



2023 Transparency Report

Deloitte Touche Tohmatsu

October 2023





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Transparency at a glance

Audit & Assurance (A&A) workforce composition

2,204

(headcount excl. partners)

2,419

(headcount incl. partners)

51%

Female A&A employees

27%

New A&A female partners

43%

National Executive female representation

40%

Board female representation

Revenue

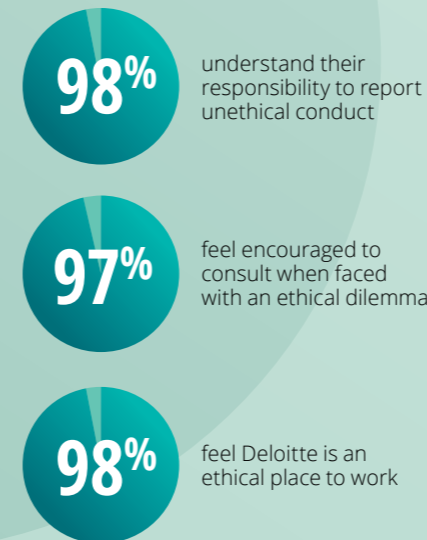
\$323m

audits of financial statements¹

\$108m

other related assurance and non-audit services to audit clients

Highlights of the 2022 Deloitte Australia Ethics Survey from A&A respondents:



Our key FY23 audit quality priorities

- 1 Partner leadership
- 2 Impactful talent experience
- 3 Auditing of revenue recognition
- 4 Internal controls
- 5 Impactful learning
- 6 Operational excellence

66 FTEs² in A&A Quality & Risk and Accounting Technical teams

46% of KAMs in ASX 200 had the involvement of specialists

0 Engagement level findings in recent 2023 PCAOB inspection³

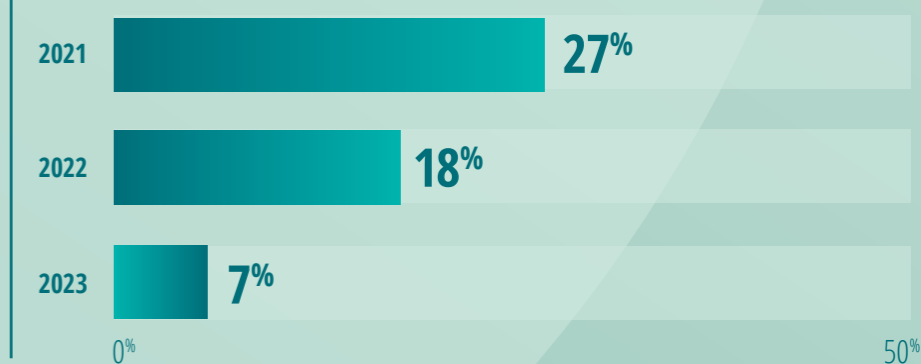
Deloitte has been appointed to **8 out of the 15** companies in the ASX 200 who changed auditors and 8 of the 13 where we participated in a tender process since 2020

ASQM 1 evaluation of our systems of quality management completed as at 31 May 2023

FY23 average learning hours

Job level ⁴	Average learning hours
Audit staff	99 hrs
Managers	108 hrs
Directors	97 hrs
Partners	82 hrs

Internal engagement inspection results of non-compliant files



This Transparency Report is prepared in accordance with the requirements of Section 332 of the Corporations Act 2001 (Corporations Act). The Transparency Reporting Year is from 1 July 2022 to 30 June 2023.

Deloitte Australia refers to the Australian partnership of Deloitte Touche Tohmatsu.

For the purposes of transparency reporting, this report contains information about Deloitte Australia, which is relevant to the A&A business.

1. Includes revenue derived from audits of financial statements.
 2. Full-time equivalents, excludes Independence Australia and Ethics team members.
 3. The results are preliminary and are subject to final approval by the PCAOB Board.
 4. Audit Staff (Graduates – Senior Analysts), Managers (Managers – Senior Managers) and Directors (Directors – Principals). Learning hours are inclusive of audit mandatory training and other professional development training.



Leadership message

Recent years have brought many challenges to both Australian and global markets. In this environment of uncertainty, it's more important than ever that the audit profession plays its critical role in instilling confidence and trust in business.

Welcome to the 2023 Deloitte Australia⁵ Transparency Report.

This report is an important opportunity for us to share key information around our audit practice and its role – the things we are proud of and the steps we are taking to ensure our Audit & Assurance (A&A) business is resilient and fit for the future.

We are operating in a challenging environment.

Recent financial years have brought considerable uncertainty for the capital markets, the audit profession and our people. In addition, the ongoing impacts of inflation in Australia and overseas – and central bank efforts to contain this trend – have added pressure to businesses and people alike. We are also seeing continuing geopolitical challenges, regulatory responses to confront the climate challenge and, particularly in Australia, increasing media and political scrutiny on our profession.



Auditors play a key role in contributing to the credibility of the financial statements on which they are reporting. High-quality audits support financial stability.

– International Auditing and Assurance Standards Board (IAASB)

During these uncertain times, the audit profession must step up to its role in driving confidence, with a relentless focus on quality, confidentiality and integrity. Audit quality and a commitment to maintaining high ethical standards are central to sustaining trust in the audit profession. It helps us set our priorities and is key to how we define our success.

Our culture of quality and the environment we create are critical to our resilience and reputation as a business.

Our people have shown exceptional agility in responding to these ongoing challenges. We have been united by a shared ambition to protect the public interest, to support each other and to make an impact that matters in everything we do for and with our clients, each other and the communities in which we live and work.

Reflections on FY23⁶

Our priority is providing consistent high-quality services and this is made possible by our ongoing investment in our people, training, technology, processes and our systems of quality management and embedding a culture of continuous improvement that we can all be inspired by and proud of. We are also focused on embracing diversity of thinking to further strengthen the resilience of our business.

We are proud of what we have achieved over the past year but there is more that we still want to do.

A) The importance of ethical behaviour to maintain trust

We work hard to continuously maintain and strengthen Deloitte's reputation – for trust, integrity and professional competence – which is our most precious asset. This is made possible by the collective effort of our talented people who continue to uphold our ethical and professional standards.

Recent events in our profession have clearly demonstrated the value of our long-standing commitment at Deloitte to maintaining strong standards of governance, ethics and integrity in all that we do. This is what our people, our clients and our stakeholders expect and demand.

We always look to deliver on those expectations by ensuring we set the right tone from the top in terms of our conduct and culture. The past 12 months have seen us continue to prioritise our client expectations and do our best to meet them, supported by our rigorous and robust monitoring systems, controls and safeguards, and our culture of 'doing the right thing even when no one is looking'.

B) The importance of a range of skills to deliver consistently high-quality audits

Our audit business remains part of a strong multi-disciplinary partnership model, which is central to Deloitte's strategy and structure in Australia and globally. It gives our A&A business access to specialists and experts, especially in emerging risk areas.

We draw attention to two areas where this is particularly important: climate reporting and emerging technologies (including generative artificial intelligence (AI)):

- **Continued imperative around climate:** We continue to take actions as a global network to address the climate challenge. All our Australian auditors have received training on how to factor climate change into our audit approach and we continue to work proactively with professional bodies, regulators, standard setters, investors and audited entities to encourage meaningful reporting and accountable business behaviours. The progression of global climate reporting standards (through the International Sustainability Standards Board) and the Treasury's consultations on how these will be adopted in Australia mean we increasingly know when and who this reporting will apply to. This is likely to be the swiftest adoption of reporting standards in recent history and we need strength, depth and breadth of capability to respond to this quickly and to a high quality.
- **Adoption of emerging technologies:** Deloitte has a long history of utilising the technology advisory and implementation strengths of our firm to enhance how we execute our audits. We utilise a range of sophisticated data analytics, automation technologies, data engineering capability and AI in our audits and we are exploring audit use cases for the use of generative AI at both an Australian and global level. In Australia, we made the unique strategic decision many years ago to invest in a team of data scientists and technologists within the audit practice and this team, combined with the strength of our broader technology capability, places us in a leading position to embrace emerging technologies to maintain our commitment to audit quality and service excellence.

C) A commitment to the highest audit quality

Delivering consistently high-quality audits remains our number one priority and we recognise that our role is critical in providing confidence to the capital markets. We are committed to continually improving and strengthening audit quality and that is why we continue to make investments in our people, training, technology, processes and our systems of quality management.

- **ASIC inspections:** During the 2021/22 inspection cycle, the ASIC inspection of five of our audit files – out of a population of more than 350 public interest entities and nearly 2,500 total audits – disappointingly resulted in an increase in the rate of inspection findings. In response, we performed root cause analysis for key findings and put detailed actions in place to address these, both on individual audits and across all our audits more generally.

In November 2022, ASIC revised its audit surveillance program for the 2022/23 inspection cycle. Under the revised program, ASIC has refined its risk-based approach to conducting audit surveillances and no longer inspects a pre-determined number of audit files at each of the largest six firms. ASIC published its 2022/23 financial reporting and audit surveillance program report on 18 October 2023 which no longer includes individual firm inspection results. Under its revised audit surveillance program, ASIC inspected 3 of our audit files in the 2022/23 inspection cycle and we disclose on page 15 further details about these inspections.

- **PCAOB inspections:** The US Public Company Accounting Oversight Board (PCAOB) is one of the largest audit regulators globally. The PCAOB conducts inspections of PCAOB-registered firms across the globe and inspects PCAOB-registered firms in 50 different non-U.S. jurisdictions. PCAOB inspection reports provide investors, audit committees and potential clients with important information they can use to make informed decisions about the audit quality of PCAOB-registered firms. Accordingly, we are reporting PCAOB inspection results for Deloitte Australia. Earlier this year, the PCAOB conducted an inspection of Deloitte Australia which involved a review of three audit files and an evaluation of elements of our firm's quality management systems.

The PCAOB has not issued its report at the time of this report. However, based on the preliminary inspection results we expect that the report, when issued by the Board, will confirm that the PCAOB has not identified any deficiencies in relation to the work performed to support our audit opinions. We also do not expect any significant findings in relation to our systems of quality management.

5. Throughout this report, the term 'Deloitte' refers to one or more of Deloitte Touche Tohmatsu Limited, its network of member firms, and their related entities. For more information about the Deloitte network, please see p.51 of this document or <https://www2.deloitte.com/global/en/pages/about-deloitte/articles/about-the-network.html>. The terms 'Deloitte Australia', 'Firm', 'we', 'us', and 'our' refer to one or more of the Australian partnership of Deloitte Touche Tohmatsu and its related entities, which is further described on p.52 of this document.

6. FY23 throughout refers to the transparency reporting period of 1 July 2022 – 30 June 2023. FY24 refers to the transparency reporting period of 1 July 2023 – 30 June 2024.



Internal inspections: Over recent years we have continually refined our approach to internal inspections to make the inspections more challenging, relevant and robust in response to a changing environment to enable us to readily identify any areas of potential improvement or refinement. The internal inspection program is extensive and rigorous and every audit partner is inspected at least once every three years.

The 2023 internal inspection program covered 34 of our audit engagements and we are pleased by the continued positive progress indicated by the results. Our internal inspection program is arguably the best available measure of the quality of our entire portfolio due to the large number of files inspected each year. The percentage of audit files rated as non-compliant decreased from 18% in 2022 to 7% in 2023. We are proud of our people and their contribution to achieving this improvement, particularly given the extraordinarily challenging operating environment and the circumstances related to COVID-19, during which many of the audits were undertaken.

Restatement of financial statements and reissuance of audit opinions: We also consider restatements of financial statements, or the reissuance of our audit opinions, to be important measures of the quality of our audits. Pleasingly, the results of the PCAOB inspection in 2023, and ASIC inspections in the 2021/22 inspection cycle did not result in any restatements of financial statements or the reissuance of any audit opinions. Following inquiries by ASIC in the 2022/23 inspection cycle, one entity has made amendments to the prior period comparative information in its financial report for the half-year ended 31 December 2022.

Looking ahead

In anticipation of a decade shaped not just by continuing economic volatility, but also by rapid advancements in technology, future of work trends and the urgency to address climate change, there are four key themes that we focus on:

1. The role of the audit profession in instilling trust and confidence

It is important we always hold ourselves to the highest standards of professional conduct to deliver the highest quality audits. We continue to invest in people, training, technology, processes and systems of quality management to address shifting stakeholder needs, increasingly complex professional judgement requirements and diversity of non-financial reporting.

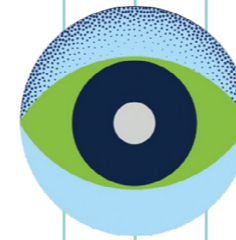
2. The importance of an attractive, robust and resilient audit profession

The future of audit comes down to the people in our profession. They play a valuable public interest role in encouraging responsible business behaviours and responsible reporting for the benefit of the capital markets and broader society. We are committed to offering world-class training and development to support our auditors in developing diverse and valuable skillsets that will help them to challenge management and understand a broadening range of business model risks. We also work to ensure we offer a safe, supportive, aspirational workplace where all our people can play to their strengths and excel.

3. Our culture and values

Doing the right thing is at the heart of our culture and shared values. It shapes the choices we make and how we act and react. Together, these are central to our quality mindset. Our tone and behaviours 'from the top' drive our collective responsibility to exercise professional scepticism with due care, to challenge constructively and to always work with the highest regard for confidentiality and our ethical values.

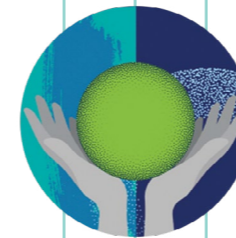
In recent months we have reassessed and committed to an evolved set of values – our Aussie Signals – that work both today and well into the future. Our five Signals describe how we behave and show up for each other, our clients and our community. They are underpinned by our values of integrity, quality and inclusivity, driven by a common purpose to make an impact that matters.



Aussie Signals

Be you

Be true to yourself and your own sense of integrity, while respecting the diversity of others.



Empower and trust

Listen to and support each other to deliver great work. Consistently earn and show trust.



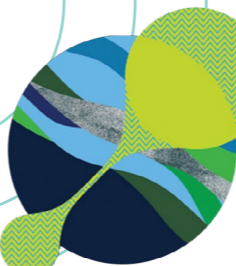
Talk straight

Be open, honest and have the courage to speak up, but always with care and empathy.



Have fun and celebrate

Enjoy and celebrate what you do and the people you do it with.



Dare to be different

Be bold, creative and curious. Keep pushing boundaries and learning new things.

4. A forward-looking mindset

We have consistently said corporate governance and the strength of the corporate reporting ecosystem is a priority for us, and we take our role seriously – alongside companies, regulators, standard setters, government and investors – in driving meaningful change in the public interest. The months and years ahead will be critical as we address climate reporting and potentially broader sustainability reporting. In addition, we expect the way in which we report to change as Australia potentially transitions into a digital reporting regime and this is a domain we have been leading in.

The role of the auditor is critical as part of the broader ecosystem that includes a range of stakeholders (e.g. government, regulators, institutional investors and retail investors).



Joanne Gorton
Managing Partner
Audit & Assurance



Adam Powick
Chief Executive Officer
Deloitte Australia



Tom Imbesi
Chairman
Deloitte Australia



Deloitte's priority focus on audit quality

Deloitte's commitment to audit quality is central to everything we do.

We consistently deliver on this commitment by instilling a culture of quality and excellence across the network, establishing business and financial priorities, and developing effective processes, tools, and technologies applied in the execution of audits. Deloitte's brand is defined by the high-quality audits delivered and by the unwavering commitment to continuous improvement of our systems of quality management. Making sure audit quality keeps pace with emerging economic, business and regulatory conditions, as well as technological advances, is critical to the continual enhancement of Deloitte's role in protecting the public interest and supporting the effective functioning of the corporate reporting ecosystem.



A focus on audit quality

Deloitte is committed to audit quality which permeates everything we do. The independent audit is a central element of the corporate reporting ecosystem and it is essential to enhance the confidence and trust of investors and other stakeholders, as well as promoting the effective functioning of the capital markets.

We focus on our obligation to deliver audit services that meet the challenges and complexities of the current environment, while complying with professional and regulatory standards. For the corporate reporting ecosystem to function as intended, it is vital that the auditor's role be executed effectively.

Deloitte is committed to doing more than simply meeting regulatory requirements and conforming to expectations. We are committed to going beyond the expected to set the standard of excellence for the profession. Our commitment to audit quality is unequivocal.

The delivery of high-quality audit services is driven by structural, cultural, people and process factors. The tone from the top of the organisation is critical to underpinning the delivery of high-quality audits by the A&A business.

Good governance is foundational to delivering high-quality audits, serving the public interest and building and protecting trust.

The Board of Partners

Deloitte Australia's Board of Partners (the Board) oversees the leadership and management of Deloitte Australia's operations and is responsible for ensuring a robust governance framework is in place.

The Board is responsible for the overall governance of the firm, promoting its long-term success and providing oversight and stewardship in alignment with the firm's values, culture and strategy. Core to meeting this objective is ensuring that the firm does not compromise the trust and integrity on which its licence to operate relies. In this respect the Board is also responsible for overseeing the firm's risk management functions, including ethics, independence and quality processes, and overseeing issues relating to the firm's reputation.

The Board has an objective to align, as much as possible, corporate governance practices to those of an ASX-listed company board of directors. The Board comprises between seven and ten elected partners, none of whom can be members of the Executive team, plus the Chief Executive Officer (CEO). The separation between the roles of Chairman and CEO also provides a strong measure of accountability. The Board is required to have 40/40/20 gender representation.

Consistent with good corporate governance principles, the Board is supported by the work of a number of sub-committees including an Audit Committee, an Ethics and Risk Committee, a Partner Remuneration Committee, a Partner Admission Committee and a Leadership Development and Succession Board Committee. An AGM is held annually, at which the firm's financial results are presented to the partners.

Deloitte Australia is also subject to regional and global oversight. Deloitte Australia is required to adhere to a set of global Deloitte quality standards designed to ensure consistent delivery of high-quality world-class services and to enhance and protect Deloitte's brand and reputation.

Chief Executive Officer

Our CEO, Adam Powick, has full executive authority for managing the firm. A Board-appointed committee of between four and eight equity partners nominate the CEO, who is elected by the partners for a four-year term. Unless an extension is approved by an ordinary resolution of partners, the maximum overall period for the CEO is eight years.

With regard to the implementation of ASQM 1, Adam is the ultimate responsible party (URP) with the responsibility to conclude, on behalf of the firm, whether systems of quality management provide the firm with reasonable assurance that the objectives of the systems of quality management are being achieved.

The National Executive

The CEO appoints the National Executive, which manages the firm's day-to-day activities. The National Executive comprises: the CEO, COO, Chief Commercial Officer, Chief Strategy and Innovation Officer, Chief Risk Officer (CRO), Chief People and Purpose Officer, Managing Partner Clients Industries & Markets (CI&M), Chief Transformation Officer, Industries and Sectors Leader, and the Business Managing Partners for Audit & Assurance (A&A), Consulting, Financial Advisory, Risk Advisory, and Tax & Legal.

The CEO has overall responsibility for developing, implementing and monitoring quality policies and procedures, and risk-related matters.

The CRO has delegated responsibility for management of the enterprise risk framework; ethics and conduct; independence and conflicts; business resilience; compliance, including regulatory compliance; client and engagement acceptance; engagement risk; quality management; data security, confidentiality and privacy; risk culture and complaints handling; legal; and professional indemnity insurance.



A&A leadership

The responsibility for developing and implementing the strategy for the A&A practice, including related policies and procedures, rests with the Managing Partner A&A, Joanne Gorton; the Audit Leader, John Leotta; the Assurance Leader, Neil Brown; and the A&A Executive. In addition, Joanne is the person with operational responsibility for the systems of quality management in accordance with ASQM 1.

Deloitte partners are responsible for the overarching objective of audit quality, including compliance with applicable professional standards and regulatory requirements. Deloitte Australia's strategy is developed in alignment with the overall strategic direction established for the Deloitte network.

A&A Quality & Risk and Accounting Technical and Corporate Reporting teams

The A&A Quality & Risk and Accounting Technical and Corporate Reporting teams are responsible for implementing the quality agenda, establishing specific policies and procedures to drive quality outcomes, designing and delivering audit, assurance and accounting technical training, risk identification, monitoring and remediation, and supporting engagement teams on audit, assurance, accounting and other technical and risk matters.

The NPPD Jacques Strydom, oversees the A&A Quality & Risk team. The NPPD is responsible for all quality matters for the A&A business and is a member of the A&A Executive.

The A&A Risk Leader, Danie Crowther, works closely with the CRO and leads all risk management activities for the A&A business. This includes directing risk identification, management and mitigation systems, policies and procedures. Danie is also a member of the A&A Executive.

The Accounting Technical and Corporate Reporting leader, Alison White, and her team are responsible for providing interpretation and support on accounting and corporate reporting matters, including training to the A&A practice and to clients.



As auditors, we have the privilege and responsibility of upholding trust and maintaining transparency in financial reporting. We continually seek ways to transform our processes, improve what we do and deliver high quality audits and meaningful outcomes. This demands a high level of expertise, a commitment to continuous learning and always acting with integrity.



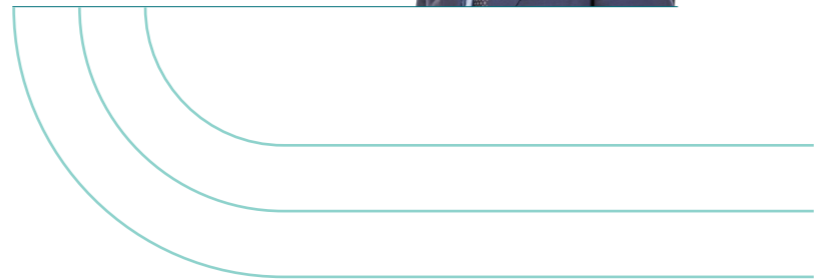
John Leotta
Audit Leader



I am very proud of the people in our A&A business and their commitment to delivering high-quality audits, to continue to learn and develop, and to support one another. The future of the audit profession comes down to the calibre of people that we can attract and retain in the profession, and we keep challenging ourselves to offer attractive and rewarding career paths for our people.



Jacques Strydom
National Professional Practice Director (NPPD)



Our commitment to serving the public interest

As part of the Deloitte A&A's commitment to supporting the capital markets, we are focused on auditing entities where it serves the public interest. The company we keep is a critical foundational aspect of our A&A strategy and global shared values that guide our behavior to lead the way, serve with integrity, take care of each other, foster inclusion and collaborate for measurable impact.

The question we ask ourselves is: what type of entities do we, as a global network, want to be associated with? To answer this question, a consistent global A&A risk appetite framework has been developed to serve as the foundation for the company we want to keep. Our risk appetite framework sets the tone for our risk culture, promotes robust discussion of risks, and aims to drive global consistency in the engagement acceptance and continuance decision-making process.

Deloitte's A&A portfolio risk appetite underpins our purpose-led agenda and reinforces our Principles of Business Conduct, which articulate the standards to which we hold ourselves, wherever in the world we live and work, in order to build and maintain a sustainable business for current and future generations.

Consistent with our commitment to purpose and to act in the public interest, we recognise that taking on a degree of risk is a natural consequence of doing business. In order to deliver high-quality audit and assurance services, we proactively identify and manage risk through our quality management processes, policies and procedures to make informed decisions aligned to our strategy and values.

A&A aspires to have a portfolio of clients that aligns with our shared values, respects our people, recognises emerging issues and societal responsibilities and is committed to providing transparency to stakeholders in the corporate reporting ecosystem. We endeavour to have a portfolio that does not include clients that lack integrity, disregard the authenticity of financial accounting and reporting, or are unwilling to establish and maintain sufficient internal controls and related processes.

We have detailed policies and procedures in place for the acceptance of prospective clients, the continuance of existing engagements and the assessment of engagement risk.

These policies and procedures are designed with the objective that we will only accept or continue with engagements where we:

- Have the capabilities, including time and resources, to perform a quality audit with objectivity
- Can comply with all relevant professional standards and laws and regulations, including those relating to ethics and independence and conflicts of interest assessments and considerations
- Consider the client's management team to act with integrity and in alignment with our shared values.



For our audit teams at Deloitte our culture of quality is a passion, not a process. We support each other every day under significant time pressure in an incredibly complex fast changing world to anticipate, identify and manage risks while serving the public interest.



Danie Crowther
A&A Risk Leader



Leadership commitment and tone at the top

As already highlighted, Deloitte's culture of quality and excellence begins with a strong tone from the top, starting with senior leadership through to the leaders in all our offices and audit and assurance engagements. Deloitte's focus on audit quality is evident through the direct involvement of leaders in initiatives emphasising that quality is the highest priority for audit and assurance practitioners at all levels and consistent messaging that reinforces the importance placed on executing high-quality audit and assurance engagements. Deloitte's relentless pursuit of quality defines not just what we do, but who we are.

We conducted our A&A Culture of Quality survey in FY23. The survey was designed to collect open and transparent feedback about how Deloitte's Global A&A Culture of Quality is understood and embedded in the day-to-day experience of our people in Australia.

Below are some of the highlights of the survey.

Tone at the top

94% of respondents feel that A&A leadership values quality and the importance of Deloitte's role in serving the public interest as the most important aspects of our business, which is substantiated in their actions and behaviours.

Capabilities and competencies

96% of respondents feel supported to seek advice from others when needed.

Mindset and purpose

89% of respondents feel proud to be an auditor and are motivated by their role as an independent, objective evaluator.

Consultative and supportive culture

92% of respondents feel empowered to raise quality and risk concerns.

Going forward, the results of this FY23 survey will serve as a baseline for comparison as we look to perform comparative surveys in future years to understand the impact of our actions and highlight our continued commitment to quality. We are encouraged by this response but will continue to drive to continuously lift these results.

Auditing in disruptive times

The past few years have been marked by global disruption including public health, political and societal uncertainties. This disruption has had significant impact on all professions, including the auditing profession, as well as on the corporate reporting ecosystem as a whole.

Deloitte has responded to these uncertainties and disruptions by taking steps to advance the profession and prioritise the wellbeing of its people. We have also sharpened our focus on the heightened risk of fraud, the presence of emerging or evolving risk factors, the continuing emergence and proliferation of tech-dominant transaction and control environments, and the need for effective internal control environments.

While the existing accounting frameworks have provisions for uncertainties, financial statement users and regulators should continue to expect a higher degree of market and economic volatility in the near term.

Systems of quality management (SQM)

Deloitte believes an effective system of quality management is crucial for the consistent performance of high-quality audit engagements. We continue to make significant investments in our people, training, technology, processes and our systems of quality management.

Regulators and standard setters in Australia and globally are also focused on driving further improvements in firms' systems of quality management. In December 2020, the IAASB released its revised quality management standards, including International Standard on Quality Management 1 (ISQM 1). On 10 March 2021 the Australian Auditing and Assurance Standards Board (AUASB) issued ASQM 1, which is applicable in Australia. Systems of quality management in compliance with ASQM 1 were required to be designed and implemented by 15 December 2022.

ASQM 1 introduced a risk-based approach to the SQM that required firms to respond to quality objectives and risks to our ability to execute high-quality audits in the following areas:

- Risk assessment process
- Governance and leadership
- Relevant ethical requirements
- Acceptance and continuance of client relationships and specific engagements
- Engagement performance
- Resources
- Information and communication
- The monitoring and remediation process.

The effective implementation of ASQM 1 has been and remains a key element of Deloitte's global audit quality strategy. Deloitte Australia's ASQM 1 implementation activities were completed by 15 December 2022, building on the multi-year investments and commitment already delivered to go beyond the requirements of the existing professional standards.

As part of the implementation of ASQM 1, quality objectives, quality risks and responses were formalised and brought together in a globally consistent technology platform to facilitate the design and maintenance of the system, as well as the operation through tri-annual self-assessments by business process owners and reporting capabilities to support the required annual evaluation.

We continue to work with leaders across the global firm, as well as the broader network to further enhance our proactive approach to managing the quality of engagements performed. This includes identifying and addressing risks to audit quality and driving continued advancements in quality management processes that will serve us well into the future as the environment within which we operate continues to evolve and become increasingly complex.

Consistent with our culture of continuous improvement and innovation, our ASQM 1 implementation efforts have provided us the opportunity to challenge ourselves – examining those areas where we can further enhance and transform the systems of quality management. Audit quality is always front and centre, and robust audit quality monitoring processes play an integral role in our ability to continually improve.

The first annual evaluation of the systems of quality management are required to be performed within one year following 15 December 2022. Deloitte Australia performed its first evaluation of its SQM as at 31 May 2023.

Conclusion on the effectiveness of the SQM

Deloitte Australia is responsible for designing, implementing and operating a SQM for audits or reviews of financial statements, other assurance or related services engagements performed by the firm, that provides the firm with reasonable assurance that the objectives of the SQM are being achieved. The objectives are:

- The firm and its personnel fulfill their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements.
- Engagement reports issued by the firm or engagement partners are appropriate in the circumstances.

Deloitte Australia conducted its evaluation in accordance with ASQM 1, concluding that the SQM provide the firm with reasonable assurance that objectives of the SQM are being achieved as at 31 May 2023.

Reasonable assurance is obtained when SQM reduces to an acceptably low level the risk that the objectives of the SQM are not achieved. Reasonable assurance is not an absolute level of assurance because there are inherent limitations of a SQM.

Independence, objectivity and professional scepticism

The execution of high-quality audits requires independence, objectivity and professional scepticism. This means a continuous and tangible focus on our critical role in serving the public interest, including creating a culture of quality where doing the right thing is of paramount importance. We consistently reinforce the important role of auditors as independent evaluators who must maintain a mindset of professional scepticism throughout the conduct of our work.

This approach to the audit is reflected in our policies, methods, procedures and learning and is reinforced through quality management and accountability measures.

Audit approach

Our approach to performing a high-quality audit involves the use of an audit methodology, common across the Deloitte network, supplemented by audit tools for use by our practitioners to plan, perform, supervise, review, document, conclude and communicate the results of each audit. Our audit approach is underpinned by professional standards, as well as requirements of applicable laws and regulations.

Our audit methodology is risk based, focusing on the financial statement account balances, disclosures and underlying assertions that have a reasonable possibility of being materially misstated.

This audit methodology is dynamic – it evolves continuously to keep pace with the changing demands of investors, companies and other stakeholders.

It recognises that advances in the availability and management of large data sets and in statistical science are relevant to continuing to enhance the quality of our audits.



Resources to support our practitioners in the execution of high-quality audits

Our practitioners perform audits using the proprietary tools, guidance, materials and practice aids used in conducting audits, which are available to all our practitioners in the Deloitte Global Technical Library, an extensive online library, and in our audit execution platforms (EMS, Deloitte Omnia, and Deloitte Levvia). We regularly issue accounting and auditing guidance to our practitioners and communicate developments that should be factored into audit risk assessments and responses in order to maintain and drive quality audit execution.

Engagement team selection and expertise

The responsibility for each engagement is assigned to an engagement partner with the appropriate competence, capabilities and authority to perform the role. Client commitments and capacity of each audit partner are monitored to enable them to have sufficient time to adequately discharge their responsibilities.

The selection of the engagement team and timely involvement of the partner and other senior team members in the riskiest aspects of the audit is key to developing and executing a high-quality audit. Every audit is led by an engagement partner who must be satisfied that the assigned professionals have the required competencies and experience and meet independence requirements.

For higher risk engagements, additional measures are in place such as assigning a more experienced Engagement Quality Control Reviewer (EQCR), assigning a Special Review Partner for much greater than normal risk engagements, and additional consultations with specialists or a national panel of experienced partners.

46% of KAMs in the ASX 200 had the involvement of specialists.

Engagement supervision and review

Our audit approach requires that audit engagements are adequately planned, supervised and managed so that the work performed provides reasonable assurance that it complies with professional standards. The overall supervision of each audit engagement is the responsibility of the engagement partner.

Audit partner, principal, director, senior manager, and manager hours on audit engagements accounted for:



Consultation

Quality and risk management considerations are integral to Deloitte's audit business. We view consultation as an essential, collaborative process – one that involves robust challenge and helps determine the most appropriate answers to complex questions. Deloitte has identified circumstances where consultation outside of the engagement team is required to demonstrate an appropriate level of professional judgement and the exercise of professional scepticism. Deloitte consultation policies require that conclusions are documented, understood and implemented. Our investment in people who have the appropriate skills and expertise ensures our consultation process is effective. If engagement partners and teams need additional information or perspectives, they are encouraged to seek assistance from the A&A Quality & Risk and Accounting Technical and Corporate Reporting teams, or others in the organisation with specialised knowledge including Independence Australia. The management, visibility and consistency of these consultations is enhanced by our query management portal, which facilitates the consultation process with specialists.

Deloitte Australia's investment in A&A Quality & Risk and Accounting Technical and Corporate Reporting teams⁷:



Monitoring audit quality

A continued focus on audit quality is of paramount importance to the Deloitte brand. It is critical that a Deloitte audit is consistently executed and of high quality, wherever in the world it is performed.

The objective of monitoring and remediation processes are to provide relevant, reliable and timely information about the design, implementation and operation of the systems of quality management to leadership in order to enable appropriate and timely actions to be taken to respond to identified deficiencies. This includes the identification of deficiencies and good practices in the systems of quality management and the assessment of the effectiveness of remedial actions in driving improvements in audit quality.

Monitoring of in-process engagements

Our continuous audit quality monitoring involves proactively identifying audit issues in 'in-process' engagements to drive real-time corrective actions through:

- The use of core diagnostics to enable engagement partners and teams, and audit quality leaders to continuously monitor audit quality and take immediate action.
- A program of subject matter specific 'health checks' to help audit quality leaders assess progress and identify issues on in-process engagements.
- Real-time reviews of in-process engagements by specialised quality reviewers, which allows any quality issues to be proactively identified and remediated throughout the audit.

We evaluate in-process monitoring results to determine whether audit engagement teams need extra communication and support.

Reporting matters

The following statistics relating to year-end audits of listed entities performed during FY23 reinforce the commitment by Deloitte Australia to protect the interests of capital markets and the investing community:

- 0 audit reports (2022: 0) contained a disclaimer of opinion.
- 0 audit reports (2022: 0) contained a qualified opinion.
- 10 audit reports (2022: 9) contained a material uncertainty related to going concern section and an additional 27 financial reports (2022:33) included additional going concern disclosures.
- 9 reports (2022: 6) were made to ASIC in accordance with section 311 of the Corporations Act.

Internal inspections

Internal inspections of completed engagements include:

- Risk-based engagement selection – findings are moderated by a panel to drive consistency in findings and engagement ratings.
- Independent external practitioners provide oversight over our internal engagement inspections to drive global consistency.
- Experienced reviewers independent of the engagement team (from within Deloitte Australia as well as from other Deloitte geographies) conduct the reviews.

Every audit partner is reviewed at least once every three years. Partner candidates are also reviewed prior to their promotion to partner.

The most recent internal engagement inspection program was completed in September 2023. These extensive and rigorous reviews covered 24% of our audit partners and showed a significant improvement. The percentage of audit files rated as non-compliant decreased from 18% in 2022 to 7% in 2023. This reflects the successful implementation of measures over the last 18 months under our Audit Quality Plan (AQP), which we refine each year as part of our commitment to constantly improving audit quality.

Engagement files that receive a non-compliant rating are subject to root cause analysis to understand why the audit deficiencies occurred and to identify any required quality measures, including specific training, coaching and supervision. Additional quality measures are incorporated into and monitored via an approved, partner-specific quality improvement plan. Partners with an engagement file that receives a non-compliant rating are also subject to review in the next monitoring period.

Percentage of audit partners for which engagement files were subject to internal inspections:



Hours spent performing internal inspections:



7. Full-time equivalents, excludes Independence Australia and Ethics team members.



Systems of quality management (SQM) monitoring

SQM monitoring is an integral part of Deloitte Australia's monitoring activities and considers relevant requirements in ASQM 1, as well as evaluating the design, implementation and operating effectiveness of responses to address identified quality risks.

Audit quality indicators (AQIs) and other metrics help Deloitte Australia develop and monitor audit quality action plans and report on the progress in its audit quality journey.

Hours spent completing the SQM testing program:



Root cause analysis and remediation

Continuous improvement is essential to Deloitte's culture of quality and excellence. Understanding the factors that caused or contributed to engagement level findings and SQM deficiencies, regardless of whether they were identified through internal or external monitoring activities, is critical to being able to design effective remedial actions that will prevent or reduce the likelihood of future occurrences. Remediation is imperative to drive continuous improvement in audit quality and avoid similar findings in the future.

An Audit Quality Plan (AQP) is prepared by Deloitte Australia and provides for effective implementation and monitoring of key audit quality priorities. The governance framework for the AQP is underpinned by the Deloitte Australia Audit Quality Steering Committee, responsible for the implementation of the AQP, and the Audit Quality Oversight Committee (including the Deloitte Asia Pacific A&A Business Leader and the Deloitte Asia Pacific A&A Quality Leader), which provides governing oversight.

External inspections

ASIC has responsibility for the oversight of auditors in Australia. ASIC monitors compliance with the requirements of the *Corporations Act 2001* (Corporations Act) as it relates to auditor independence and audit quality. ASIC is also responsible for the oversight of financial reporting of entities required to comply with the Corporations Act.

The audit surveillances conducted by ASIC promote the improvement and maintenance of audit quality and focus on audits of financial reports of public interest entities and ASX listed entities prepared under the Corporations Act. On an annual basis, ASIC publicly reports on its financial reporting and audit surveillance program, summarising the scope and overall findings from both surveillance programs.

ASIC inspection program for the 2021/22 inspection cycle

During the 2021/22⁸ inspection cycle, ASIC reviewed 114 key audit areas (2020/21: 115) across 35 audit files (2020/21: 35) at the largest six firms and 18 key audit areas (2020/21: 17) across five of our audit files (2020/21: five). ASIC identified findings in 32% (2020/21: 23%) of the key audit areas reviewed across the largest six firms and findings in 50% (2020/21: 29%) of the key audit areas reviewed across five of our audit files. As highlighted throughout this report a range of measures have been implemented which aim to support the consistent delivery of the high-quality audits we aspire to and the themes identified in inspections are considered in determining these measures.

Revised ASIC inspection program for the 2022/23 inspection cycle

In November 2022, ASIC revised its audit surveillance program for the 2022/23 inspection cycle⁹. Previously, ASIC selected a pre-determined number of files per firm, which included making selections from broader sub-sets of the audit population, including non-PIE companies. Under the revised program, ASIC has refined its risk-based approach to conducting audit surveillances. Audit surveillances primarily arise from the results of financial reporting surveillances conducted on listed and other public interest entities which meet the risk criteria determined by ASIC. ASIC inspected three of our audit files in the 2022/2023 inspection cycle and identified findings in the following key audit areas:

- Impairment of non-financial assets and asset values
- Revenue and receivables.

Following inquiries by ASIC in the 2022/23 inspection cycle, one entity has made amendments to the prior period comparative information in its financial report for the half-year ended 31 December 2022.

Findings arising from the ASIC surveillance program

ASIC expects audit firms to focus on identifying and addressing root causes of negative findings, developing and implementing action plans to address the identified root causes, and monitoring and revising action plans to ensure they are effective and sustainable. We consider all of ASIC's findings in relation to each audit surveillance it conducts. Depending on the nature and severity of the ASIC finding and our assessment of the root causes, we will consider if there is a need to revise our AQP, policies, processes, and guidance, or to deliver additional training for our audit practitioners. In line with ASIC's expectations, we prospectively remediate our audit engagement files, and in certain instances, remediate the specific file subject to audit surveillance.

Our audit partners and staff learn from these interactions by incorporating ASIC's feedback into continuous improvement and audit quality programs. A senior member of the A&A Quality & Risk team participates in meetings with ASIC to obtain detailed knowledge of the nature and severity of the findings from each ASIC file review. Our objective is that the audit partner and team learn from the ASIC inspection process, consider what they could have done differently (including root cause analysis) and, where appropriate, revise their approach on subsequent audits.

We value the ASIC audit and financial reporting surveillance programs and benefit from the extensive dialogue we have with ASIC during, and as a result of, both processes. We believe that the inspection process serves an important role in improving audit quality, and we value the insights it brings to both entities and the audit profession. We continue to engage with ASIC on measures to improve audit quality and will play our part to further enhance confidence in financial reporting.



8. The 2021/22 inspection cycle covered audits conducted for years ended from 31 December 2019 to 30 June 2021.

9. The 2022/23 inspection cycle covered audits conducted for years ended from 31 December 2020 to 30 June 2022.



Chartered Accountants Australia and New Zealand (CA ANZ)

CA ANZ has a [Quality and Practice Review Program](#) to monitor whether its members in public practice have quality management systems in place to comply with professional standards, and legal and regulatory requirements.

CA ANZ conducted a Quality and Practice Review of Deloitte Australia in 2022 and concluded their review with no significant findings.

Foreign regulators

We are registered to audit entities that are publicly accountable in foreign jurisdictions. We are therefore subject to a number of foreign regulators who are authorised to inspect Deloitte (when applicable) as outlined in the table below:

Regulator	Date and comment
Public Company Accounting Oversight Board (PCAOB), United States	<p>The most recent inspection of Deloitte Australia by the PCAOB was in May 2023. The final inspection report is expected to be received in 2024.</p> <p>The PCAOB reviewed elements of the firm's systems of quality management and sections of the audit files for three engagements with 2022 year ends.</p> <p>During FY23 we audited 28 companies registered with the PCAOB.</p>
Financial Reporting Council (FRC), United Kingdom	<p>No inspection to date. The FRC publishes an annual report on its website in relation to its audit inspection findings (see www.frc.org.uk).</p>
Canadian Public Accountability Board (CPAB)	<p>As part of the inspection of an audit firm that audits a Canadian reporting issuer, in situations where the Canadian reporting issuer has operations outside of Canada, CPAB might request access to the audit file from the foreign jurisdiction.</p>
Financial Markets Authority (FMA), New Zealand	<p>No inspection to date. The FMA publishes an annual report on its website in relation to its audit inspection findings (see www.fma.govt.nz).</p>

Deloitte Australia's commitment to audit quality

Our key audit quality priorities are refreshed on an annual basis. During FY23 we refreshed and expanded on our key audit quality priorities in response to the evolving market.

	Partner leadership	Impactful talent experience	Auditing of revenue recognition	Internal controls	Impactful learning	Operational excellence
What we are doing	Refreshing and reinforcing the expectations of the partner group in relation to their leadership and impact on audit quality.	Continuing investment in the talent experience of practitioners below partner.	Improving the capability of engagement teams to understand the flow of revenue transactions through our clients' systems by providing additional coaching, training and tools.	Increasing and prioritising the use of internal control and IT specialists to support engagement teams. Improving internal controls capability of engagement teams by providing extra training and tools.	Improving learning programs for partners and practitioners.	Strengthening our system of quality management including our EQCR and acceptance and continuance processes, as well as partner deployment.
How it improves quality	Providing clear expectations in relation to engagement partner behaviours contributes to high-quality audits.	Attracting, developing and retaining the very best people ensures we are consistently performing high-quality audits.	Client systems are often complex and a deep understanding of how revenue is earned and recognised is key to performing high-quality audits.	Instilling the internal controls capability of engagement teams is key to performing high-quality audits.	Relevant and timely delivered learning ensures our engagement teams can perform high-quality audits.	Improving our SQM processes and embedding these in future audits supports our engagement teams to perform high-quality audits.
How we are tracking	We refreshed the quality-related metrics included in our partner performance assessments to better link our priorities on audit quality to remuneration outcomes.	We introduced initiatives to change the way we work, to improve the coaching experience and to provide staff with better access to career opportunities within Deloitte.	We improved the capability of practitioners via bespoke audit learning (by levels), coaching and the introduction of new intellectual resources.	We increased the use of internal control and IT specialists on the prioritisation/stratification of the client portfolio. We improved the capability of practitioners via bespoke audit learning (by levels), coaching and the introduction of new intellectual resources.	We strengthened our processes around learning to deliver the most relevant learning to our practitioners.	We strengthened our processes to effectively manage partner and EQCR capacity, including acceptance and continuance processes. This ensures that we make the right portfolio management decisions.

Subsequent to FY23 we have further refreshed and updated our key audit quality priorities with the inclusion of Auditing of Technology Dependent Companies and Assurance and Related Services as new focus areas for FY24.



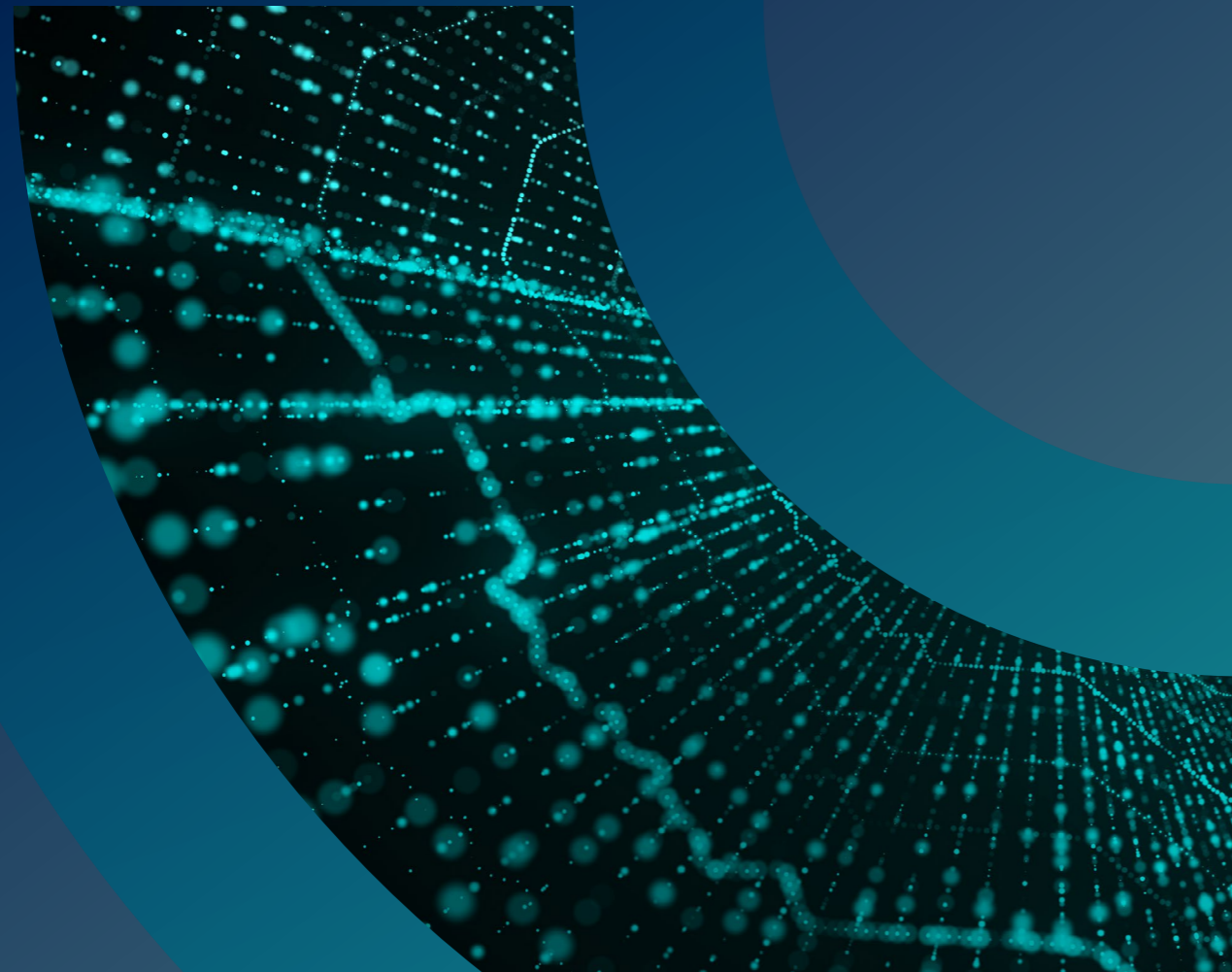
The continuing evolution of corporate reporting and audit

At Deloitte Australia, we go beyond the expected to make an impact that matters.

As our clients and the environment we operate in evolves our A&A practice is also constantly evolving, leveraging leading-edge technology and diverse skillsets, knowledge and experience to continue delivering high-quality services over a widening range of financial and non-financial information.

We take great pride in instilling confidence and trust in the capital markets, and we are committed to relentlessly raising the standards of quality and always acting with integrity, independence and transparency.

We are continuously building our capabilities to support the delivery of high-quality audits and other assurance engagements, and we are making leading contributions to the future of the audit profession.



The future of corporate reporting and audit

Expectations of organisations are growing and not just to share accurate, transparent and timely financial data – there's a rapidly increasing demand for environmental, social and corporate governance (ESG) disclosures from consumers and investors. It's no surprise then that the burden of reporting in Australia and globally is intensifying.

Audit and assurance services today already help enhance users' confidence by providing an independent view on a company's financial statements (audit) or wider areas of the finance function (assurance). However, the confidence needs of users of corporate information are changing as the information that they use to make good decisions is getting broader and more complex.

Accordingly, we see reasonable expectations of audit and assurance evolving, to deliver a meaningful impact for stakeholders who represent an increasingly wide range of backgrounds and perspectives.

Stakeholders also want broader and deeper assurance and information about the companies they interact with – to know if they can trust them and, increasingly, to challenge executives to demonstrate a broader business responsibility and sustainable business model. The focus has broadened to planet, people and prosperity – not just profit.

A vision for meaningful corporate reporting

Many jurisdictions around the globe are actively working to improve corporate reporting. They have introduced new guidance, regulation and expectations on the content companies need to disclose, all designed to meet changing stakeholder needs.

At Deloitte, we're driven by a desire to go beyond expectations and contribute to better corporate reporting ecosystems. We believe that effective reporting needs to help users of corporate information navigate the increasing complexity and a potentially overwhelming volume of information and support improvements and removal of "clutter". Corporate reporting needs to help a user focus on information that is relevant to them and reflects the company's impact on society, the risks and opportunities of its business model, and its financial performance, position and prospects.

There is an important opportunity for many changemakers to work together to drive the usefulness of corporate reporting as we look to the future.

- **Auditors and Assurance professionals** will offer deeper assessments, wider assurance and more information to help establish and maintain confidence of the users of corporate information.
- **Investors** will provide increased transparency around how they value and use both financial and non-financial information to make their investment decisions and define where they want assurance.
- **Regulators** will be critical to provide joined up oversight that is agile and supports innovation whilst protecting both people and planet, all while driving the adoption and increased alignment of international standards.
- **Standard setters** will both respond and lead in developing interconnected and consistent global standards that respond to social, economic and technological developments to drive quality and enable progress.
- **Directors'** responsibilities will include ensuring that boards have the right people with access to the right data and systems and appropriate incentivisation to put sustainable value creation at the core of the business and demonstrate this to civil society. They are also responsible for clearly articulating their business model risks, opportunities and lines of defense.

The balance of corporate reporting is shifting from backwards and point-in-time reporting to a more forward-looking perspective of how the business creates and sustains value.

In addition to what a company reports, we see significant merit in evolving how companies report as set out in our recent report *Embracing the power of digital corporate reporting*.



What it takes to deliver across the range of expectations

As auditors and assurance professionals, we will be looking at more parts of the business than ever before, scrutinising new data sets that go beyond historic financial information.

In response to evolving regulatory environments, businesses will need to present more evidence on how they are complying with those standards. Further, they will likely need to articulate the story of their business model resilience and business impacts in a more compelling way to build meaningful engagement with stakeholders.

Deloitte A&A practitioners are already adept at tracking the flow of both financial and non-financial data, as well as understanding the context and circumstances of the data flows. By combining professional judgement with innovative artificial intelligence technologies, we are able to provide a more cognitive, data-driven audit in which we focus on identifying patterns, outliers and anomalies, as well as deeper insights.

We will continue to develop our professionals whilst hiring for new, innovative skillsets. We are implementing world-class learning and development in emerging areas such as climate and sustainability, data and analytics and the ethical use of artificial intelligence. These will be foundational skillsets that our people will need to meet and surpass evolving regulatory and policy requirements.

Alongside this, we will continue to invest in innovative technology and transformation priorities in order to stay at the forefront of stakeholder needs, unearthing deeper insights and better solutions.

We explore three topics in more detail in this section and will continue to provide information on our work to evolve as expectations on our clients also evolve:

1. Climate reporting
2. The widening range of skills required to execute an audit
3. Transformation of audit services with a targeted application of technology (including generative AI) to benefit our people, our clients and their stakeholders.

Climate reporting

Climate reporting accelerated with the introduction of the recommendations of the Task Force on Climate-Related Disclosures (TCFD) in 2017. Since then, there has been steady uptake of Australian organisations adopting the TCFD as the basis of their climate reporting.

However, comprehensive and detailed disclosures remain relatively rare, with few ASX-listed entities explicitly using the four pillars of the TCFD (as distinct from merely referencing the TCFD generally) in 2021.

The International Financial Reporting Standards (IFRS) Foundation established the International Sustainability Standards Board (ISSB) in November 2021 to sit alongside the International Accounting Standards Board (IASB). The ISSB was formed with a remit to improve the quality and comparability of disclosures by issuing sustainability standards that could form a global baseline of sustainability information. It has also provided the opportunity to consolidate the 'alphabet soup' of existing sustainability disclosure standards and frameworks. In June 2023 the first two IFRS Sustainability Disclosure standards were issued – IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.

These standards stipulate an effective date for global adoption of the financial year beginning on, or after, 1 January 2024 (with entities allowed to delay application of the disclosure requirements in IFRS S1 for one year), with individual jurisdictions (such as Australia) to mandate if, how and when the standards are implemented locally.

We strongly support the alignment of Australia with international practice, including the adoption of the ISSB IFRS S2 climate-related disclosure standard as a first step towards achieving a global baseline of climate-related information. We believe this is in the best interest of Australia and participants in its economy and will aid Australian businesses' economic competitiveness through the issuance of high-quality, transparent, relevant and comparable climate-related information that is connected to financial reporting.

In Australia on 27 June 2023 the Treasury proposed that mandatory climate-related financial disclosures should start in the 2024/25 financial year and be phased in by the 2027/28 financial year, with most entities reporting under Chapter 2M of the Corporations Act and all under the National Greenhouse and Energy Reporting Act 2007. Entities will be phased in based on size thresholds proposed. This casts a wider net in Australia than anticipated and will capture public interest entities (PIEs), private entities, multinationals and likely some government entities.

Our response to climate reporting

Deloitte is supporting the execution of high-quality climate reporting and ultimately delivering assurance on that reporting through:

- Engaging in shaping the implementation in Australia through actively responding to the Treasury consultations and representation on a number of different boards and committees:
 - Jacquie Fegent-McGeachie on the Sustainability Reporting Project Advisory Panel, jointly formed by the Australian Accounting Standards Board and the Australian Auditing & Assurance Standards Board (AUASB).
 - Jason Thorne as a member of the AUASB.
 - Rebekah Cheney and David Rodgers as members of the Steering Committee for the Climate Governance Initiative Australia.
- Actively participating in various global platforms such as the World Economic Forum and the 2022 UN Framework Convention on Climate Change (COP27).
- Engaging with Deloitte globally to drive consistent methodologies.
- Training a large population of professionals to be climate literate through and beyond the implementation timeline.
- Developing technology-enabled tools, including a tool to evaluate a company's sustainability disclosures against common ESG standards.
- Developing thought leadership for many stakeholder groups including sustainability professionals, risk professionals, finance professionals and non-executive directors.

The time to implementation is likely to be short and we are encouraging our clients to take action now.



Responding to climate change is the biggest challenge of our generation. We expect globally consistent reporting to directly drive decarbonisation action and we recognise our role in the ecosystem and are investing heavily to benefit our clients, investors and the broader community.

Jacquie Fegent-McGeachie
Partner, Deloitte Climate & Sustainability



Our broader climate response

Another important area of impact in relation to climate is the action we are taking to reduce our own carbon footprint. To transition our own operations to net zero by 2030, we have already converted our offices to renewable energy and in FY23 began the development of **Deloitte Carbon Forests** – a 2,000 hectare fully-owned, nature-based offset – on which we will undertake environmental plantings to sequester carbon and enhance biodiversity corridors. In FY23 we completed the acquisition of an initial 1,200 hectares with planting beginning in this year. As we grow and expand Deloitte Carbon Forests, we will continue to purchase offsets to meet our net zero operations target and will phase this out as our forests come to maturity. Taking this unique and innovative approach to our own carbon footprint was based on a belief that we needed to do things differently, through collaborative engagement with communities and partners. In FY23 we also announced the launch of our Climate and Sustainability practice. Featuring a team of approximately 40 partners and 300 staff, Deloitte now has one of the largest dedicated climate teams in Australia focused on helping our clients address the challenges and opportunities in the race to decarbonise.





The increasing need for a wide range of skills in an audit

Given the increasing complexity of modern business (including technology, strategy and geographical reach) the range of skills an auditor needs access to continues to increase. The diverse range of skills within Deloitte through our multi-disciplinary model (MDM) remains foundational to Deloitte’s cross-disciplinary services globally. Deloitte prides itself on having a deep bench of independent specialists who can be deployed around the world on engagements to provide subject matter expertise and new, insightful perspectives. Deloitte’s robust multi-disciplinary business model comprises audit and assurance, tax, consulting, and risk and financial advisory practices.

Deloitte believes that the current MDM is an important contributor to our ability to deliver high-quality audits and assurance engagements in the public interest and reinforces the resilience of the audit and assurance practice.

Through the MDM, we have direct access to deep technical expertise across all areas of business, making them best placed to address a complex landscape. This specialist access is an enormous asset in providing high-quality audit services and will become ever more important as businesses navigate emerging challenges in areas of higher risk and complexity.

The strengths of the MDM include:

- The development of industry or thematic insights (e.g., climate, governance, corporate strategy, etc.) through multiple lenses, which enhances auditors’ understanding of business risks relevant to conducting audits.
- The MDM enables access to functional specialists and industry experts who are independent and provide audit support, helping to deliver high-quality audits. This will become more important as we move towards broader corporate reporting.
- The breadth of the MDM is attractive to candidates who may not want to limit their career options to providing audit and assurance services only.
- The scale of the MDM brings greater resilience to each Deloitte business line, including audit and assurance, allowing continued investment in technology, methodology and process to support delivery of high-quality audit and assurance services.



Globally there is a clear acceleration in demand from legislators, regulators and broader stakeholders groups for organisations to report more non-financial information. Climate is one key example of this. We continue to invest in an increasingly broad range of skills to deliver quality audits against a backdrop of increasing client and reporting complexity.

Dave Rodgers
A&A Clients & Markets Leader
and A&A Climate Leader



Deloitte Australia has more than 700 independent specialists who support our audit teams in delivering high-quality audits. These specialists were essential for effectively addressing audit risks in approximately 50% of key audit areas within our portfolio of ASX 200 listed companies in FY23.



Below are some examples of how our independent specialists support our audit teams in the delivery of high-quality audit and assurance services.

Tax specialists	Analysing and interpreting complex or unusual tax compliance matters.
Corporate finance specialists	The valuation of complex financial instruments, land and buildings, plant and machinery, jewellery, works of art, antiques, investments, intangible assets, assets acquired, and liabilities assumed in business combinations.
IT specialists	Assessing complex IT systems, which is becoming increasingly important as businesses increase the level of automation within their operations and financial reporting processes.
Cybersecurity specialists	Assessing cyber threats and incidents relevant to the audit.
Forensics specialists	Assessing fraud, corruption, money laundering and related risk matters during the audit.
Actuarial, regulatory, banking and credit specialists	Assessing assets, liabilities, capital and regulatory matters associated with audit and assurance engagements that involves insurance contracts, or employee benefit plans, lending portfolios, securitisation structures and deposit taking.
Environmental specialists	Assessing environmental liabilities and site clean-up costs and assessing the impact of ESG-related matters on financial statements.
Reserve engineers	Assessing estimation of oil and gas, and other mineral reserves.
Legal practitioners	Interpreting contracts, and assessing compliance with laws and regulations.
Insolvency specialists	Analysing business models and prospects as part of our going concern work.

Deloitte leadership recognises that each of the Deloitte’s disciplines and areas of expertise are critical to our ability to deliver on our public interest responsibilities. Leadership’s attention and investment allocation are not limited to the business lines with the highest growth rates. Deloitte acknowledges the possibility and perception of conflicts of interest, and therefore has robust conflicts and independence policies and systems in place to help ensure that Deloitte’s strategy is executed in alignment with regulatory and professional requirements. In some areas, Deloitte policies are more stringent than professional standards, laws or regulations.



The Deloitte way: delivering audit excellence through process, people and technology transformation

The Deloitte way is bringing standardisation, consistency and efficiency to drive quality into how our audits are executed: with automation that improves routine tasks and analytics that support audit execution — yielding a deeper and more insightful view into the available data.

As a result, we are improving the quality of the audits we deliver while also creating a richer talent experience for our people and clients, providing a streamlined, digital audit experience that provides greater transparency and insights.

Innovation and technology enablement are an expectation in today's fast-changing business environment and this expectation holds true for the audit profession as well. Today's complex business environment requires that the audit be dynamic, multidimensional and insightful. There is demand for relevant, real-time information and we need to evolve our audits as the entities we audit innovate their businesses and processes. Leveraging evolving technology and data, a Deloitte audit delivers deeper insights to create consistent and transparent assurance for our stakeholders.

We bring bright minds, effective processes and world-class technologies from across the global organisation to deliver an impact beyond expectations.

Deloitte Australia auditors are enhancing the way they work by making more use of data-driven analytics and automation techniques, as well as cognitive and cloud-based technologies. We are exploring the use of generative AI to improve the efficiency and quality of the audit process. These technologies are often sector specific to respond to the relevant transaction and data flows of different sectors. We have the ability to develop these sector-specific audit solutions as we have invested in an Australian audit-focused technology and innovation team. This is because of the increased automation and effectiveness of AI, but also the need for Deloitte Australia to stay abreast of technological advances used by the entities we audit.

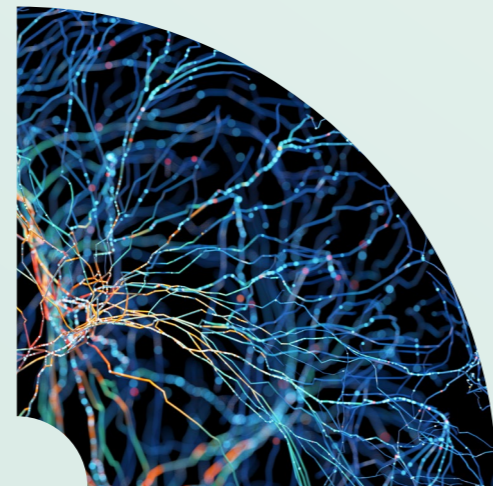
Deloitte is committed to the continued investment in emerging technologies and diversity of thought that enables the delivery of enhanced quality, insights and value to our clients and markets. Deloitte's holistic global audit platforms, Deloitte Omnia and Deloitte Levvia, show our commitment to delivering high-quality digital audits of all sizes and levels of complexity.

Deloitte Omnia is our cloud-based, end-to-end audit delivery platform for larger and more complex audits, including publicly listed entities, while Deloitte Levvia delivers a streamlined, right-sized digital audit experience for lower risk and less complex entities.

Most of our engagements in Australia will be transitioned to either Deloitte Omnia and Deloitte Levvia by 2024.

We will continue developing and enhancing these global platforms, integrating new technologies and ways of working. We continue to evolve our analytics capabilities and technologies to enhance the audit experience for both our practitioners and our clients.

The application of audit methodology through standardised audit procedures and audit delivery platforms that assist in providing relevant guidance in a real-time manner are key to consistently performing high-quality audits.



The role of audit in the corporate reporting ecosystem

External audits do not exist in isolation. Audit is only one part of the financial reporting ecosystem, with other key parties including management, directors, regulators and standard setters also having roles to play. Audit provides a critical link between entities that prepare financial reports and the users who rely on them. So in defining the role of audit, it is critical to also define the responsibilities of those who play a vital role in ensuring complete, accurate and transparent financial reporting to serve the public interest.

Broadly, the roles within the financial reporting ecosystem include:

- **Company management:** conduct the day-to-day affairs of the entity, including preparation of the management accounts and the financial reports. Management also assess the controls, measures and system improvements required for financial reporting and ensure the controls are implemented sufficiently and operating effectively for the complexity of the business and its strategic objectives. In accordance with section 295a of the Corporations Act, for listed entities the CEO and CFO must provide a declaration in relation to the financial statements to the entity's directors.
- **Directors:** responsible for the financial report and whether the company has the necessary systems, processes and controls. Directors should ensure that the entity has appropriately skilled personnel responsible for financial reporting and a culture within the organisation that values honesty, quality and transparency. They must engage in open dialogue both with management and the auditor and it is essential that boards critically evaluate information and risks facing the entity. In the context of the audit, directors must understand the cause of auditor findings and observations and ensure that management responds appropriately. They should also make sure that they are comfortable with the quality of the audit and that they have created an environment in which the audit can be properly performed while overseeing the independence and effectiveness of the audit process.

- **Audit committees:** can play an important role in the financial reporting process and in supporting and promoting audit quality and the role of the board more generally. They can also play an important role in recommending the appointment of an appropriately qualified and resourced auditor, in determining appropriate auditor remuneration and overseeing auditor independence.
- **Auditors:** form an opinion about whether the financial report complies with accounting standards and gives a true and fair view, including about certain other matters (section 307 of the Corporations Act) as well as report to members (section 309 of the Corporations Act).
- **ASIC:** responsible for registering company auditors, assessing compliance with financial reporting and audit requirements of the Corporations Act, and taking administrative or enforcement action where the circumstances warrant.
- **Accounting and auditing standard setters:** responsible for developing Australian Standards based on the relevant international standards with a strategic direction from the Financial Reporting Council (FRC).
- **Professional bodies:** provide support to their members and contribute to the wider profession through education and advocacy activities.

In Australia and globally, Deloitte supports and encourages informed debate about the role and expectations of audit in the context of the wider financial reporting ecosystem. In particular, Deloitte supports measures aimed at increasing both transparency and accountability across the ecosystem particularly in light of the evolving focus of corporate reporting into increasingly non-financial information.



Unrivalled talent experience and professional development

Deloitte's culture of excellence and design of learning programs and experiences place our people at the forefront.

We invest in our people not only from a technical viewpoint, but also from a coaching and leadership basis – empowering them to co-create the right culture for their peers to succeed. Attracting, developing and retaining our very best practitioners is key to consistently performing high-quality audits.

Deloitte is committed to delivering an unrivalled talent experience, developing practitioners and furthering their careers by creating a lifelong learning environment – advancing audit education, skillsets, and flexible career options that appeal to auditors of today and tomorrow.

Our people bring diverse backgrounds, knowledge, perspective and skillsets that enhance our capabilities as an organisation. Deloitte is united in its commitment to our ALL *IN* initiative, dedicated to improving diversity, equity, inclusion and innovation.

Cultivating a modern approach to work, our commitment to our people's wellbeing and our focus on fostering sustainable careers define our strategic direction in 2023.

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



In 2023 the voice of our people co-designed, validated and set the tone of our future legacy as a modern, sustainable profession.

Working well and empowering our people to dream big, bring their best self and achieve authentic personalised careers is at the heart of our A&A talent strategy.

We are not done but remain deeply committed and invested in leading the way.

Xenia Delaney
A&A Talent Partner,
Equity & Inclusion



Learning and development initiatives

Deloitte invests in its people on a holistic level, supporting not only technical skillsets, but also professional and leadership capabilities. Deloitte's audit quality strategy is focused on increasing transparency and uplifting the experience for our people, so they are equipped to better support our clients and communities.

Amid the ongoing transformation and evolution of the audit landscape, our team is empowered to efficiently oversee and deliver high-quality engagements. This is made possible through advanced audit management platforms and targeted training in areas such as analytics and ESG.

Continually strengthening the expertise of our people facilitates effective risk management.

Deloitte continues to make substantial investments in talent and learning strategies, and transform the technical audit curriculum to build the refreshed skillsets and proficiency required by level.

- **Deloitte has a mandatory global audit technical learning curriculum** (supplemented for Australian requirements as needed). It's tailored for learners by level using a dynamic blend of live instructor-led, digital on-demand courses and on-the-job activities.
- **We have comprehensive onboarding programs** to ensure all new joiners transition meaningfully and effectively into our business. These programs facilitate connection and build participants' knowledge and capabilities in line with their roles. This includes a dedicated five-day bootcamp for graduates and a self-paced digital on-demand onboarding journey for experienced hires. Content covered includes mandatory audit technical, accounting technical, ethics, and independence onboarding curriculum by level, to equip new joiners with the skills and knowledge required for their audit engagements.

Graduates also participate in the Skills Academy training program, primarily conducted in Adelaide and aligned with Deloitte's transformation agenda. This training equips them with just-in-time knowledge for on-the-job tasks within their initial three months, enabling them to promptly apply what they've learned and engage with clients from an early stage.

Upon joining the firm and annually, all Deloitte practitioners are also required to complete and maintain quality and risk obligations, including training on navigating data and confidentiality risks, and training around uplifting a culture of ethical shared behaviours and values.

- **All client service practitioners are required to follow the firm's learning requirements for their roles** and complete a minimum of 20 hours of continuing professional development (CPD) each year and 120 hours over a cyclical three-year period to ensure both compliance with regulatory standards and Deloitte internal policies (i.e. an average of 40 hours per year). This comprises structured, formal learning programs such as internal or external courses, seminars, or e-learning covering all areas of the competency model (e.g., shared competencies, function-specific technical competencies, and competencies in areas of specialisation).
- **All client service practitioners have clearly defined role expectations and global talent standards** that outline the leadership, professional and technical specialisation capabilities required of practitioners at each level.

We encourage all our people to continually invest time in themselves beyond technical skills, to develop their leadership and professional capabilities.

The introduction of Deloitte's Building Brilliant Leaders coaching and leadership framework program aims to supercharge the coaching and leadership competence of our practitioners, so we can enhance the culture and engagement of our people. Practitioners can also opt into additional professional development and industry-focused programs and content to drive a holistic learning experience at the firm.

Deloitte also has specific learning requirements for specialists working on audit engagements to support their knowledge and understanding of the audit process. Our assurance learning offerings are expanding to respond to sustainability and other emerging business needs, such as Deloitte Asia-Pacific's ESG 101 series.

Much of our learning content is developed and delivered at a global or Asia Pacific level, offering our staff a global outlook and exposure to diverse regulatory landscapes and business norms, enabling them to better cater to clients based on their regional context.

Deloitte Australia's professional development program aims to help partners and practitioners maintain and enhance their professional competence and leverage advanced new tools and technologies to improve the consistency of audit execution.

To supplement on-the-job development, Deloitte Australia provides continuing formal professional development programs in relevant subject areas, such as data analytics, fraud and ESG, consistent with the Deloitte Global Audit learning curriculum.



Additional programs, such as the three-day Deloitte Omnia bootcamp, have been delivered to upskill our practitioners on the newest updates to our audit delivery platforms, which support enhanced, digitised approaches to managing our audits the Deloitte way globally.

To enable our people to work well and support effective learning, we deliver the Deloitte Global Audit learning curriculum in two season blocks annually.

Facilitator quality also continues to remain a priority to ensure quality of audit learning – as such, audit learning facilitators are required to have sufficient experience and knowledge of the subject matter and follow appropriate facilitator training and briefing requirements.

Regular monitoring and reporting of attendance and completion of the Deloitte Global Audit learning curriculum ensures compliance with global and local learning requirements, and up-to-date capability development to deliver proficiently on engagements.

Our NPPD, supported by the A&A Quality & Risk, Accounting Technical and Corporate Reporting teams, and Independence teams, present regular (typically monthly) updates to the partner, principal, director, senior manager and manager group on changes to regulatory, accounting and auditing methodologies, as well as 'hot topics' and focus areas given the challenges and complexities of the current environment.

Chartered Accountants Program

Deloitte, as a respected Chartered Accounting firm, mandates that all employees working in relevant accounting roles or engagements complete the Chartered Accountants (CA) Program, awarded by Chartered Accountants Australia and New Zealand (CA ANZ). This program supplements Deloitte's internal training, fostering the development of our people's technical, professional and ethical knowledge and conduct.

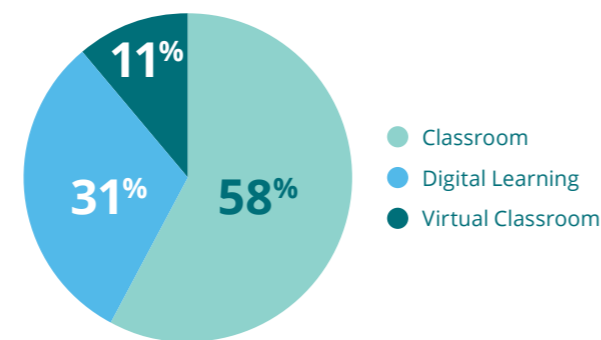
To support our employees on their CA Program journey, Deloitte utilises our internal coaching framework and external study support resources. This includes funding for their first attempt at the program and granting 17 study days, along with one exam day for each subject, throughout the program's duration. We actively encourage our candidates to utilise their study leave. Deloitte's commitment to each candidate exceeds \$50,000 over the program's duration.

In addition, Deloitte is pleased to collaborate with two external study support providers, offering our CA candidates the flexibility to choose Deloitte-sponsored CA study materials and workshops that best align with their preferences. Application fees and CA membership costs are also covered by Deloitte.

We invest in our people throughout their entire career, from graduate level all the way up to (and including) partnership.



FY23 total learning hours by delivery method



FY23 average learning hours

Job level ¹⁰	FY23 hrs	FY22 hrs
Audit staff	99	67
Managers	108	76
Principals	97	71
Partners	82	63

Chartered Accountants Program

524 Number of active CA candidates FY23

401 Number of active CA candidates FY22

Investment in each candidate
>\$50,000¹¹

A&A leadership appointments

A&A leadership roles are clearly defined. A role profile, new performance expectations framework, global talent standards and leadership attributes provide a basis for consistent leadership appointment and evaluation across A&A. They also align with the strategic objectives of member firms and Deloitte Global A&A. We have globally consistent standards for member firm A&A leaders – including A&A Business Leaders, A&A Quality Leaders, and A&A Risk Leaders – through clearly defined roles, responsibilities and expected success outcomes. These inform leadership growth plans and development plans and evaluation processes and reinforce Deloitte's culture of quality and excellence. Robust monitoring of succession planning ensures Deloitte is developing and appointing the appropriate individuals with the capabilities to achieve these consistent standards.

Remuneration

In FY23 we simplified our end of year remuneration and promotion process, reinvesting this time into quality coaching conversations. We reward and recognise for high performance and promote our people when they are ready and there is a clear business need. There are more opportunities for promotion via the Deloitte Pathways Program in conjunction with our promotion cycles.

Execution of high-quality audits is expected from all practitioners and is embedded across the Deloitte network. Audit quality is recognised through reward and recognition programs and is built into performance expectations at every level, against which practitioners' overall evaluations are measured.

In accordance with global policies, Deloitte Australia's partners are evaluated on an annual basis and, depending on the outcome of the evaluation, the remuneration of partners may increase or decrease.

Audit quality is a key consideration in determining partner compensation, with our global and local policies requiring that both positive and negative quality outcomes be factored into compensation decisions.

Specifically, partner evaluations take the following factors into account:

- Demonstrating a strong commitment to quality, risk management, and the stewardship of our reputation
- Achieving performance and living our culture, personally and in teams
- Serving our clients with distinction
- Recruiting, motivating, inspiring and developing our people
- Developing personal networks that are shared with colleagues
- Supporting and contributing to firmwide initiatives.

Metrics related to the sale of non-audit services to audit clients are prohibited by Deloitte policies when evaluating or compensating audit partners.

Our partner performance management and remuneration process creates a strong link between audit quality and partner remuneration. Partners receive a quality and risk rating (Quality Rating) as part of their performance management, which includes granular feedback relating to audit quality.

Findings from ASIC inspections, internal engagement inspections, PCAOB inspections, and other regulatory inspections are an important input into a partner's Quality Rating and are considered among a variety of other quality measures. In considering ASIC inspections findings, we have regard to their nature and severity. We also consider whether the findings are indicative of an issue which requires a broader firm response or whether they are unique to the engagement or partner.

There have been financial consequences for partners in relation to poor Quality Ratings. Financial penalties have included reduction in base remuneration, reduction of annual remuneration adjustments, and removal of annual remuneration adjustments. We have also imposed non-financial penalties in relation to poor Quality Ratings including reassignment of client portfolios and suspension of audit signing rights.

We have other formal and informal disciplinary options available. There are multiple internal and external inputs (which may include regulatory findings) to any such actions depending on severity. Partner remuneration is approved by the CEO and the Board to validate that our processes have been followed, contributions are properly recognised, and our values have been maintained.

10. Audit Staff (Graduates – Senior Analysts), Managers (Managers – Senior Managers) and Directors (Directors – Principals). Learning hours are inclusive of audit mandatory training and other professional development training.

11. Total investment is provided over the completion period per applicant for the full CA Program. Value is given through enrolment fees, study support fees and dedicated study and exam leave days.



The health of our partnership culture and the capability of partners are critical strategy enablers

The A&A Executive has continued to lean into partnership culture and capability with independent challenge to decision making, communications and matters impacting partners as part of an overall strategy to ensure a future fit partnership in A&A.

FY23 focus has been on ensuring strategic alignment and greater transparency around:

- Partner expectations and behaviours
- Coaching relationships
- Leadership succession planning
- ALL IN.

Key activities have included the roll out of the new partner evaluation framework, regular partner engagement activities, performance management and onboarding of new partners.

We have continued to take action on underperforming partners to ensure that all partners are meeting the expectations of their role.

Formal succession planning and talent identification is undertaken twice a year by the A&A Executive leading to targeted changes in leadership roles and coaching relationships.

The continued strong partner culture in A&A has seen a number of recently retired partners continue to actively support A&A and mentor the next generation.

Leadership culture and development

Building Brilliant Leaders: At Deloitte, coaching is at the heart of what we do. We believe in our people's potential to thrive and coaching inspires, empowers and brings out the best in all of us. That's why we launched Building Brilliant Leaders, a coaching and leadership framework that nurtures leadership skills at all career stages alongside professional developments already on offer, including micro-credential courses through tertiary institutions such as RMIT University. Building Brilliant Leaders has seen us increase our investment in coaching capabilities and provide further opportunities for two-way feedback so our people and their leaders can collaborate on ways to collectively grow and thrive.

Since launching Building Brilliant Leaders, 965 participants firmwide have taken part in the Coaching Masterclass series, and this includes 135 participants from A&A.

We are really pleased to know that 83% of our people within A&A agree their coach genuinely cares about them, following our latest Engagement Survey, revealing the impact that Building Brilliant Leaders is having on our talent experience.

Skills Academy: This Graduate Experience program is primarily conducted in Adelaide. The program is focused on providing a more structured approach to learning the core components of an audit to develop quality auditors. Our graduates experience rotations of focused training and client-facing engagements, supported by a dedicated team leader. The graduates have reaped many benefits through the Skills Academy, including the opportunity to work on engagements across varying industries and markets across all of Australia, and the experience of being part of a peer group of up to 15 people all learning together with the support of a dedicated manager focused on their development.

The Skills Academy commenced in July 2021 with ten team members and an aspiration to create 'auditors of the future'; and due to the ongoing success and feedback from clients and Deloitte teams, has grown substantially with a team of 100, and seven team leaders expected by January 2024.

Attracting and retaining our people

Our people are key to our success

We are very fortunate at Deloitte Australia to attract outstanding and diverse talent from many different disciplines and backgrounds. This year was no exception with the hiring of 245 audit graduates and 218 experienced audit hires.

Although we have had positive traction within the market, the reality is the current environment for talent remains extremely competitive, and attraction and retention of our people remains a strategic priority for Deloitte. We acknowledge the ongoing challenges of our people and recognise our responsibility in improving the employee experience, providing world-class development opportunities, and enabling our people to work well.

We enhance our talent priorities through the collective voice of our people and partners.

Deloitte is focused on transforming the A&A people experience by understanding the needs and wants of modern professionals and investing in relevant professional learning and skills development to enhance performance.

A modern world requires a modern auditor

The nature of work has changed, and we are now at the forefront of one of the biggest transitions we have ever seen in the way we work. Rather than resist change, Deloitte has decisively leaned into the new world of modern work.

Modern work is so much more than letting people work from home a few days a week. It centres on the needs of our diverse and dynamic workforce and challenges prevailing workplace practices to enhance talent attraction, retention and satisfaction.

Leveraging technology investments in FY24 will see more investment in developing the digital skills of our people through A&A's digital sandbox.

We are constantly adapting and refreshing policies, practices and ways of working to reflect inherently dynamic and fluid talent expectations. These include:

- A workplace transformation program that places a premium on wellbeing
- Identifying alternative talent pools, focusing on skillsets and diversity
- A new coaching and leadership learning framework that focuses on leadership skills
- Adding more flexibility options to our *DeloitteFlex* program
- Prioritising diversity, equity and inclusion in all forms.

Placing a premium on wellbeing

We recognise that workload poses challenges for some of our team members. 28% of our people say that their work experience does not contribute to their mental health in a positive way, and 25% of our people don't believe their workload is sustainable over the course of a year. We are actively attentive to these concerns, which is why we introduced our comprehensive firmwide transformation program – "Work Well" – in FY23, complemented by the A&A Recharge Leave Policy.

Work Well – working smarter, not harder

Our Work Well program is focused on how we can collectively work more flexibly, productively and sustainably. Through our four key moves, Work Well has refreshed our work culture in a way that enhances wellbeing and sparks creativity:

- **Refresh our culture** – value rest, so we can be at our best. 'Sick leave' has been reframed as 'wellness leave' to encourage our people to take time out to support their physical and mental health when they need to, rather than deferring time off until they are 'sick'.

Our people have told as part of the #LittleThings campaign that they are feeling confident in

...taking personal leave when necessary to prevent prolonged illness, and better prioritising wellbeing. ”





- **Redesigning work** – remove unnecessary tasks and unlock time through structured pilot programs with the goal of removing 20% of time through removing non-value adding tasks.
- **Time matters** – we have simplified the way our people capture and record their hours to provide a clearer picture of where they are spending their time. A culture of recording time accurately is critical in delivering our Work Well aspiration.
- **Total contribution** – focusing on total contribution is crucial for enhancing career development. It brings clarity to role expectations, acknowledges individuals' overall contributions, supporting them to develop and achieve their career aspirations.

As a result, our people have told us as part of the #LittleThings campaign and in the spirit of Work Well they are

...planning and prioritising work more effectively, blocking out uninterrupted time for focused work, assessing attendance required in meetings, and respecting others' time in meetings. ”

A&A Recharge Leave

Designed to invest in our people's wellness, Recharge Leave provides our A&A people with an opportunity to take time out to rest and recover following periods of increased work effort and extra hours. The intent of this policy is to provide clarity, certainty and consistency across our business, while ensuring fairness and equity in how we support the wellbeing of our people.

Voice of our people

In the dynamic world of work, we established our People Panels in 2021, with 700+ representatives from across our firm. The purpose of the People Panels is to give our people the opportunity to share their voice and co-create the employee experience they want to be part of. The People Panels have been instrumental in guiding our choices and decisions on enhancing our modern work practices.

The People Panels have addressed major employee pain points through 12 specific initiatives including: enhancing the DeloitteFlex practices, the onboarding experience for new joiners, the coaching experience, sustainable workloads and enhanced user experience of our intranet and employee communications.

In A&A we embrace the collective views of all our people to create strategies and initiatives that are meaningful and with purpose. In addition to our various engagement surveys, we engage with two key people forums:

- A&A People Panel
- One Assurance Council.

A&A People Panel

In FY23 the A&A People Panel consisted of 140 people panelists, up from 100 in the prior year. Our People Panel is a cross-section of the A&A practice. Each People Panel runs independently by People Partners and our teams, and we share findings, insights and ideas at a firmwide level. The panels are governed by a firmwide Culture Council to ensure consistency of experiences and questions.

Our People Panel panelists volunteer their time to make an impact that matters to our culture and people experience. We ensure we treat their time with respect by giving them the opportunity to influence meaningful issues and decisions. The purpose of the panel is to:

- Listen to feedback about people's overall experience at work
- Help us focus on the most important issues and opportunities for A&A
- Help us understand the common themes and insights across the business
- Prototype, test and iterate our ideas and solutions for our specific business as well as for our firmwide community.

In FY23 our People Panels provided critical input and helped shape initiatives at both a firmwide and A&A level, including The Modern Auditor, Work Well, Building Brilliant Leaders, Talkin' Up and our Intranet (DAIS) refresh.

One Assurance Council

The strategic vision of the One Assurance Council (OAC) is to create one team, one culture, one partnership and be #1 in the market. The OAC is an established young executive team, made up of 10 members, selected by their peers, representing Senior Analyst to Director levels, to drive the One Assurance strategic vision. The OAC acts as a soundboard on culture and communication and leads the delivery of these initiatives across our Assurance business, while also driving collaboration across the Asia Pacific region and providing insights to our Assurance Leadership Team on elements of the strategy.



The One Assurance Council is a peer group of Assurance team members that work together to bring the voice of assurance to the Assurance Leadership. They have been involved in initiatives to build the Assurance brand and to connect people across the practice.

Nicola Steele
Principal A&A



Continued focus and priorities

One of the big shifts facing business and society is the changing nature of how we work. People want and expect more flexibility, and they want to choose how and where they work to achieve greater balance between their personal and professional lives.

In response to this shift towards greater flexibility and choice, we examined our approach to work and our talent experience. We considered what modern work means for Deloitte and have made meaningful changes to how we define hybrid working. We also increased the number of available flexible working arrangements, and we improved the employee transition back to work following a period of parental leave.

Work Well

Work Well is a firmwide program that puts energy at the centre of the Deloitte experience, ultimately helping people work smarter not harder. To bring about real change, we're taking a bold, innovative and holistic approach to modernise the way we work – from knowing where and how we spend our time, experimenting with new ways of working, the way we value rest, and enabling better performance and development conversations.

Work Well has been embraced and will remain pivotal in driving a healthy and happy workforce. It will help our people work smarter not harder through four key moves (Refresh Culture, Redesigning Work, Time Matters and Total Contribution). All four moves have been successfully launched and our leaders are responsible for leading the way and continuing to embed the change.

Work Redesign

A&A has launched The Modern Professional initiative to support Deloitte's talent priorities, as part of the Work Well program. This initiative focuses on assessing the capabilities of current and future talent, modernising work practices, and enhancing employee engagement in the context of sustainable workload practices.

We collaborated with the Deloitte Consulting team, leveraging their expertise and the Work Redesign methodology, which was adapted for use within A&A, starting with the Audit business. This methodology examines the system of work to determine the value it delivers, how it's delivered, and whether human or digital workers are better suited for the task.

Our goal is to innovate and standardise audit practices to make them data-driven, consistent and effective. We also aim to redefine employee experiences by optimising capabilities, career paths, workloads and time allocation, especially through process automation.





In a 16-week pilot called “The Modern Auditor,” we reimagined the role of Senior Analysts, modernising their work and delivery. Throughout the pilot, we engaged stakeholders, including the Young Audit Forum and the A&A People Panel, to understand their experiences and challenges.

Several opportunities were identified, including:

- Digitisation to support the Senior Analyst role, freeing up capacity by automating administrative and repetitive tasks.
- Rebalancing and enrichment, allowing Senior Analysts time for learning requirements and self-development activities.
- Greater transparency and clearer career pathways, supporting individualised career growth.
- A career celebration event for Senior Analysts, designed to acknowledge career milestones and foster connection and confidence.

We are now implementing solutions, with plans to extend the initiative to other levels and areas of A&A. Key stakeholder groups, such as the People Panel, Young Audit Forum, and One Assurance Council, will collaborate in shaping the future of work within A&A.

Deloitte Experience

The Deloitte Experience – DX – was launched in June 2021 to help our people ‘find their spot on the green dot’ by reimagining what work looks like. Built on trust, DX empowers our people to design and make choices about where they work based on client, team and personal needs, and how they connect with our clients and each other. Given DX is all about choices and providing our people flexibility, we have removed our core 9am to 5pm working hours.

Deloitte Experience has had positive impacts on our people, with 80% our people agreeing in our latest engagement survey that they have the flexibility to manage their personal and professional life.

DeloitteFlex

Our market-leading flexible work policy DeloitteFlex provides many different types of flexibility and leave arrangements to empower our people to make decisions about when and where they work.

Deloitte International PlaceFlex

Since its launch in 2022, Deloitte supports our people to embrace International PlaceFlex, allowing them to work remotely while taking an overseas holiday. In FY23 we expanded the opportunities and our people now have 13 countries to explore.

Since its launch, 178 people across A&A have worked remotely internationally, and of those 73% were from Audit.

Our latest employee engagement survey for Deloitte Australia confirmed that the top reason for staying with Deloitte was flexibility. We are proud that our focus on flexibility and a more contemporary approach to work is having a meaningful impact on our people.

Within A&A, our people are proud to work at Deloitte (86%), they’re confident to make hybrid work choices (92%), and feel they have the flexibility to manage their personal and professional life.

Making Work work for Families

For the second year in a row, we were certified as a ‘Family Inclusive Workplace’ through Family Friendly Workplaces. The introduction of our Making Work work for Families policy last year saw us pioneer market-leading initiatives. This includes paying our returning parents for an extra day of work when they return part-time (e.g., five days’ pay for four days of work) and reduced KPIs for 12 months following a return from parental leave. These changes build on earlier market-leading parental leave initiatives. Men now make up 57% of people who take parental leave at Deloitte.



Our firm’s Making Work work For Families policy, which enables me to work part-time four days a week, has been instrumental in ensuring a sustainable return. To me personally, the opportunity to spend quality time with my daughter while still being able to contribute effectively to the team has been invaluable.



Xenia Cobet
A&A Partner

Diversity, equity & inclusion

At Deloitte, our aspiration is to be one and different. We are one team. This means we are inclusive and cultivate belonging. It also means we strive to be number one in our diversity, equity and inclusion (DEI) practices. We embrace everyone for their unique attributes and accommodate varying life aspirations, stages and circumstances. It also means that as a team, we’re determined to take bold positions, innovate and stand out in the marketplace.

Our DEI strategy is focused on removing barriers to help achieve equitable outcomes at all levels and for all genders. In A&A, our aspiration is to be known as a business that respects and takes care of our people, supporting them to reach their potential in their own way.

Our A&A DEI strategy, which forms a key component of our A&A talent strategy, focuses on three key pillars:

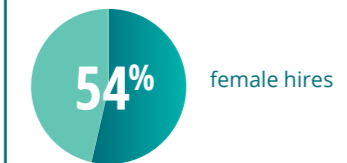
- **A diverse workforce** – we will drive greater business outcomes through unique skills, experiences and perspectives.
- **New ways of working** – we will engage our people to work well by redesigning the way we work to cater for unique individual circumstances.
- **Everyday talent experience** – we will enhance the talent experience by improving our people’s everyday experience.

Our DEI strategy is committed to supporting our diverse workforce, introducing new ways of working and continued improvement of our talent experience. Our focus is to embed and integrate DEI into our everyday ways of working and teaming, shifting away from just activities and programs so that we can drive equitable outcomes for all.

We are proud of the progress we have made with 80% of our people agreeing in the latest Engagement Survey that everyone has equal access to opportunities regardless of their differences. In addition, 91% of our people agree people of all cultures, identities, abilities and backgrounds are respected and valued, and a further 80% agree everyone has equal access to opportunities regardless of their differences – consistent with previous engagement results.

One of our key focus areas continues to be on female attraction, engagement and retention. We have made positive shifts as a result of our targeted focus on gender.

FY23 highlights include:



Closing the gender gap

We have been focused on gender equity for many years at Deloitte. One important measure of gender equity is pay and, consistent with previous years, we have ensured that we have a less than 1% difference in pay between genders when we make ‘like for like’ comparisons of roles doing similar work across Deloitte Australia.

Deloitte recognises that employers have an important role to play to shift gender norms and rectify workplace inequity. We are committed to championing gender equity in the workplace, and in FY23 we became one of only two organisations in Australia to have held the Workplace Gender Equality citation for 22 consecutive years.

We continue to nurture female talent through our flagship Inspiring Women program and our new A&A sponsorship program (launched in FY23), resulting in an increase in the number of female leaders across our business.



A&A sponsorship program – See It, Be It

Launched to coincide with International Women’s Day in March 2023, the A&A sponsorship program provides sponsorship, development and executive exposure for 30 of our talented female Directors and Principals across the A&A practice.

The See It, Be It program is based on a core premise: it’s a lot easier to become something you can see. Sponsorship is a commitment to advocate for and create advancement opportunities for high-performing talent. It’s not just talking to our talent about their careers; it’s about leaning in and providing critical firm and client project experiences, exposure to influential leaders and decision makers, and advocacy that will accelerate women into leadership.

We recognise that there is more to do, particularly at partner level and our most senior levels where women are still under-represented. Our DEI strategy is focused on removing barriers to help achieve equitable outcomes at all levels and for all genders.

Pride at work

Deloitte is a recognised employer of choice for LGBT+ inclusion, having recently achieved Platinum Employer Status in the Pride in Diversity Australian Workplace Equality Index (AWEI).

Deloitte was also the first company to commit to a three-year partnership with Sydney WorldPride and Sydney Gay and Lesbian Mardi Gras. We are proud to help support one of the world’s most prominent and fabulous events on the LGBT+ calendar and grateful for the opportunity it gives us to be part of broader discussions about diversity and inclusion.

Race and cultural diversity

We have enhanced our efforts to record and celebrate the true extent of our cultural diversity. In February 2022 we embedded demographic questions into our firmwide talent survey and have used the results to help us inform our new Cultural Ally Guide and our approach to cultural diversity. Our Cultural Flex leave allows our people to swap two public holidays for other days that are of cultural significance to them. Since introducing Cultural Flex, we have seen a 600% increase in use of this leave.

In September 2023, we launched our Culture and Race Action Plan to support our unwavering commitment to embracing diversity and inclusivity in all its forms.

Deloitte’s Indigenous strategy

Deloitte’s Indigenous strategy is Indigenous-led. Guided by the Deloitte Indigenous Leadership Team (ILT), the firm continues to broaden its commitment to walking and working with First Nations people. Recognised as an active and leading Reconciliation Action Plan (RAP) Partner with Reconciliation Australia, Deloitte is implementing its Stretch RAP, having extended our delivery timeline until May 2024, which will mark 10 years since we became a RAP organisation. This is in recognition of our wish to consolidate our efforts and to properly embed the important work we have signed up to before starting on a new RAP in 2024.

First Nations Voice

Deloitte strongly supported, and continues to support, the spirit and intent of the Uluru Statement from the Heart and will work to uphold its message of reconciliation, no matter the outcome of the referendum on the Aboriginal and Torres Strait Islander Voice. We believe that as a nation we should fully accept and embrace our rich and ancient Indigenous history. Deloitte is supportive of enshrining a First Nations Voice in the Constitution. We recognise, though, that everyone is entitled to form their own view on the specific referendum proposal, and we respect that right. As a firm, we believe our primary responsibility is to have encouraged and supported our people in making an informed referendum decision. Our commitment is to provide opportunities for our people to deepen their understanding of the relevant issues and the context, perspectives, and culture of Australia’s First Nations people. There are, and will be, different views on the proposed changes to the Australian Constitution and we acknowledge this will be a difficult time for some people. As a firm we will be respectful, thoughtful, and supportive of those impacted.

Accessibility

True accessibility has the power to unlock every individual’s energy and potential, and we are committed to removing barriers to the recruitment and employment of people living with disability. We’re focusing our energy on disability inclusion, challenging our ways of working and evolving our practices to enhance accessibility and increase diversity at Deloitte through our Access and Inclusion Plan, Designing Deloitte for Everyone.

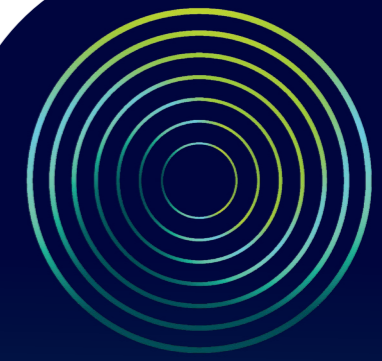
Deloitte Australia gender diversity insights:

As at 30 June	Total	Total female	Female %
A&A employees			
2023	2,371	1,241	52%
2022	2,254	1,217	54%
A&A partners			
2023	210	69	33%
2022	203	71	35%
National Executive			
2023	14	6	43%
2022	13	5	38%
Board			
2023	10	4	40%
2022	10	4	40%

During the last 12 months 33% of the talented directors admitted to the partnership were women and at the most recent admission point of July 2023 that percentage increased to 50%.

Responsible business – Volunteering on Impact Day

Our people took part in a total of 315 charity events for Impact Day in November 2022 with more than 150 charity organisations. This continues a 12-year Deloitte tradition, as part of our commitment to our communities. Events were variously focused on topics including climate, First Nations, food poverty, education, the elderly and animal welfare.



Social impact

Making an Impact Every Day

We believe human connection can help create innovative solutions and lasting impact on pressing issues of our time. By harnessing the collective power of Deloitte’s network of people, clients, non-profits and communities, we aim to achieve lasting social impact for the greater good.

Talent Awards and Recognitions

Employer of Choice for Gender Equity (WGEA) for 22 consecutive years – Deloitte is one of two organisations to achieve this award.

PLATINUM AWARD

LGBTI+ Inclusion Awards (AWEI) – This official recognition comes as a result of achieving four golds within the last five consecutive years.

WINNER

Most Popular Graduate Employer (AFR GradConnection) and **Most Popular Accounting & Advisory** (Grad Australia) **Graduate Recruiter of the Year** (AAGE)

FINALISTS

Most Popular Accounting, Professional Services and Consulting Employer Award, Most Popular Business & Commerce Employer Award and Most Popular Internship Employer Award – Large (AFR GradConnection)

World’s Best Workplaces™ 2022 Global ranking #7 (Fortune and Great Place to Work)



A commitment to ethical behaviour

We work hard to continuously maintain and strengthen Deloitte’s reputation – for trust, integrity and professional competence – which is our most precious asset.

We always look to deliver on those expectations by ensuring we set the right tone from the top in terms of our conduct and culture. The past 12 months have seen us continue to prioritise our client expectations and the expectations of other stakeholders and do our best to meet them, supported by our rigorous and robust monitoring systems, controls and safeguards, and our culture of ‘doing the right thing even when no one is looking’.



Ethics

All Deloitte people are expected to act with integrity in accordance with the high ethical standards described in the Deloitte Global Principles of Business Conduct (Global Code). The Global Code is embedded into each member firm’s Code of Conduct and defines the commitments that all Deloitte people make regarding ethical standards, as well as explaining each individual’s responsibilities to their clients, colleagues and society. In addition to the Global Code, other foundational elements of Deloitte’s ethics program include global policies, a program of training and communications, and established reporting channels supported by defined incident management protocols. For continuous improvement, regular program assessments and reviews are conducted and feedback is collected from Deloitte people through an annual ethics survey.

Ethics at Deloitte is led by the Deloitte Global Chief Ethics Officer at the global level, the Asia Pacific Conduct Leader at an Asia Pacific member firm level, and for Deloitte Australia, the Ethics & Conduct Leader, Leanne Karamfiles.

The ethics leaders for Deloitte Global, Asia Pacific member firms and Deloitte Australia work together to continually monitor risk and reinforce compliance with the Global Code.

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

The ethical requirements for audit and related assurance services provided by Deloitte Australia are set out in APES 110 issued by the APESB.

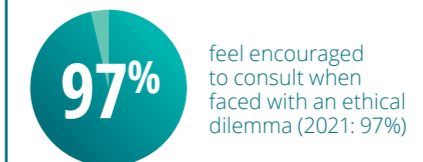
Deloitte Australia also complies with Deloitte Global policies and procedures, which align with the requirements and guidance set out in the International Code of Ethics for Professional Accountants issued by the IESBA, a standard-setting body of the International Federation of Accountants. When APES 110 is more restrictive than the Deloitte Global policies and procedures, Deloitte Australia follows APES 110.

Deloitte Australia reinforces its commitment to ethics and integrity through communication tools, learning programs, compliance processes, and measurement systems for all people.

Learning includes targeted content for onboarding, manager and senior manager promotion, partner admission, independent contractors, and ethics refresher programs every two years. Recent global training topics have included a focus on the importance of owning up to one’s mistakes, navigating personal relationships in the workplace, and demonstrating respect, integrity, and professionalism on social media.

Courses have included a confirmation that professionals are aware that answers should not be shared with others and doing so would constitute a violation of the Global Code. Deloitte Australia also conducts ethics reviews of candidates for Board and Executive roles and requires all partners, other practitioners, and support staff to confirm annually that they have read and comprehended the member firm’s Code of Conduct and understand that it is their responsibility to comply with it.

Highlights of the 2022 Deloitte Australia Ethics Survey from A&A respondents:



At Deloitte, we believe leading with integrity has never been more important. We’ve faced significant disruption over the past two years, and we know that during these rapidly changing circumstances, it’s more crucial than ever for us to guide and support our people with a strong values-based culture and a principle-driven ethical framework.



These values and principles help us maintain an ethically aware culture. But as an organisation of more than 13,000 people, we are not immune to unethical behaviour.

There were 121 substantiated misconduct allegations raised in the year¹² including:

- Respect and fair treatment: 39%
- Sexual harassment: 18%
- Discrimination: 10%.

We target a maximum of four weeks to complete investigations.

Actions taken for substantiated allegations during the year:

- Counselling or training: 39%
- Exit: 23%
- Reprimand: 38%.

Allegations of sexual harassment are handled by our most experienced investigators.

There were 22 substantiated sexual harassment allegations raised.

Generally, the allegations related to inappropriate verbal or written communications.

Actions taken for substantiated sexual harassment allegations during the year:

- Counselling or training: 18%
- Exit: 36%
- Reprimand: 46%.

Privacy and confidentiality

Maintaining privacy and client confidentiality is of the utmost importance to Deloitte.

The Deloitte Policy Manual includes specific requirements in relation to client confidentiality, privacy, insider trading and information security.

Access to individual client engagement files is restricted to engagement team members.

Deloitte Australia maintains and regularly updates a privacy policy that sets out how we handle the personal information we collect, both from our clients and from our staff. We have a Privacy Officer, supported by a dedicated privacy team, who work together to handle any privacy enquiries or complaints and promote privacy awareness.

Client Voice Interview and complaints

Providing feedback mechanisms for our clients is part of our commitment to professional excellence.

Client Voice Interview

Deloitte is committed to providing excellent client service. An essential part of delivering, sustaining, and improving our service is obtaining regular and structured feedback from our clients.

Following the completion of select engagements, Deloitte partners, who are independent of the engagement and/or client relationship, conduct structured face-to-face interviews with key contacts at the client organisation. The engagement team is given specific feedback from these interviews and takes action to continuously improve service delivery.

Complaints handling and whistleblower policies

We have publicly available [complaints handling and whistleblower policies](#).

The Complaints Handling Policy provides guidance for external parties to complain about products and services of Deloitte Australia and how we manage complaints made against the firm, its partners and its employees. The policy is supported by a procedures manual to help resolve external complaints in an efficient, effective and professional manner.

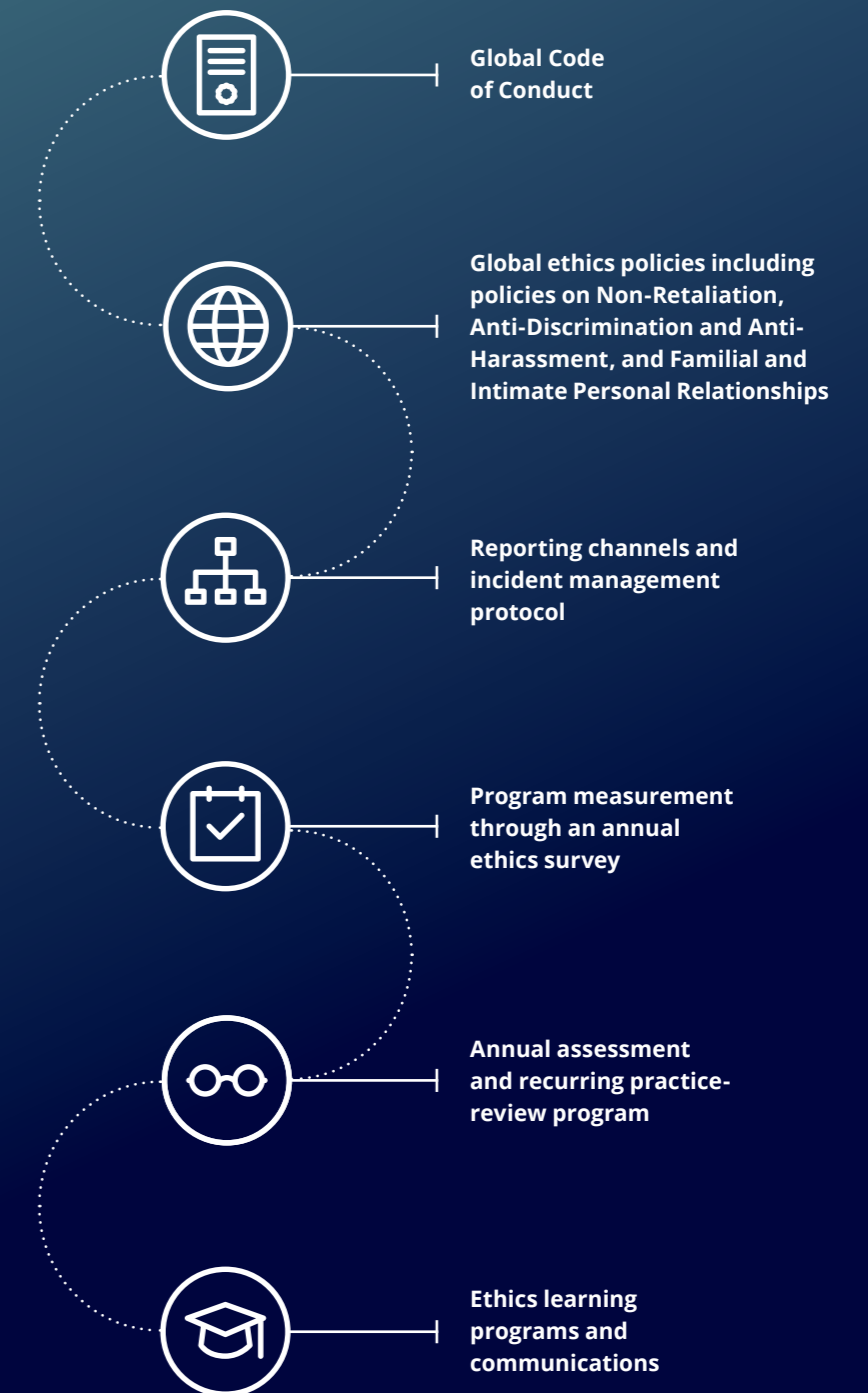
Eligible whistleblowers also have the option to make a complaint in accordance with our [Whistleblower Policy](#).

Our process includes appointing a Complaints Officer and designated communication channels to manage complaints. Complaints are documented and analysed and appropriate action, including changes to the systems of quality management, is taken to address concerns raised where necessary.

Deloitte Global Ethics

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

The Global Code outlines Deloitte's ethical commitments as a network and expectations for Deloitte's approximately 457,000 people, giving a strong, principled foundation. The foundations of the network's ethics program comprise the following elements:



12. For the 12 months to 31 May 2023.



A relentless focus on independence

At the heart of our ability to support clients is our trusted brand. Deloitte Australia applies Deloitte Global Independence policies that address quality objectives and quality risks as they relate to the relevant ethical requirements for independence. That is what our people, our clients and our stakeholders expect and demand.

Deloitte Global independence



Sets **independence policies and procedural expectations** based upon the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and, where applicable, the independence standards of other jurisdictions such as the US Securities and Exchange Commission and the Public Company Accounting Oversight Board.



Supports firms, as needed, with their annual SQM monitoring activities and gives insights into global areas of focus. On a three-year cycle, performs **network monitoring activities** through its monitoring program, providing recommendations and observations for considering as part of the firms' monitoring and remediation activities. In-depth follow-up reviews are conducted as needed.



Provides firms with **technical independence expertise** as required, which also informs potential enhancements to global policies, procedural expectations, tools, and practice support activities.



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



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

Deloitte Australia independence

Deloitte Australia policies and procedures are based on the Deloitte Global Independence policies, which are supplemented, as appropriate, to reflect additional national or regional requirements that may be more restrictive than Deloitte Global policies.

Deloitte Australia's leadership reinforces the importance of compliance with independence and related quality management standards, setting the appropriate tone at the top and instilling its importance into the professional values and culture of the firm. Strategies and procedures to communicate the importance of independence to partners, other practitioners, and support staff have been adopted, emphasising each individual's responsibility to understand and meet independence requirements. The Director of Independence is responsible for overseeing independence matters within Deloitte Australia, including the design, implementation, operation, monitoring, and maintenance of the system of quality management related to independence.

As part of the firm's system of quality management, Deloitte Australia has:

- Implemented responses to address quality objectives and quality risks it has identified for its key independence areas
- Performed appropriate monitoring activities over its key independence areas
- Appropriate independence governance in place.

The firm's key independence areas include:

- Client, engagement, and business relationships, including use of the independence business process tools, the Deloitte Entity Search and Compliance (DESC) system, and the Service Request Monitoring (SRM) application
- Firm and personal financial relationships, including the use of the Global Independence Monitoring System (GIMS)
- Employment and other relationships
- Independence confirmations
- Independence consultations
- Independence-related policies, communications, and learning
- Breaches of independence requirements
- Disciplinary measures for failures to adhere to applicable independence requirements.

Global Independence conducted a review of compliance with policies and procedures in the key independence areas during the year and the report was issued on 17 November 2022.

During 2022, 43% (2021: 37%) of partners were selected for independence compliance testing.



DESC

Deloitte Entity Search and Compliance

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



SRM

Service Request Monitoring

Application integrated with DESC that provides a standard business process workflow for submitting and reviewing pre-approval requests to provide services to and enter into business relationships with clients.



GIMS

Global Independence Monitoring System

Application that contains financial relationship data with relevant independence compliance indicators.



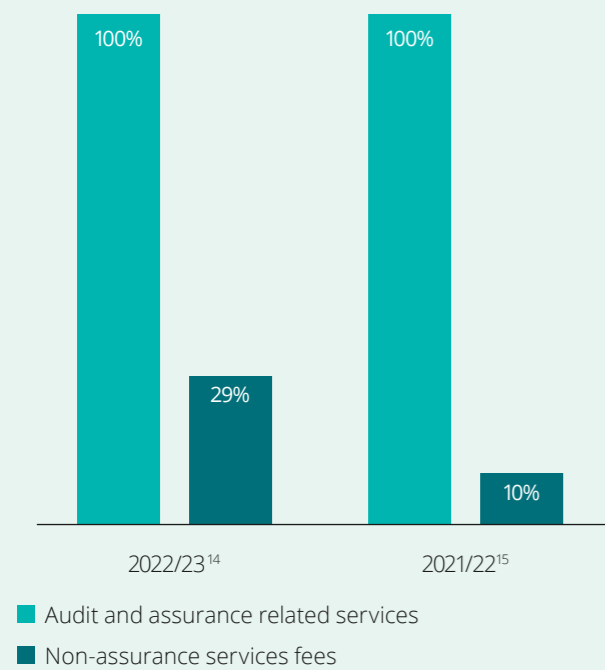


Deloitte's Shared Values

Non-audit services

Deloitte policies require every potential engagement to be reviewed to determine whether we have an existing audit relationship with the entity or any of its affiliates and to assess whether the proposed services can be provided without compromising independence.

Non-assurance fees as a percentage of audit and audit related fees for ASX 300¹³ listed entities audited by Deloitte Australia and related network firms:



The increase primarily relates to specific transaction related circumstances and services in the year of appointment as auditors. All of these services were provided in accordance with Deloitte policy and the relevant code of ethics.

Long-association requirements of audit partners and professionals

Rotation of engagement partners, EQCRs, and other key audit partners helps provide a fresh perspective and reduce familiarity and self-interest threats to independence.

Our rotation policies require the engagement partner and the EQCR for the audits of listed entities and Australian Prudential Regulation Authority (APRA) regulated entities to be rotated after five consecutive years of service. The rotation requirement is seven years for other key audit partners involved in the audits of listed entities and other public interest entities. Following rotation, these audit partners are not permitted to be involved in the audit engagement or undertake other client-specific roles for a period of two, three or five years, depending on their role.

Engagement teams record the years of service of engagement partners, EQCRs, and other key audit partners. This is validated against a database maintained by A&A Quality & Risk that tracks the number of years of audit partner involvement to facilitate succession planning and monitor compliance with rotation requirements.

Our global shared values are a set of core principles that guide our collective behaviour and create unity across our member firms.

These values connect us across cultures and geographies and allow us to serve our clients, our people and our communities in a way that is consistently and distinctively Deloitte. These underpin what we stand for and how we operate in upholding the public interest.



Lead the way

Deloitte is a responsible leader. We serve our clients with excellence, helping them navigate risk and challenges so that they reach their potential. We are innovative and passionate about delivering unrivalled client service.

We're investing in the future and making bold choices: we have a voice on the issues that impact Australians and support our Global WorldClass promise to better the lives of 50 million people by 2030. We are ready to lead the industry into the future.



Serve with integrity

Integrity is the foundation of our brand. We will continue to safeguard the trust we've earned from our clients, regulators and the public, never compromising on quality.

We foster a 'speak up' culture that encourages our people to do what is right, not what's easy. We hold each other accountable to act ethically, which enables us to lead by example and be proud of the work we deliver.



Take care of each other

At Deloitte, we show we care by listening, understanding and supporting our colleagues – through times of triumph and adversity. We are committed to creating an environment where we can all thrive by showing respect, fairness and trust.



Collaborate for measurable impact

To bring the best of Deloitte to our clients we must collaborate and connect all the dots. By working together we can tap into one another's strengths and expertise to fuel creativity, enhance our ability to solve complex problems, and create a culture of continuous learning. This inspires us to grow and do our best work.



Foster inclusion

We are stronger because we are diverse. Everyone brings their experiences, different perspectives and capabilities to enrich our firm and make an impact.

This diversity of thought enables us to accelerate innovation, connect with clients across Asia Pacific, and deliver outstanding solutions to meet our clients' complex needs.

We stand for inclusion and believe that everyone deserves to be treated with dignity and respect, regardless of their background or identity.

13. Based on a listing of ASX 300 listed entities as at 31 March 2023 and 2022, respectively.

14. For years ended 1 April 2022 to 31 March 2023.

15. For years ended 1 April 2021 to 31 March 2022. Note that the non-audit services value has been restated from the prior year.

Appendix A: Financial information

The breakdown of Deloitte Australia's revenue for the year ended 30 June 2023 (A\$m):

Revenue	2023	2022
Audits of financial statements ¹⁶	324	312
Other related assurance and non-audit services to audit clients	108	97
Non-audit services to non-audit clients	2,426	2,394
Total	2,858	2,803

16. Includes revenue derived from audits of financial statements. Other related assurance services are classified as non-audit services.



Appendix B: Public interest entities

Deloitte Australia completed audits¹⁷ of the following entities during the year ended 30 June 2023:

Listed companies and registered schemes

Accent Group Limited	Cash Converters International Limited	Incitec Pivot Limited
Accent Resources NL	CD Private Equity Fund I	Infomedia Ltd
Adbri Limited	CD Private Equity Fund II	Invocare Limited
AGL Energy Limited	CD Private Equity Fund III	IPH Limited
Ai-Media Technologies Limited	ClearView Wealth Limited	IRESS Limited
Airtasker Limited	Cluey Ltd	iShares Asia 50 ETF
Andromeda Metals Limited	Cobram Estate Olives Limited	iShares China Large-Cap ETF
APA Group Limited	Coda Minerals Ltd	iShares Core Cash ETF
Aspen Group Limited	Cromwell Property Group	iShares Core Composite Bond ETF
Atomos Limited	CSR Limited	iShares Core Corporate Bond ETF
Audinate Group Limited	Dalrymple Bay Infrastructure Limited	iShares Core Global Corporate Bond (AUD Hedged) ETF
Audio Pixels Holdings Limited	DDH1 Limited	iShares Core MSCI World Ex Australia ESG (AUD Hedged) ETF
Aurizon Holdings Limited	Domino's Pizza Enterprises Limited	iShares Core MSCI World Ex Australia ESG ETF
Austal Limited	E&P Financial Group Limited	iShares Core MSCI Australia ESG ETF
Auswide Bank Ltd	Eagers Automotive Limited	iShares Core S&P/ASX 200 ETF
Autosports Group Limited	Electro Optic Systems Holdings Limited	iShares Edge MSCI Australia Minimum Volatility ETF
AVADA Group Limited	Embelton Limited	iShares Edge MSCI Australia Multifactor ETF
Big River Gold Ltd	Emeco Holdings Limited	iShares Edge MSCI World Minimum Volatility ETF
Big River Industries Ltd	EML Payments Limited	iShares Edge MSCI World Multifactor ETF
BikeExchange Limited	Endeavour Group Limited	iShares Enhanced Cash ETF
Black Rock Mining Limited	Energy Transition Minerals Ltd	iShares Europe ETF
Blackmores Limited	EQT Holdings Limited	iShares Global 100 (AUD Hedged) ETF
Bluechiip Limited	Fidelity Global Demographics Fund (Managed Fund)	iShares Global 100 ETF
Booktopia Group Limited	Fidelity Global Emerging Markets Fund (Managed Fund)	iShares Global Consumer Staples ETF
Boral Limited	Gale Pacific Limited	iShares Global Healthcare ETF
BSA Limited	Global Value Fund Limited	iShares Global High Yield Bond (AUD Hedged) ETF
Bubs Australia Limited	GR Engineering Services Ltd	
Byron Energy Limited	HUB24 Limited	
Capitol Health Limited	IDP Education Limited	
Capral Limited	Imdex Ltd	
Carbon Revolution Limited		

17. Audit means an audit conducted for the purpose of the Corporations Act and includes a half-year review of a financial report.


Listed companies and registered schemes continued

iShares Government Inflation ETF	Neometals Ltd	Siteminder Limited
iShares J.P. Morgan USD Emerging Markets Bond (AUD Hedged) ETF	Netwealth Group Limited	Solstice Minerals Limited
iShares MSCI EAFE ETF	New Century Resources Limited	Strike Energy Limited
iShares MSCI Emerging Markets ETF	New Hope Corporation Limited	Superloop Limited
iShares MSCI Japan ETF	NobleOak Life Limited	Symbio Holdings Limited
iShares MSCI South Korea ETF	Northern Star Resources Ltd	Tassal Group Limited
iShares S&P 500 (AUD Hedged) ETF	NRW Holdings Limited	Terragen Holdings Limited
iShares S&P 500 ETF	Opthea Limited	US Masters Residential Property Fund
iShares S&P Mid-Cap ETF	OreCorp Limited	Ventia Services Group Limited
iShares S&P Small-Cap ETF	Pepper Money Limited	Webjet Limited
iShares S&P/ASX 20 ETF	Peter Warren Automotive Holdings Limited	Widgie Nickel Limited
iShares S&P/ASX Dividend Opportunities ESG Screened ETF	Pioneer Credit Limited	Woolworths Group Limited
iShares S&P/ASX Small Ordinaries ETF	Prospa Group Limited	Zip Co Limited
iShares Treasury ETF	QANTM Intellectual Property Limited	
iShares Yield Plus ETF	Ramelius Resources Limited	
JB Hi-Fi Limited	ReadyTech Holdings Limited	
KKR Credit Income Fund	Regal Partners Limited	
Lark Distilling Co. Ltd	Region Group	
Lynch Group Holdings Limited	Resimac Group Ltd	
Medical Developments International Limited	Rubicon Water Limited	
Megaport Limited	Salter Brothers Emerging Companies Limited	
Mincor Resources NL	Saunders International Limited	
MMA Offshore Limited	SDI Limited	
MoneyMe Limited	Seven Group Holdings Limited	
NAOS Emerging Opportunities Company Limited	Shriro Holdings Limited	
NAOS Ex-50 Opportunities Company Limited	Sigma Healthcare Limited	
NAOS Small Cap Opportunities Company Limited	Silk Logistics Holdings Limited	
	Simonds Group Limited	
	SIMS Limited	

Authorised deposit-taking institutions

Australian Settlements Limited	Defence Bank Limited	Police Bank Ltd
Auswide Bank Ltd	Newcastle Permanent Building Society Limited	Victoria Teachers Limited
Bank of Sydney Ltd		Volt Bank Limited

General insurance and life insurance entities regulated by APRA¹⁸

AssetInsure Holdings Pty Limited	Domestic & General Insurance PLC	NobleOak Life Limited
AssetInsure Pty Limited	Futurity Investment Group Limited	Pacific Life Re (Australia) Pty Limited
Avant Insurance Limited	General Reinsurance Australia Ltd	QInsure Limited
Berkshire Hathaway Specialty Insurance Company	General Reinsurance Life Australia Ltd	Resolution Life Australasia Limited
ClearView Life Assurance Limited	Hollard Holdings Australia Pty Ltd	Resolution Life NOHC Pty Ltd
ClearView Wealth Limited	Integrity Group Holdings Limited	RGA Reinsurance Company of Australia Limited
Compagnie Francaise D'Assurance Pour Le Commerce Exterieur	Integrity Life Australia Limited	RLNM Limited
	MetLife General Insurance Limited	The Hollard Insurance Company Pty Ltd
	MetLife Insurance Limited	

18. Includes the following bodies regulated by APRA: A general insurer, authorised non-operating holding company (NOHC) or subsidiary of a general insurer or authorised NOHC, within the meaning of the Insurance Act 1973 and a life company that is registered under section 21 of the Life Insurance Act 1995 or a registered NOHC within the meaning of the Act.



Appendix C: Deloitte network

Deloitte Australia: legal structure and ownership

The Australian partnership of Deloitte Touche Tohmatsu is a member of Deloitte Asia Pacific Limited and part of the Deloitte global network.

Deloitte Touche Tohmatsu is referred to throughout this report as Deloitte Australia or the firm and provides (through the firm or one of its related entities) professional services using the Deloitte name within Australia, Papua New Guinea, the Solomon Islands, and Timor-Leste.

For the purposes of transparency reporting, this report contains information about Deloitte Australia, which is relevant to the A&A business.

Network description

The Deloitte network

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

Deloitte Asia Pacific Limited

Deloitte Australia, along with members in China, Japan, South Korea, South Asia, New Zealand, Southeast Asia, and Taiwan, comprise Deloitte Asia Pacific Limited, the Deloitte Touche Tohmatsu Limited member firm in the Asia Pacific region.

Deloitte Asia Pacific Limited (also known as the Deloitte Asia Pacific member firm, referred to as Deloitte Asia Pacific throughout this report) is a private company limited by guarantee incorporated in England and Wales. Deloitte Asia Pacific Limited does not provide professional services to clients and its members, and their related entities are separate and independent legal entities.

The purpose of Deloitte Asia Pacific Limited is to facilitate alignment and collaboration between its members as part of the Deloitte network in the Asia Pacific region.

The Deloitte Asia Pacific Limited Board is the highest governing body of the Deloitte Asia Pacific member firm. Deloitte Australia has three representatives on the Board, including the Chair of Deloitte Australia's Board of Partners, Tom Imbesi.



Deloitte Touche Tohmatsu Limited (DTTL or Deloitte Global)

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

'Deloitte' is the brand under which approximately 457,000 dedicated professionals and practitioners in independent firms throughout the world collaborate to provide audit and assurance, consulting, financial advisory, risk advisory, tax, and related services to select clients. These firms are members of DTTL. DTTL, these member firms, and each of their respective related entities form the Deloitte organisation. Each DTTL member firm and/or its related entities provides services in particular geographic areas and is subject to the laws and professional regulations of the particular country or countries in which it operates.

Each DTTL member firm is structured in accordance with national laws, regulations, customary practice, and other factors, and may secure the provision of professional services in its respective territories through related entities. Not every DTTL member firm or its related entities provides all services, and certain services may not be available to attest clients under the rules and regulations of public accounting. DTTL, and each DTTL member firm and each of its related entities, are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties.

DTTL and each DTTL member firm, and their respective related entities, are liable only for their own acts and omissions, and not those of each other. The Deloitte organisation is a global network of independent firms and not a partnership or a single firm. DTTL does not provide services to clients.

The Deloitte Global Board is the highest governing body of Deloitte Global. The Chair of Deloitte Australia's Board of Partners, Tom Imbesi, is a member of the Deloitte Global Board, and is the Chair of the Global Finance & Audit Committee AU. Other key Deloitte Global governance bodies are the Deloitte Global Executive, which is led by the Global CEO, and the Deloitte Global Operating Committee, led by the Global Chief Operating Officer (COO). The CEO of Deloitte Asia Pacific Limited is a member of the Deloitte Global Executive.

Deloitte Global leadership

The Deloitte Global A&A Executive is led by Jean-Marc Mickeler, Deloitte Global A&A Business Leader, who is responsible for developing and driving the Deloitte Global A&A strategy, with a focus on quality, including:

- Setting the standard for audit quality and approving audit policy and methodology changes to enhance audit quality across the Deloitte network.
- Driving key audit quality initiatives and policies across the Deloitte network.
- Leading transformational initiatives to innovate the way our audits are executed to meet our stakeholders' evolving needs.

Deloitte Asia Pacific

Deloitte Australia is part of the Deloitte Asia Pacific member firm. As a locally registered and regulated audit firm in Australia, we have decision-making authority regarding regulatory matters and professional obligations and we maintain ultimate responsibility for the execution of audit and assurance services in accordance with local laws and regulations.

Deloitte Australia works closely with the other geographies in the Deloitte Asia Pacific member firm. This allows us to benefit from additional oversight of quality, risk management, and monitoring activities. It also allows us to share leading practices across geographies, which contributes to our collective aspirations of continuous improvement in audit quality.



A&A leaders participate in Deloitte network groups and external bodies that set and monitor quality standards, and from which a number of audit quality initiatives emanate.

DTTL and Deloitte Asia Pacific contributions

Adam Powick
CEO
Deloitte Asia Pacific Executive Team

Tom Imbesi
Chair Deloitte Australia
Deloitte Global Board
Chair of the Deloitte Global Finance & Audit Committee
Deloitte Asia Pacific Board
Chair of the Deloitte Asia Pacific Succession and Nomination Committee

Joanne Gorton
Managing Partner, Audit & Assurance
Accounting & Auditing Standing Committee
Deloitte Asia Pacific A&A Leadership Team

John Leotta
Audit Leader
International Accounting Standards Board's Consultative Group for Rate Regulation
Board of the Group of 100

Derek Broadley
Partner, Audit & Assurance
Quality & Risk
Deloitte Asia Pacific A&A Quality Leader
Deloitte Asia Pacific A&A Executive Team

Julie Breden
Partner, Audit & Assurance
Quality & Risk
Deloitte Asia Pacific Monitoring & Remediation Leader

Anna Crawford
Partner, Accounting Technical
Deloitte Global IFRS Leadership Team

Marisa Orbea
Director of Independence
Deloitte Global Independence Leadership Team

External contributions

Jason Thorne
Partner, Audit & Assurance
Australian Auditing & Assurance Standards Board

Jacque Fegent-McGeachie
Partner, Audit & Assurance
Sustainability Reporting Project Advisory Panel

Alison White
National Accounting Technical and Corporate Reporting Leader
Deputy Chair Australian Accounting Standards Board

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