

2019 Transparency Report

Deloitte Audit Limited - Malta

Aspire with assurance

September 2019

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Deloitte Audit Limited leadership message¹

This report sets out the practices and processes that are currently employed by Deloitte Audit Limited, in accordance with the requirements of article 18 of the Accountancy Profession Act (Cap.281 of the Laws of Malta) and of the European Union's Regulation 537/2014 on specific requirements regarding the statutory audits of Public Interest Entities.

Deloitte has an unrelenting commitment to serving clients with quality and distinction while embracing important public interest responsibilities. Instilling trust and confidence is at the centre of our strategic vision and integral to achieving the culture of quality and excellence that is expected of all Deloitte professionals.

While compliance with auditing standards, regulations, and other relevant requirements is critical to the execution of audits, compliance is not sufficient. Behaviours that demonstrate a culture of quality and excellence extend beyond simple compliance. It is a commitment to not only perform with the strongest integrity and to the individual or team's best, but to continuously improve in order to serve all stakeholders better every day, with a focus first and foremost on executing Deloitte professionals' duty to serve the public interest.

Fostering a culture of quality – where people do the right thing simply because it is the right thing to do and not because it is required – is the ultimate goal.

This report outlines the continued commitment we have to our values and how we practise them on a daily basis. It is an important element of our communication with regulators, investors, audit committees and other stakeholders.

We are pleased to share the Transparency Report for the year ended 31 May 2019.



Malcolm Booker
Chief Executive Officer (CEO)
Deloitte Malta
23 September 2019

¹Throughout this report, the terms "Deloitte, we, us, and our" refer to one or more of 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. 3 or click [here](#).



Deloitte network

Deloitte Malta

The term 'Deloitte Malta' is used to refer to Deloitte Audit Limited, a Maltese entity authorised to practise as an audit firm in Malta, together with its connected undertakings in line with the definition of 'audit firm' set out in article 2(1) of the Accountancy Profession Act (Cap.281). Unless the context requires otherwise, use of the term 'firm' also refers to Deloitte Malta.

Deloitte Audit Limited operates as a limited liability company, established under Maltese law, with registered office at Deloitte Place Triq L-Intornjatur Central Business District, CBD 3050, Malta and registration number C 51312.

On 1 June 2019, the Deloitte Central Mediterranean member firm (comprising the Deloitte practices in Italy, Greece and Malta) combined with the Deloitte North West Europe LLP to create Deloitte North and South Europe (NSE) LLP. With effect from June 1, 2019, Deloitte

NSE LLP is the member firm of DTTL for Belgium, Denmark, Finland, Greece, Ireland, Iceland, Italy, Malta, Norway, Holland, the United Kingdom, Sweden and Switzerland.

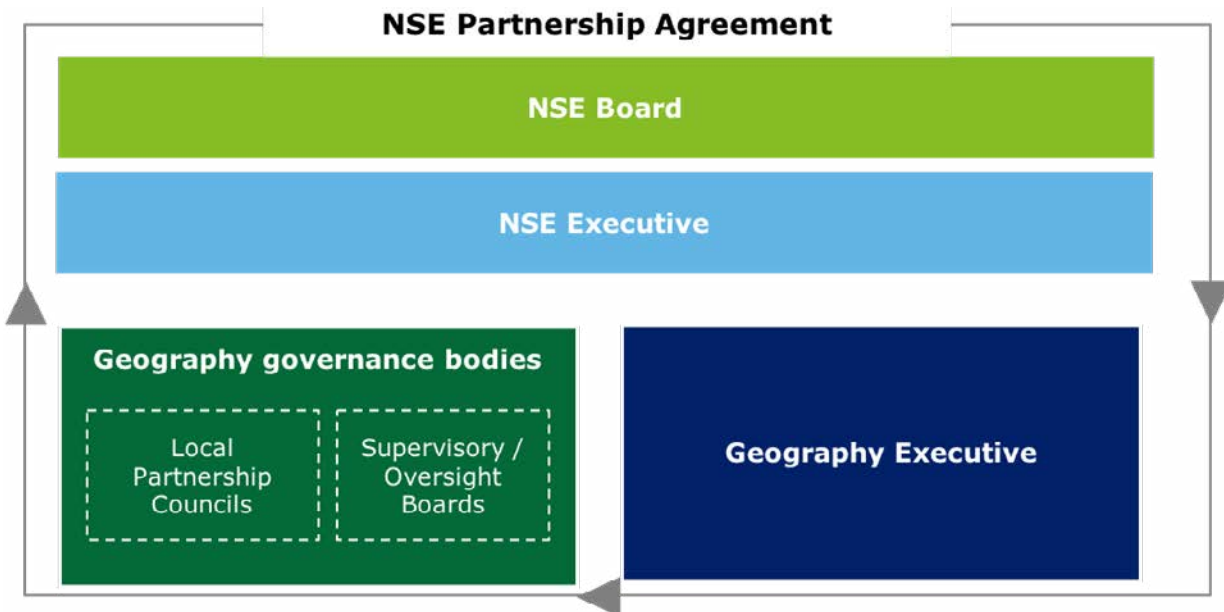
Deloitte Central Mediterranean S.r.l. (DCM) is the affiliate of Deloitte NSE LLP for Italy, Greece and Malta. It does not provide services, but it holds minority stakes in Deloitte & Touche S.p.A., in the Greek company Deloitte Certified Public Accountants S.A. and in the Maltese company DCM Limited and, directly or indirectly, in other operating entities of the Deloitte network in Italy, Greece and Malta.

The aforementioned interests grant DCM rights and powers with respect to the aforementioned entities that are similar to those that it holds in Deloitte & Touche S.p.A., as described in the previous paragraphs of this section.



NSE Governance

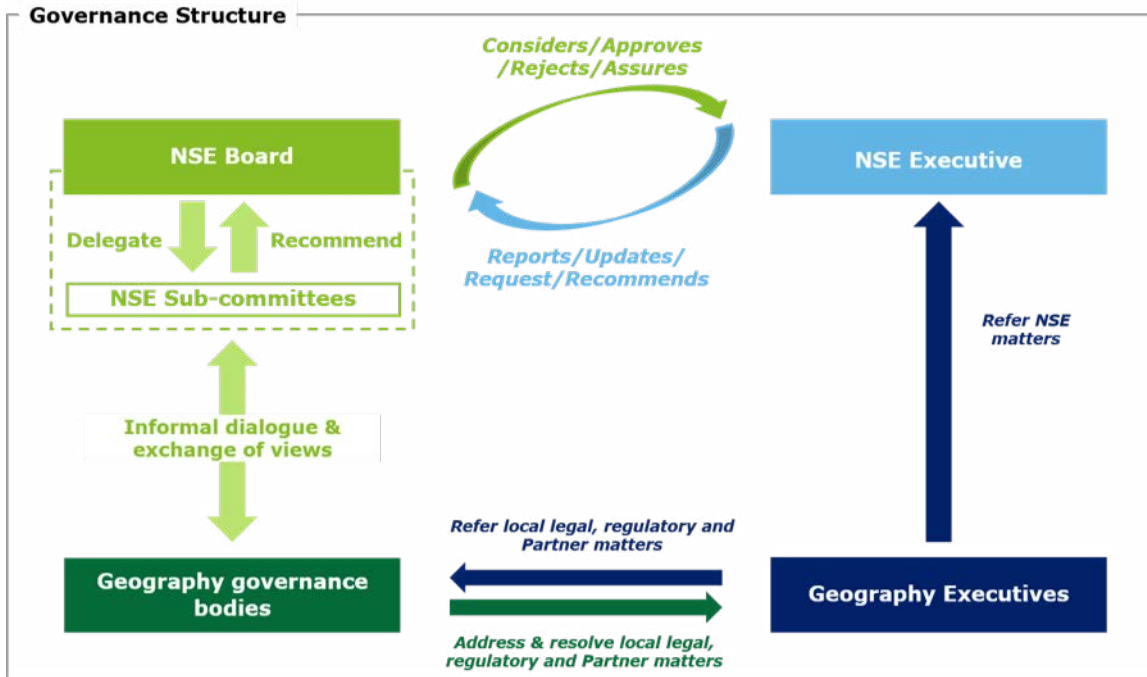
The Deloitte NSE governance structure consists of the NSE Board, NSE Executive, Geography governance bodies and Geography Executives, underpinned by the NSE Partnership Agreement:



- The **NSE Partnership Agreement** underpins the governance of NSE
- The **NSE Board** is the primary governance body of NSE, responsible for ensuring high quality governance and stewardship of NSE. The NSE Board works with the NSE Executive to set and approve the long-term strategic objectives of NSE and the markets in which it operates. The NSE Board comprises the NSE CEO, NSE Chair and elected members, as well as Independent Non-Executives (INEs) and a Deloitte Global Representative. The latter do not have voting roles
- The **NSE Board** oversees the risk appetite in each business area; is responsible for the oversight of the executive function, ensuring alignment with Deloitte Global obligations; and is responsible for the promotion and protection of NSE Equity Partner interests generally
- The **NSE Executive** is responsible for developing NSE strategy and vision as well as NSE policies, and overseeing their implementation and execution
- **Geography governance bodies** exist where this is required for legal and/or regulatory purposes and to oversee local Partner matters. Examples include the UK Oversight Board and Dutch Supervisory Board
- The **Geography Executive** works with the NSE Executive to reflect the Connected+ Autonomy operating model (balancing local and central requirements), including the development and delivery of approved plans, in line with the NSE strategy, tailored to reflect local market conditions



The NSE governance and leadership structure provides clear paths of communication from a Geography to NSE level:



Deloitte NSE Board sub-committees

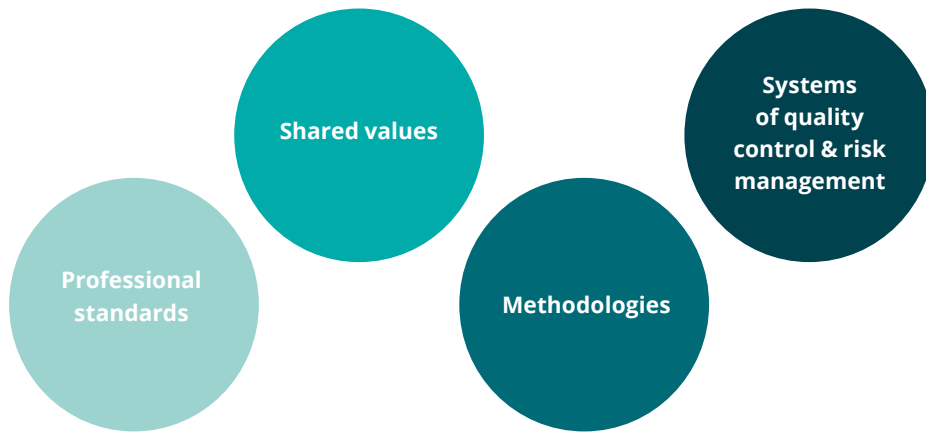
- Audit & Risk (Standing)**
 - Oversee the appointment of internal and external auditors to the firm
 - Oversee audit quality in accordance with applicable regulations
 - Oversee the level of risk acceptable in each business area
 - Provide oversight and support to the national practices in the delivery of audit quality and local legal and regulatory compliance
- Public Interest Oversight (Standing)**
 - Oversee public interest matters as they affect NSE
- Partner Matters & Fairness (Standing)**
 - Make recommendations to the Board regarding the admission, suspension, retirement of NSE Equity Partners, and make determinations in relation to any NSE Equity Partner's long term ill health
 - Ensure fairness between NSE Equity Partners across all Geographies
- Nomination (Standing)**
 - Produce a shortlist of potential candidates and recommend to the Board a final list of candidates to stand in Board elections
 - Ensure diversity requirements are met in the composition of the Board
- Elected Leader (event driven)**
 - Oversee selection of candidates for NSE Chair and NSE CEO roles
 - Run the election process and present proposals for NSE Chair and NSE CEO candidates to the full NSE Board for approval
- Governance & Composition (event driven)**
 - Review the composition and size of the Board whilst both respecting the minimum number of elected Board members representing each Geography and seeking to ensure the firm's diversity requirements are met in the composition of the Board
- Remuneration (event driven)**
 - Seek feedback, conduct appraisals, and make recommendations to the Board with regard to the proposed assignment of Equity Groups and the allocation of NSE Units to the NSE Chair, the NSE CEO and holders of such other senior management positions as the Board may determine
- Compensation & Partner Units (event driven)**
 - Review and discuss with the NSE CEO the processes established and applied for the determination of NSE Units and Equity Groups to NSE Equity Partners (other than the NSE Chair and NSE CEO), to ensure that the principles set out in the Profit Sharing Memorandum proposed to the Board by the NSE CEO are consistently applied and the NSE Unit allocation process results in fairness between NSE Equity Partners and groups of NSE Equity Partners (other than the NSE Chair and NSE CEO) provided that the Committee shall not duplicate the work of the NSE CEO and/or the Remuneration Committee
- Transactions & Major Projects (event driven)**
 - Consider on behalf of the Board and provide recommendations to the Board on proposals from the NSE CEO to borrow money, make investments, give undertakings and enter into contracts on behalf of the firm subject to agreed thresholds
 - Oversee major projects as directed by the Board and ensure that the interests of the firm are protected
 - Consider, report to the Board on and make recommendations to the Board on major transactions or other significant investments



Network description

The Deloitte network

The Deloitte network is a globally connected network of member firms and their affiliates operating in more than 150 countries and territories across the world. These separate and independent member firms operate under a common brand.



Deloitte Touche Tohmatsu Limited (DTTL or Deloitte Global)

Deloitte Touche Tohmatsu Limited is a UK private company limited by guarantee. DTTL serves a coordinating role for its member firms and their affiliates 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 affiliated entities.

For more information about the Deloitte network, please see: www.deloitte.com/about



Deloitte Malta : governance – leadership in action

The leadership and management of the firm are underpinned by strong governance structures that provide oversight of the Audit & Assurance practice.

It is by maintaining robust and accountable governance and leadership structures that we seek to achieve the highest levels of quality and integrity and that we earn the trust of our clients, our people, the capital markets, and the public.

The Board of Directors & Principals (Board)

During the year under review, the firm’s Board was responsible for protecting the broader interests of the firm and its directors and principals, and for overseeing management and operations at a strategic level.

The Board comprised the Chairman, Chief Executive Officer, and all of the firm’s directors and principals, and met on a quarterly basis.

Bernard Scicluna acted as the chairman of the firm and chaired the meetings of the Board.

The Operations and Management Committee

The Deloitte Malta Operations and Management Committee was responsible for the governance and oversight of the firm’s different service lines, including the Audit & Assurance practice. Specific responsibilities included approving audit and assurance business strategy, and approving the business plans.

During the year under review, Malcolm Booker was the firm’s Chief Executive Officer (CEO).

The following are the members of the Deloitte Malta Operations and Management Committee, who were appointed by the CEO to serve for the period in which he is in office:

- Malcolm Booker (CEO) - Committee Chair
- Marc Alden (Tax Business Leader)
- Raphael Aloisio (Financial Advisory Business Leader)
- Conrad Cassar Torregiani (International Tax Business Leader)
- Sarah Curmi (Audit and Assurance Business Leader)

Sarah Curmi and senior management develop and implement the strategy for the Audit & Assurance practice, including related policies and procedures. In all of their activities, Deloitte Malta senior leaders are responsible for the overarching objective of audit quality, including compliance with applicable professional standards and regulatory requirements. Deloitte Malta strategy is developed in alignment with the overall strategic direction established for the Deloitte network.

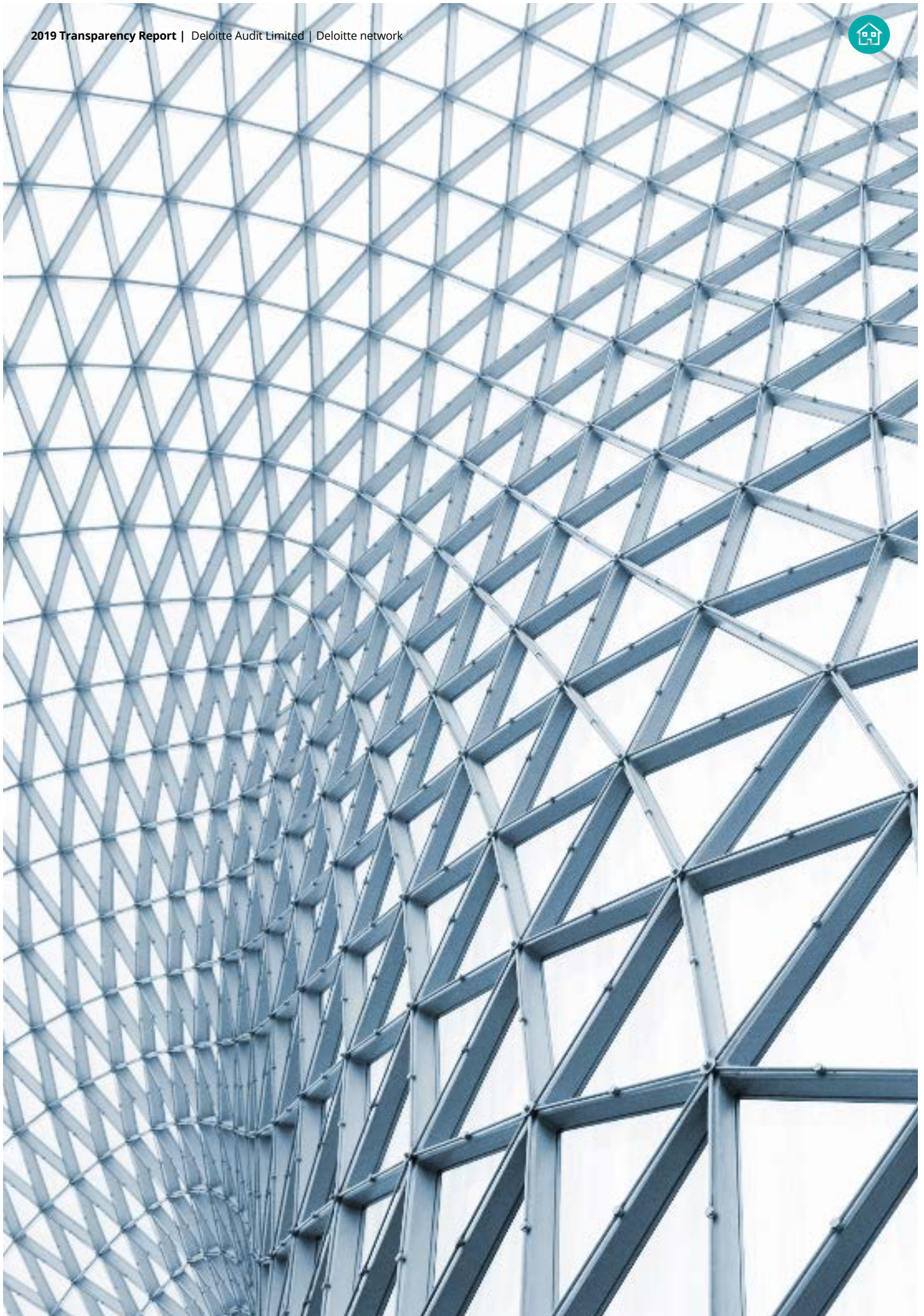
Deloitte Malta Audit & Assurance leaders participate in Deloitte network groups that set and monitor quality standards, and from which a number of audit quality initiatives emanate.

Risk & Governance Committee

The members of the Risk & Governance Committee are appointed by the CEO for a term not exceeding the term of the CEO. The Risk & Governance Committee reported to the CEO and during the year under review its members were :

- Bernard Scicluna – Audit Director and Committee Chair
- Chris Curmi – Tax Director
- Angela Fleri Soler – Risk and Reputation Leader

For the purpose of the Accountancy Profession Act (Cap.281), Angela Fleri Soler is the firm’s Compliance Principal.





Directors and principals of the firm

The individuals who were authorised to sign audit reports on behalf of the firm during the year ended 31 May 2019 are set out in the table below:

Name	Authorised to sign audit reports on behalf of the firm
Marc Alden	
Raphael Aloisio	
Michael Bianchi	✓
Malcolm Booker	
Chris Borg	
Nick Captur	
Claudine Cassar	
Caroline Cassar Reynaud	
Conrad Cassar Torregiani	
Giselle Cini	
Paul Darmanin	
Ian Coppini	✓
Chris Curmi	
Sarah Curmi	✓
David Delicata	✓
Emanuel Farrugia	✓
Angela Fleri Soler	
Patrick Mangion	
Stephen Paris	✓
Craig Schembri	
Bernard Scicluna	✓
Annabelle Zammit Pace	✓

Deloitte Malta: legal structure and ownership

During the year under review, the firm's core operating entities, namely Deloitte Audit Limited, Deloitte Services Limited, Deloitte Technology Solutions Limited, and Deloitte Digital & Technology Limited, were beneficially owned by a partnership comprising 11 limited liability companies, hereinafter referred to as the "Ownership Entities". These entities are also the partners in the Deloitte Malta civil partnership. The activities of the Deloitte Malta civil partnership comprise solely of the governance, treasury, compliance, human resources, and all logistics and support activities required by the operating entities.

Each one of these 11 Ownership Entities is beneficially owned by the individual who has been appointed as the sole director of the respective Ownership Entity. Ownership Entities participate in the profits available for distribution.

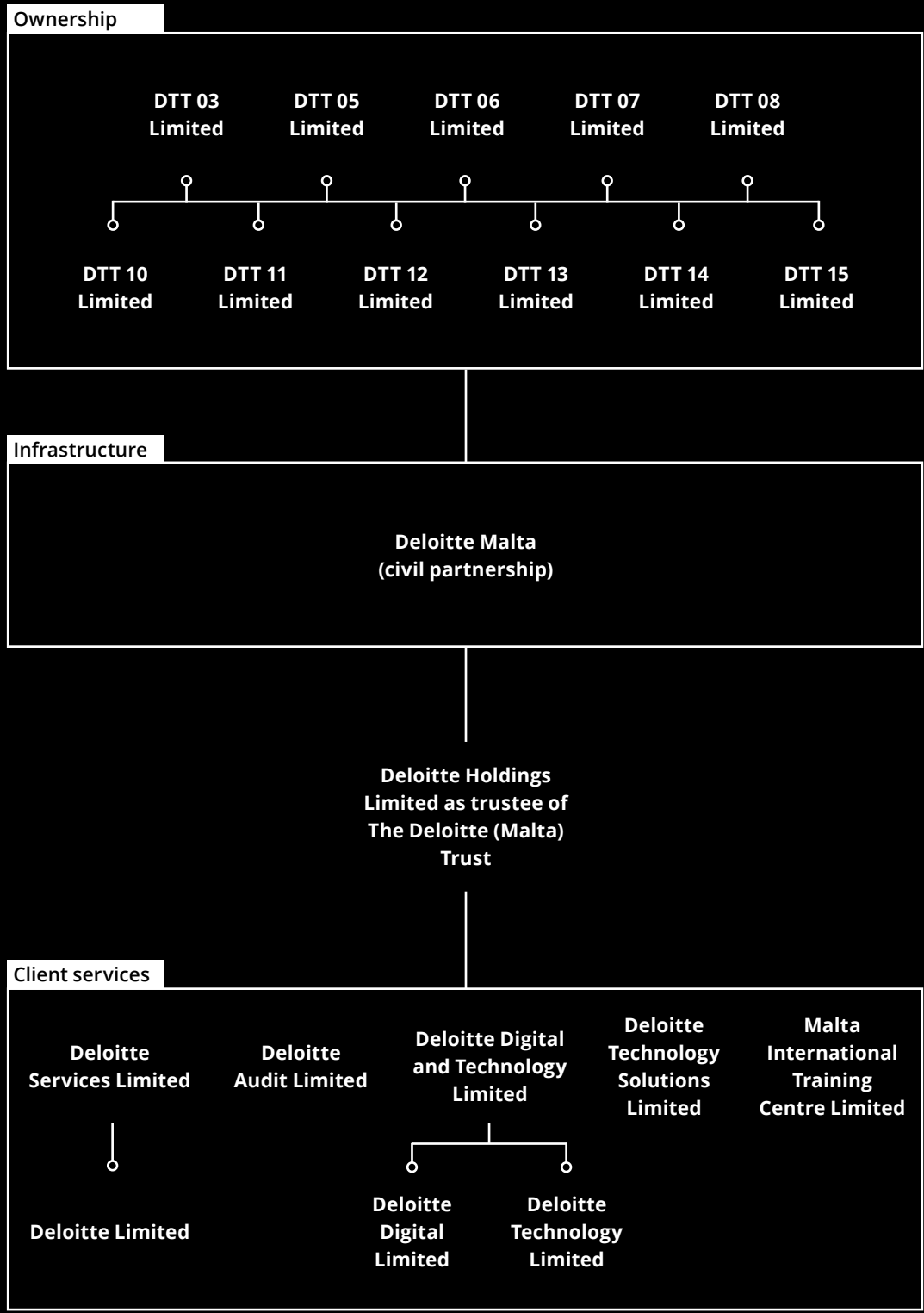
Deloitte Holdings Limited is an intermediate ownership entity which acts as trustee of The Deloitte (Malta) Trust for the benefit of the Ownership Entities in the holding of the shares in Deloitte Audit Limited, Deloitte Services Limited, Deloitte Technology Solutions Limited, and Deloitte Digital & Technology Limited. The Trust is considered desirable so as to retain the flexibility provided by the civil partnership model, when regulating individual partnership interests and changes therein over time, within the context of limited liability companies and the consequential division of capital/interests into shares.

A diagram of the operating and ownership structure, as at 31 May 2019, is set out on the opposite page.

During the year under review, Cassar Torregiani & Associates continued to be authorised by the firm to use the 'Deloitte Legal' sub brand for the provision of legal services in Malta.



The Deloitte Malta organisation chart





Our purpose and commitment: instilling trust and confidence

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





What Deloitte Audit & Assurance brings to capital markets

Audit & Assurance Transformation

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

Audit & Assurance Transformation is an important shift across the network in the way Deloitte professionals work and includes:

The Deloitte Way: standardisation of audit processes supported by our global technology suite	Real-time audit quality monitoring
Enhanced talent model which includes learning, rewards and recognition, centres of excellence, and delivery centres	Agile deployment of tools and technologies to respond to changing environments

Deloitte Global leadership

The Global Audit & Assurance Leadership Team is led by Jean-Marc Mickeler, Global Managing Director Audit & Assurance. Global Audit & Assurance responsibilities include:

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

Audit engagement acceptance and continuance

Deloitte Malta has detailed policies and procedures in place for accepting prospective clients and engagements and assessing engagement risk. These policies and procedures are designed with the objective that Deloitte Malta only accepts engagements where it:

- Is able to perform the engagement and has the capabilities to do so.
- Can comply with all relevant ethical requirements and professional standards, including independence and conflicts of interest assessments and considerations.
- Considered the integrity of the potential client's management team.



Audit innovation²

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

Innovation is an expectation in today's fast-changing business environment, and this expectation holds true for the audit profession as well. Today's complex business environment requires that the audit be dynamic, multidimensional, and insightful. There is a demand for real-time, relevant information, and clients expect audits to evolve as they innovate their businesses and processes. While traditional procedures still have a place in auditing, Deloitte Malta auditors are enhancing procedures by making more use of technology-based analytics, Artificial Intelligence (AI), cognitive & cloud-based technologies, etc. This is due in part to the increased automation and effectiveness such data analytics and other tools may provide, but also the need for Deloitte Malta to stay in front of technological advances used by the entities that we audit.

Innovation is an integral part of the entire audit delivery process.

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 the markets. This includes Illumia, our global analytics platform, as well as an integrated suite of enabling innovation tools all connected in the cloud. We are also developing our next-generation cloud-based audit delivery platform – Omnia – in addition to Levvia, a solution to support our very small audits.

Deloitte Malta is committed to a journey of local implementation of Deloitte global innovation initiatives and cloud-hosted solutions. This includes use of Deloitte Connect, an online communication, information sharing and progress tracking tool to facilitate exchange of information with client management during the audit process. Deloitte Malta also continues to actively follow progress in the

development of Levvia, which will provide the latest cutting edge technology for the audit of smaller non-complex entities common in the local market.

Learning and development initiatives

Central to the Audit & Assurance Transformation initiative are various enhancements to the Deloitte talent and learning experience:

Deloitte's transformed approach to audit delivery is enabling our professionals to use more advanced analytics, apply the latest tools, technologies and more critical thinking, spend more time applying professional judgment, and gain a deeper understanding of a client's business and industry—all contributing to enhanced audit quality and an improved experience for our people.

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

- At the core, we have a single, global mandatory audit technical learning curriculum for auditors, targeting learners by level, using a dynamic blend of live instructor-led, and digital on-demand courses and on-the-job activities.
- All client service professionals are required to complete at least 20 hours of continuing professional education (CPE) each year and at least 120 hours every three years, through 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).

Deloitte has also established specific learning opportunities for specialists working on audit engagements to support their knowledge and understanding of the audit process. Enhanced project management, a key capability for executing audit engagements, has been included in annual development programs. The objective of the Deloitte Malta professional development program is to help directors, principals and other professionals maintain and enhance their professional competence and ensure consistency

² For more information about Deloitte audit innovation, please refer to [Global Impact Report](#).



of audit execution. To supplement on-the-job development, Deloitte Malta provides formal continuing professional development programs in relevant subject areas consistent with the Deloitte Global Audit Curriculum.

Deloitte Talent Standards provide clear role expectations for a globally uniform level of quality from all Audit & Assurance professionals. Global consistency allows our people to enhance both their personal performance and to ensure that our clients will experience a consistent Deloitte.

Global A&A Talent Standards have been developed to be used by member firms as guidelines in the employee lifecycle. Locally in Malta the process of introducing these standards has commenced whereby each member of staff will be mapped to a standard so as to understand the expected behaviours at each respective grade throughout one's professional career.

The Talent Standards are broken down into three capabilities namely

- Leadership - Common to all Deloitte professionals regardless of business
- Professional - Common to all A&A professionals in a Talent Model regardless of which specific group they are a part of
- Specialized professional - applicable to a specific group within a Talent Model

Deloitte Malta follows the mandatory Audit Learning Curriculum prescribed globally with local supplementation for changes in laws and regulations. The attendance and completion of training programs by directors and principals and other professionals are monitored by the HR department using the Deloitte learning platform.

Deloitte Malta establishes minimum levels of continuing professional development to be undertaken by directors and principals and other professionals within a specific period of time. These levels include a minimum of 20 hours of structured learning per year and a minimum of 120 hours of structured learning in every three-year period (i.e., an average of 40 hours per year). Warrant holders and members of the Malta Institute of

Accountants must obtain a minimum of 40 hours of CPE per annum, of which at least 25 hours must be structured and at least 10 must be in areas qualifying as Core Competencies. To achieve these levels of development, Deloitte Malta offers 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).

Over recent years, the firm has introduced further developmental tools to enable staff to check-in regularly on their career progression and technical skills.

All members of staff are assigned to a team leader who is responsible for their development and well-being within the firm. Centralised monitoring is carried out by the HR department to ensure that the required CPE documentation is submitted on an annual basis.



Deloitte University

Our culture and activities of professionals globally are supported by continuing to invest in Deloitte Universities (DU). These are state-of-the-art learning and development centres focused on Deloitte culture, and rooted in the principles of connectedness and leadership in a highly inclusive learning environment³.



Directors' & Principals' remuneration

Execution of high quality audits is expected from all professionals and is embedded across the Deloitte network. The firm's appraisal and promotion processes and considerations are designed with the aim of establishing a strong linkage between audit quality and audit remuneration, and a principal and director selection process which is thorough and robust.

All directors and principals are evaluated on a yearly basis, and depending on the outcome of the evaluation, the remuneration of directors and principals may increase or decrease.

Directors and principals who provide audit services are not evaluated or remunerated on the selling of other services to the entities they audit, or on criteria relating to any specific client sub-grouping. The aim is that this approach should preclude financial considerations from driving actions and decisions having a negative effect on audit quality, objectivity and independence.

³. For more information about Deloitte Universities, please refer to [Global Impact Report](#).



The high quality audits we deliver

The experience of a high-quality audit, delivered well, will provide the audit committees, investors, and other stakeholders of the companies with (but not limited to):

- An audit report that is appropriate to the circumstances.
- Innovation in how we do the audit.
- More insights about their company than they had at the outset of the process.

Deloitte is proud of its role supporting the capital markets, protecting investors and the public trust.





External and internal audit quality monitoring

Audit Quality Monitoring & Measurement

A continued focus on audit quality is of key 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 objectives of the Global Audit Quality Monitoring & Measurement (AQMM) program are to:

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

The AQMM program is focused on driving:

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

Multidisciplinary model

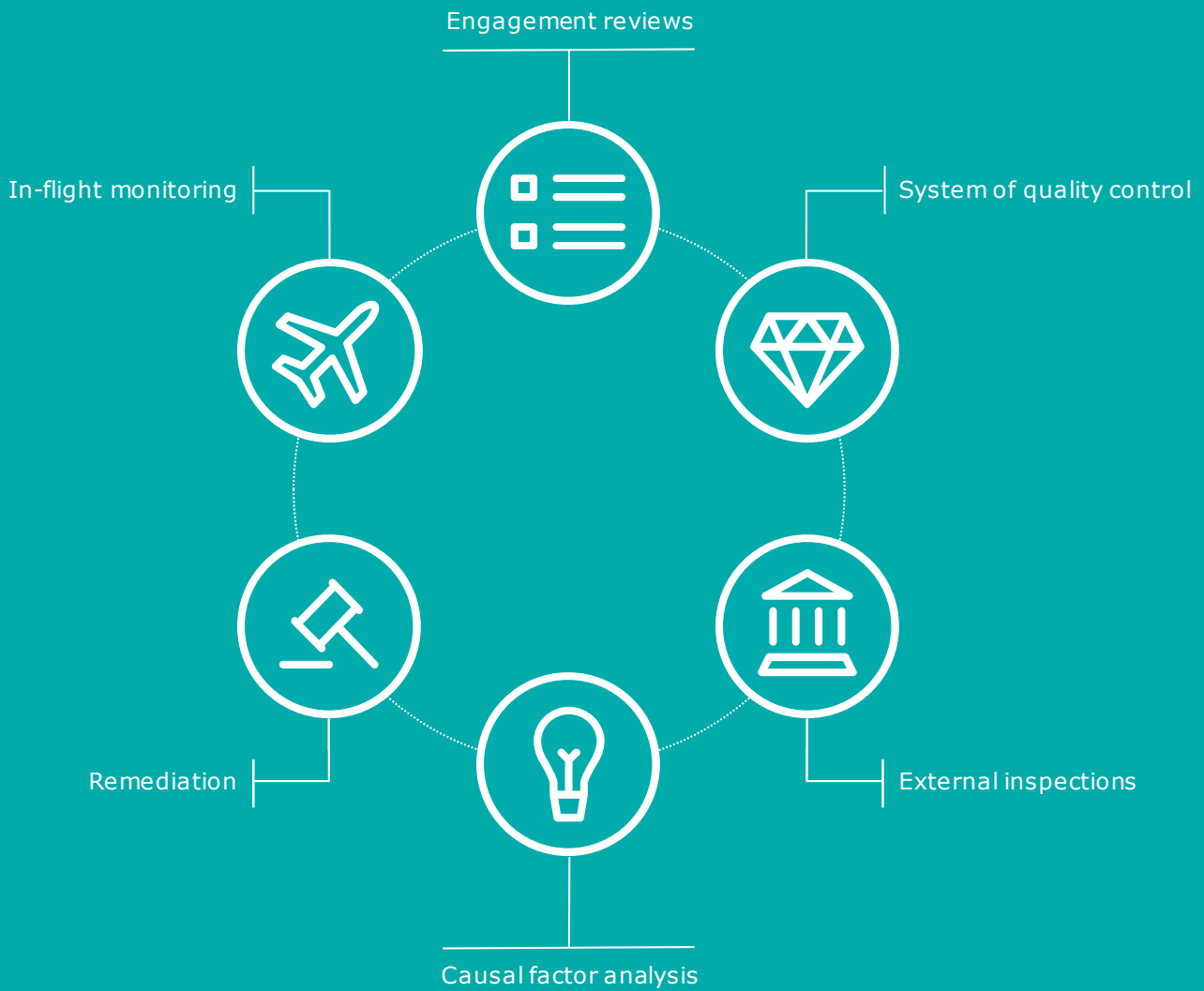
Audit is the foundation of the Deloitte brand. In addition to Audit & Assurance, Deloitte Malta has Tax, Financial Advisory, Risk Advisory and Consulting practices. The diversity of five different service lines under one umbrella (multidisciplinary model) is one of the key differentiators of high-quality audits.

Among the benefits of the multidisciplinary model for audit:

- It is possible to develop industry insights through multiple lenses, which enhances auditors' understanding of business risks relevant to conducting audits.
- The audit practice has immediate access to specialised resources and expertise in other service lines. It promotes audit quality because auditors can tap the expertise of advisory professionals who are skilled in subjects that often are not native to auditors.
- A diverse organisation helps attract and retain premier talent.
- Intellectual capital is available within the network to innovate audit processes, technologies, etc.

Negative quality events have the potential to impact the Deloitte brand as a whole. As such, each non-audit Deloitte service line has a shared and vested interest in supporting audit quality initiatives.

Audit Quality Monitoring & Measurement





In-flight monitoring

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

- Deployment and monitoring of a series of core Diagnostics, enabling engagement directors and principals and teams, as well as Deloitte Malta audit quality leaders to regularly monitor audit quality and take immediate action.
- A program of subject matter specific “health checks” to assist Deloitte Malta audit quality leaders in assessing progress and identifying potential issues on in-flight engagements.
- An integrated approach to monitoring and measuring execution of the audit methodology enhancements.

Engagement reviews

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

- Risk-based engagement selection and consideration of all major industries served by Deloitte Malta.
- Mandatory moderation panel to drive consistency in findings and engagement ratings.
- External partners and deputies who oversee practice reviews to increase global consistency.
- Identifying appropriate resources, principally from other Deloitte geographies, with the right experience and industry expertise.

System of quality control (SQC)

SQC includes numerous elements such as documenting key areas of the SQC processes and controls and performing procedures for testing the operating effectiveness of the SQC, including execution of a comprehensive SQC review program. Used in conjunction with other metrics, Audit Quality Indicators (AQIs) further assist Deloitte Malta in developing and monitoring audit quality action plans and reporting on the progress in its audit quality journey. AQIs are integrated with ongoing AQMM activities.

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

Causal factor analysis and remediation

Focusing on continuous improvement is essential to driving improvements in audit quality. Understanding why audit deficiencies occur is essential to the design of effective actions to remediate findings. Further, actions are taken when audit deficiencies in the performance of an audit engagement are identified. Engagement level remediation is imperative to drive continuous improvement in audit quality and avoid future similar findings. An Audit Quality Plan is prepared by Deloitte Malta and provides for effective implementation and monitoring of key audit quality priorities.

External inspections

In addition to Deloitte Malta’s own monitoring of audit quality, we are subject to external reviews by the Quality Assurance Unit of the Accountancy Board within the Ministry for Finance.

Internal inspections	External inspections
Fieldwork July - October 2018; inspection report dated 10 December 2018; period covered June 2017 – May 2018.	Fieldwork in October 2016; inspection report received on 25 April 2017; period covered generally year ended September 2016.
Practice review for June 2018 – May 2019 in progress.	

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

We confirm that we are satisfied that the firm’s internal quality controls and systems are robust, operate effectively, and allow the firm to readily identify any areas of potential enhancement. The firm continually seeks to refine all aspects of its practice and uses the findings of the practice review, other internal reviews and external regulatory reviews to enhance its system of quality control.



The organisational capabilities we build

Deloitte culture and the design of our learning programs place our people at the forefront. Deloitte professionals are technically proficient with a high level of ethics, integrity, professional scepticism, and objectivity, and continuously enhancing.

Deloitte is committed to developing its people and accelerating their careers by creating a life-long learning environment. We are in the process of advancing audit education, skillsets, and flexible career options that appeal to future auditors.

In addition, operational discipline, effective management of our practice, and the development of a singular approach to doing audits provide the foundation for our commitment to bring consistency to our audits.

We are driving a sustainable audit and assurance practice that compensates its people fairly and funds ongoing investment in our practice.





Independence, ethics, and additional disclosures

Deloitte Global Independence



Sets **independence policies and procedures** based upon the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and the independence standards of the US Securities and Exchange Commission and the Public Company Accounting Oversight Board. Performs full reviews of independence quality controls on a three-year cycle; annual focused reviews for the off-cycle years; and in-depth follow-up reviews as needed.



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



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



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

Deloitte Malta Independence

Deloitte Malta has policies and procedures designed to address compliance with applicable professional standards that relate to independence. These policies and procedures are based on the Deloitte Global Independence policy, and are supplemented, as appropriate, to reflect additional national or regional requirements that may be more restrictive than Deloitte Global policies. Deloitte Malta leadership reinforces the importance of compliance with independence and related quality control standards, thereby setting the appropriate tone at the top and instilling its importance into the professional values and culture of Deloitte Malta. Strategies and procedures to communicate the importance of independence to directors and principals, other professionals and support staff have been adopted, emphasising each individual's responsibility to understand and meet the independence requirements.

The key elements of the system of quality control that Deloitte Malta implemented in accordance with global policies include the following:

- Engagement acceptance and monitoring
- Monitoring of rotation requirements
- Business relationship assessments and monitoring
- Use of independence business process tools, including the Deloitte Entity Search and Compliance (DESC) system, the Global Independence Monitoring System (GIMS), annual independence confirmations, and consultation procedures, to monitor compliance with independence requirements
- Procedures to identify and analyse non-compliance with independence requirements and apply related disciplinary measures and actions
- Independence-related learning and communications
- Assignment of responsibility for independence systems and controls
- An internal review of independence compliance was conducted during the financial year ended 31 May 2019 and the report was issued on 10 December 2018.



Deloitte Global Independence



DESC

Deloitte Entity Search and Compliance

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



GIMS

Global Independence Monitoring System

Application that contains financial relationship data with relevant independence compliance indicators

Rotation of key audit directors, principals and professionals

Key audit engagement directors and principals cease their participation in the statutory audit of a public interest entity after having served seven cumulative years in a key audit director or principal role with respect to the audit of that public interest entity. They do not participate again in the statutory audit of that audited entity before the required cooling-off period has been completed. In assigning the most senior personnel, other than key audit directors and principals, to audit engagements of public interest entities, attention is paid to ensure a gradual rotation mechanism on the basis of individuals rather than of the entire engagement team.

Deloitte Malta Ethics

Deloitte Malta maintains policies and procedures that are designed to provide reasonable assurance that its professionals comply with relevant ethical requirements.

The ethical requirements for audit and related assurance services provided by Deloitte Malta are in accordance with national requirements embodied in the Accountancy Profession (Code of Ethics for Warrant Holders) Directive (Directive Number 2) issued in terms of the Maltese Accountancy Profession Act. Deloitte Malta 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 (the "Code") issued by the International Ethics Standards Board for Accountants, a standard-setting body of the International Federation of Accountants (IFAC). When the national professional requirements are more restrictive than the Deloitte Global policies and procedures, Deloitte Malta follows the applicable national requirements.

Deloitte Malta has appointed its Risk and Reputation Leader as Ethics Officer with direct access to the CEO and the member firm's governing body. In addition, Deloitte Malta has developed and implemented its own code of conduct, which incorporates the Deloitte Global Principles of Business Conduct and describes critical professional behaviour that reflects local customs, regulations, and legal requirements.

Deloitte Malta provides communication channels through which directors and principals, other professionals and support staff can consult on and report ethical issues and situations. Deloitte Malta reinforces its commitment to ethics and integrity through communication tools, learning programs, compliance processes, and measurement systems. In addition, Deloitte Malta requires all directors and principals, other professionals and support staff to confirm annually that they have read and comprehend the code of conduct, and understand that it is their responsibility to comply with it.

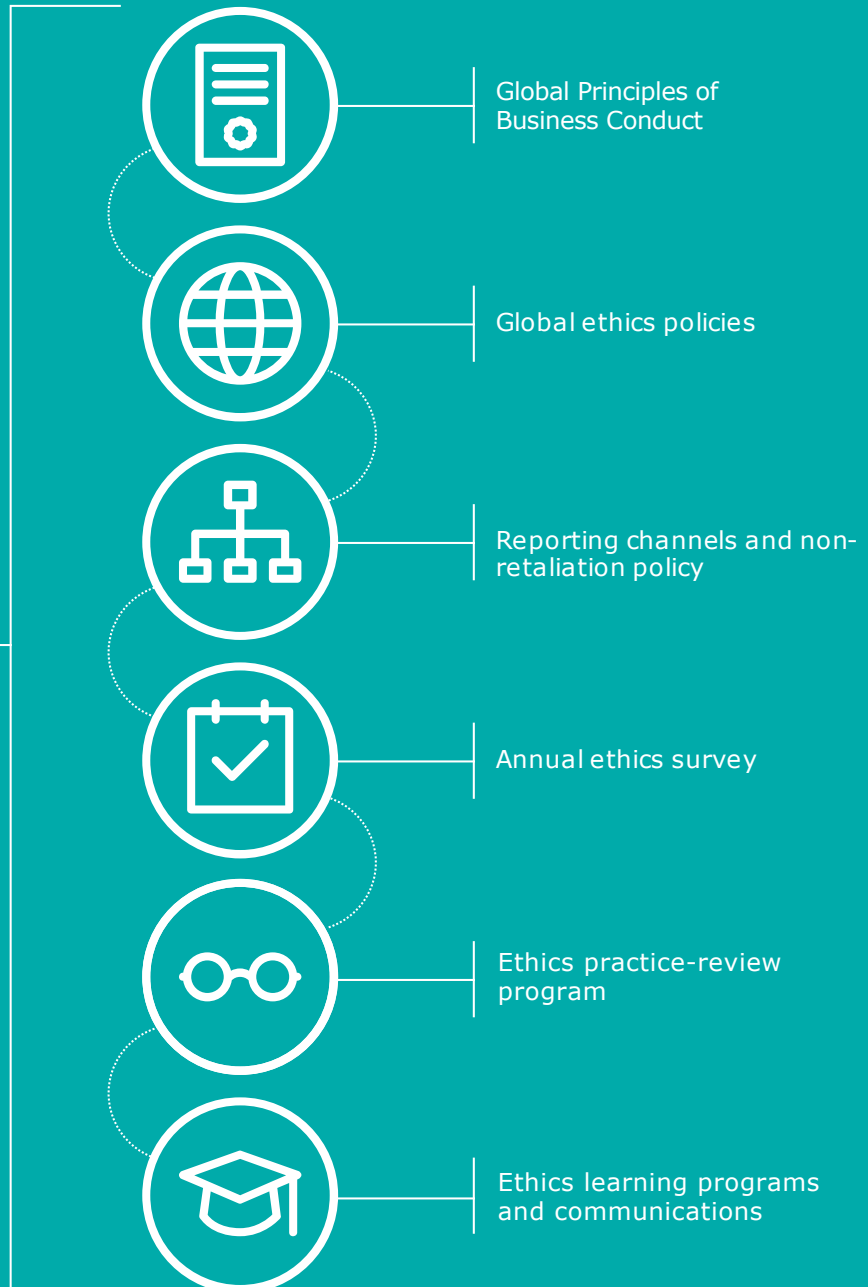
Deloitte Global Ethics and Integrity Imperative

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

Deloitte's Global Principles of Business Conduct ("Global Code") outlines Deloitte's ethical commitments as a network and expectations for Deloitte's approximately 286,000 people, giving a strong, principled foundation. The Deloitte Integrity Imperative amplifies the Global Code across the network by empowering leaders to set a strong tone from the top; encouraging people to speak up when they witness anything that runs counter to the Global Code; and helping Deloitte act quickly and appropriately in the face of misconduct.

The Deloitte Global Ethics team and member firm ethics officers work closely with senior Deloitte leaders to build and enhance the foundations of the network's ethics program, which is comprised of the following elements:

Elements of the Deloitte ethics program





Shaping the future of the audit profession

Management teams, audit committees, investors, regulators, and standard setters all play critical roles in shaping the environment in which audits are performed. We strive to engage with these parties, both formally and informally, to share, offer and debate ideas with the objective of ensuring the relevance of audit and assurance to the capital markets.

Appendices



Appendix A | EU EEA audit firms

Disclosure in accordance with Article 18(2)(b)(ii)-(iii) of the Accountancy Profession Act (Cap. 281) and Article 13.2(b)(ii)-(iii) of the EU Audit Regulation ⁽⁴⁾

EU/EEA Member State (Sub-Article (b)(iii): the countries in which each audit firm that is a member of the network is qualified as a statutory auditor or has its registered office, central administration or principal place of business)

Name of audit firms carrying out statutory audits in each Member State (Sub-Article (b)(ii): the name of each audit firm that is a member of the network)

EU/EEA Member State	Name of audit firms carrying out statutory audits in each Member State
Austria	Deloitte Audit Wirtschaftsprüfungs GmbH
	Deloitte Burgenland Wirtschaftsprüfungs GmbH
	Deloitte Niederösterreich Wirtschaftsprüfungs GmbH
	Deloitte Oberösterreich Wirtschaftsprüfungs GmbH
	Deloitte Salzburg Wirtschaftsprüfungs GmbH
	Deloitte Tirol Wirtschaftsprüfungs GmbH
	Deloitte Wirtschaftsprüfung Styria GmbH
Belgium	Deloitte Bedrijfsrevisoren / Réviseurs d'Entreprises CVBA / SCRL
Bulgaria	Deloitte Audit OOD
Croatia	Deloitte d.o.o. za usluge revizije
Cyprus	Deloitte Limited
Czech Republic	Deloitte Audit s.r.o.
Denmark	Deloitte Statsautoriseret Revisionspartnerselskab
Estonia	Deloitte Audit Eesti AS
Finland	Deloitte Oy
France	Deloitte & Associés
	Deloitte Marque & Gendrot
	Deloitte Marque Gendrot
	Audalian Commissaire
	BEAS
	Cisane
	Constantin Associés
	Constantin Entreprises
	Consultants Auditeurs Associés
	DB Consultants
	Durand & Associés
	ECA Audit
	Jacques Serra et Associés
Laurens Michel Audit	
Opus 3.14 Audit Et Conseil	



EU/EEA Member State	Name of audit firms carrying out statutory audits in each Member State
	Pierre-Henri Scacchi et Associés
	Revi Conseil
Germany	Deloitte GmbH Wirtschaftsprüfungsgesellschaft
	Deutsche Baurevision GmbH Wirtschaftsprüfungsgesellschaft
	SüdTreu Süddeutsche Treuhand GmbH Wirtschaftsprüfungsgesellschaft
Greece	Deloitte Certified Public Accountants SA
Hungary	Deloitte Könyvvizsgáló és Tanácsadó Kft.
Iceland	Deloitte ehf.
Ireland	Deloitte Ireland LLP - Republic of Ireland
Italy	Deloitte & Touche S.p.A.
Latvia	Deloitte Audits Latvia SIA
Liechtenstein	Deloitte (Liechtenstein) AG
Lithuania	Deloitte Lietuva, UAB
Luxembourg	Deloitte Audit
Malta	Deloitte Audit Limited
Netherlands	Deloitte Accountants B.V.
Norway	Deloitte AS
Poland	Deloitte Audyt spółka z ograniczoną odpowiedzialnością spółka komandytowa
	Deloitte Audyt spółka z ograniczoną odpowiedzialnością
Portugal	Deloitte & Associados, SROC S.A.
Romania	Deloitte Audit S.R.L.
Slovakia	Deloitte Audit s.r.o.
Slovenia	Deloitte Revizija d.o.o.
Spain	Deloitte, S.L.
Sweden	Deloitte AB
United Kingdom	Deloitte LLP
	Deloitte Gibraltar Limited
	Deloitte NI Limited

Disclosure in accordance with Article 18(2)(b)(iv) of the Accountancy Profession Act (Cap. 281) and Article 13.2(b)(iv) of the EU Audit Regulation

The total turnover achieved by the audit firms that are members of the network, resulting from the statutory audit of annual and consolidated financial statements: € 2 billion⁵

4. EU Regulation 537/2014 on specific requirements regarding statutory audit of public-interest entities

5. Amount represents an estimate determined based upon best efforts to collect this data. Certain Deloitte audit firms registered to perform statutory audits in respective Member States provide statutory audit services as well as other audit, assurance and non-audit services. While Deloitte endeavoured to collect specific statutory audit turnover for each EU/EEA Deloitte audit firm, in certain cases turnover from other services has been included. The turnover amounts included herein are as of 31 May 2019, except for a limited number of instances where a Deloitte audit firm has different financial year-end or has not finalised its reporting for such period. In these cases, turnover amounts are for the relevant financial year or preceding financial year. Where currency other than Euros is used in the Member State, the amount in Euros was translated using an average exchange rate in effect for the period 1 June 2018 to 31 May 2019.



Appendix B | Financial information

Disclosure in accordance with Article 18(2)(k) of the Accountancy Profession Act (Cap. 281) and Article 13.2 (k) (i)-(iv) of the EU Audit Regulation

Breakdown of Deloitte Malta's turnover for the financial year ended 31 May 2019:

Turnover	€ '000
Statutory audit (PIEs or PIE subsidiaries)	1,969
Statutory audit (non-PIEs or non-PIE subsidiaries)	6,147
Non-audit services (audited clients)	3,996
Non-audit services (other entities)	22,643
Total	34,755



Appendix C | Public interest entities

Disclosure in accordance with Article 18(2)(f) of the Accountancy Profession Act (Cap. 281) and Article 13.2 (f) of the EU Audit Regulation

Deloitte Audit Limited issued statutory audit reports during the financial year ended 31 May 2019 on the entities listed in the table (as indicated) that fell within the definition of Public Interest Entity (PIE) during the financial period covered by the audit report.

The Maltese Accountancy Profession Act defines PIEs as entities governed by the law of an EU Member State whose transferable securities are admitted to trading on a regulated market of any EU Member State, a credit institution (e.g. a bank) or an insurance company. Full definitions referencing applicable EU legislation are set out in Article 2(1) of the Accountancy Profession Act (Cap. 281).

Any entity that would otherwise fall within the definition of PIE but which was not governed by the law of an EU Member State and / or whose transferable securities were admitted to trading on a market other than a regulated market of any EU Member State, has been designated as an Other Entity of Public Interest.

The Maltese Minister for Finance may from time to time designate other entities as PIEs, for instance entities that are of significant public relevance because of the nature of their business, their size, or their number of employees. To date, there are no such other entities that have been designated as PIEs.

Company	Audit Report Issued between June 2018 and May 2019	Credit Institution	Insurance Company	Listed Equity	Listed Debt	Listed Funds
Advent Insurance PCC Limited	Yes		•			
AgriBank plc	Yes	•				
AGRIHOLDINGS PLC**	Yes				•	
APS BANK P.L.C	Yes	•				
APS Funds SICAV p.l.c.	Yes					•
BRAIT SE**	Yes			•	•	
BRAY INSURANCE COMPANY LIMITED	Yes		•			
CC FUNDS SICAV PLC	Yes					•
Citadel Insurance p.l.c.	Yes		•			
FMG China Fund Limited**	Yes*					•
FMG Combo Fund Limited**	Yes*					•
FMG India Opportunity Fund Limited**	Yes*					•
FMG Iraq Fund Limited**	Yes*					•
FMG Middle Sea North Africa (MENA) Limited**	Yes*					•
FMG Rising 3 Fund Limited**	Yes*					•



Company	Audit Report Issued between June 2018 and May 2019	Credit Institution	Insurance Company	Listed Equity	Listed Debt	Listed Funds
FORTEGRA EUROPE INSURANCE COMPANY LTD	Yes		•			
HIGHDOME PCC LIMITED	Yes		•			
IDA INSURANCE LIMITED	Yes		•			
LIME STREET INSURANCE PCC LIMITED	Yes		•			
MALTA INTERNATIONAL AIRPORT P.L.C.	Yes			•		
MANGROVE INSURANCE EUROPE PCC LIMITED	Yes		•			
MARINER FINANCE P.L.C.	Yes				•	
ORLEN INSURANCE LTD	Yes		•			
RS2 Software p.l.c.	Yes			•		
TravelJigsaw Insurance Limited	Yes		•			

* Denotes non-statutory audit

** Denotes other entity of public interest

Deloitte
Deloitte Place
Triq L-Intornjatur
Central Business District CBD3050
Malta

T: +356 2343 2000
E: info@deloitte.com.mt

www.deloitte.com/mt

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