & Inclusion. We made a distinction between numerical information and textclaims. With respect to this information we determined the design of the internal control framework regarding this theme. We reconciled the numerical information to underlying databases. We determined the reliability of the information in these databases by reconciling the information to supporting external and internal information. For the textclaims, we examined a selection, based on professional judgement, of the texts and made a reconciliation with supporting external and internal information.

Limitations to the scope of our audit
The sustainability information includes prospective information such as ambitions, strategy, plans, expectations, estimates and risk assessments. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the sustainability information.

The references to external sources or websites in the sustainability information are not part of the sustainability information as audited by us. We therefore do not provide assurance on this information.

B. Report on other information included in the Integrated Annual Report

In addition to the financial statements and our auditor's report thereon, the Integrated Annual Report contains other information that consists of:

- Our year at a glance;
- Report from the Executive Board;
- Report from the Supervisory Board;
- Connect to accelerate impact – Strategy 2023;
- Our firm;
- Deloitte Impact Foundation;
- Our performances against Plan 2020;
- Annex 4: Other information;
- Annex 5: key number of value creation by stakeholder category.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as 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 through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these 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 the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the report of the Executive Board in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. Report on other legal and regulatory requirements

Engagement

We were engaged by the Supervisory Board as auditor of Coöperatief Deloitte U.A. on September 6, 2019, for the audit of financial year 2019/2020.

D. Description of responsibilities regarding the financial statements and sustainability information

Responsibilities of management and the Supervisory Board for the financial statements and sustainability information

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. The Management Board is also responsible for the preparation of the sustainability information in accordance with the reporting criteria of Deloitte, based on the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) (Comprehensive option). Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements and the sustainability information that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management 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 and sustainability information

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

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 audit of the financial statements included among others:

- 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 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 entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity'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. However, future events or conditions may cause a 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.

Our audit of the sustainability information included among others:
- performing an analysis of the external environment and obtaining an understanding of relevant social themes and issues, and the characteristics of the organization;
- identifying and assessing the risks of material misstatement of the sustainability information, whether due to errors or fraud, 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 errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the 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 the reporting criteria used and its consistent application, including the evaluation of the results of the stakeholders' dialogue, and the reasonableness of estimates made by management and related disclosures;
- valuating the overall presentation, structure and content of the sustainability information, including the disclosures;
- evaluating whether the sustainability information represents the underlying transactions and events free from material misstatement;
- evaluating the procedures performed by the internal audit department of Deloitte.

As we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determine the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

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 findings in internal control that we identify during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. 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.

Amstelveen, July 15, 2020

For and on behalf of BDO Audit & Assurance B.V.,

sgd.
P.M. Belfroid RA

Annex 5: Key numbers of value creation by stakeholder category

Regulators

>45

Formal meetings with AFM

Society

1,523

Legally required audits performed

33,161

Hours spent on Deloitte Impact Foundation Projects

355.9m

Taxes paid by Deloitte

Clients and their stakeholders

12,645

Number of clients

Media, opinion leaders & NGOs

19

Press releases in 2019/2020

>90

Publications available

2

Reports explaining Deloitte's strategy & performance

Suppliers

165m

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

6,455
Average headcount

578.1m
Compensation & benefits in euros

330
Partners (Average headcount)

95.7m
Capital provided by partners May, 2020

27
Newly hired partners in 2019/2020

Financial institutions

1,015.5
Turnover in millions of euros

157.2
Operating result in millions of euros

$46.2 bn
Turnover of our global network in 2018/2019

Graduates

1,055
New hires (excl. interns)

49.6
Graduate new hires as % of total hires (incl. interns)

Competitors

Relative position in turnover (base 2018/2019)

1. Deloitte
2. PwC
3. EY
4. KPMG

Relative position in FTE (base 2018/2019)

1. Deloitte
2. PwC
3. EY
4. KPMG