

**Deloitte.**



2022 Transparency Report  
Deloitte Audit Limited

September 2022



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# Deloitte Audit Limited Leadership message<sup>1</sup>

Welcome to our Audit Transparency Report for the year ended 31 May 2022. 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) and of the European Union's Regulation 537/2014 on specific requirements regarding the statutory audit of public interest entities.

This report is being released at a time dominated by considerable uncertainty. Although the threat of the COVID-19 pandemic continues to recede, the landscape of uncertainty persists in the wake of unprecedented geo-political volatility and a surge in global economic uncertainty. The global outlook continues to deteriorate markedly amid high inflation, aggressive tightening of monetary policy and significant strains on global supply chains. This backdrop presents an enormous challenge to governments, businesses and households that must be resilient to navigate the disruptions caused by the current geopolitical and economic climate. The deteriorating economic environment is also being felt domestically as manifested by the considerable upward inflationary pressures, government measures to cushion in part these impacts, and tight labour market conditions.

This challenging environment and unprecedented uncertainty invariably has a bearing on the audit landscape. In the face of these complexities, the firm remains focused on audit quality. The firm is continuously adapting to the evolving

risk landscape and continues to deliver high quality audits that keep pace with the changing economic, business and regulatory environment. The firm recognises the pivotal role that it plays in sustaining trust and confidence in the integrity of the corporate reporting ecosystem and it remains firmly committed towards achieving the highest standards of audit quality and integrity, embedding a desired audit culture and maintaining high ethical standards.

**“The adoption of ISQM will further enhance the robustness of our approach to managing the quality of audit engagements, proactively monitoring and remediating risks to audit quality and driving improvements in quality control processes”**

Implementation of the new International Standards on Quality Management (ISQM) is a major initiative that is currently underway and the firm's level of preparedness is broadly on track to comply with the implementation deadline. The adoption of ISQM will further enhance the robustness of the firm's approach to managing the quality of audit engagements, proactively monitoring and remediating risks to audit quality and driving improvements in quality control processes.

The firm looks forward to furthering its constructive engagement with regulatory bodies and other stakeholders on emerging themes and matters pertinent to the



audit landscape. Important themes such as environmental, social and governance (ESG) accountability is a growing area of interest for businesses, investors, regulators and society at large. The firm continues to increase awareness on ESG related matters so as to be well placed to support the firm's clients on ESG related impacts and dependencies.

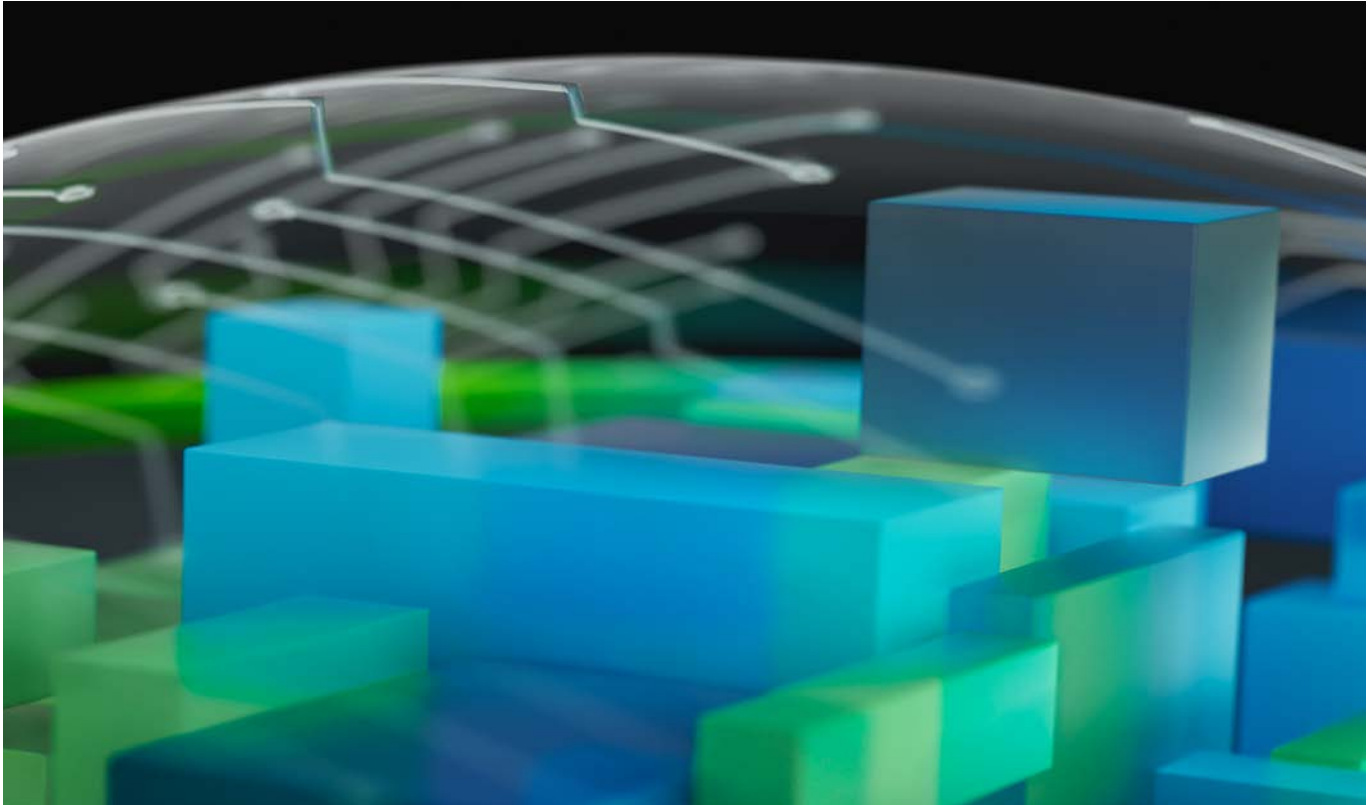
The firm values the importance of and is strongly committed to its audit practice as evidenced by the firm's ongoing investment in technology and in its people. The firm recognises that audit quality is an ongoing journey and there are always opportunities to improve. The firm embraces this challenge with enthusiasm and the opportunity to continue making an impact by consistently achieving the highest standards of audit quality and integrity.

I trust that you will find this report interesting and insightful.

**Marc Alden**  
Chief Executive Officer (CEO)  
Deloitte Malta  
30 September 2022

<sup>1</sup>Throughout this report, the terms "Deloitte, we, us and our" refer 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. 3 or click [here](#).

# Deloitte network



## **Deloitte Malta: legal structure and ownership**

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 having registration number C 51312.

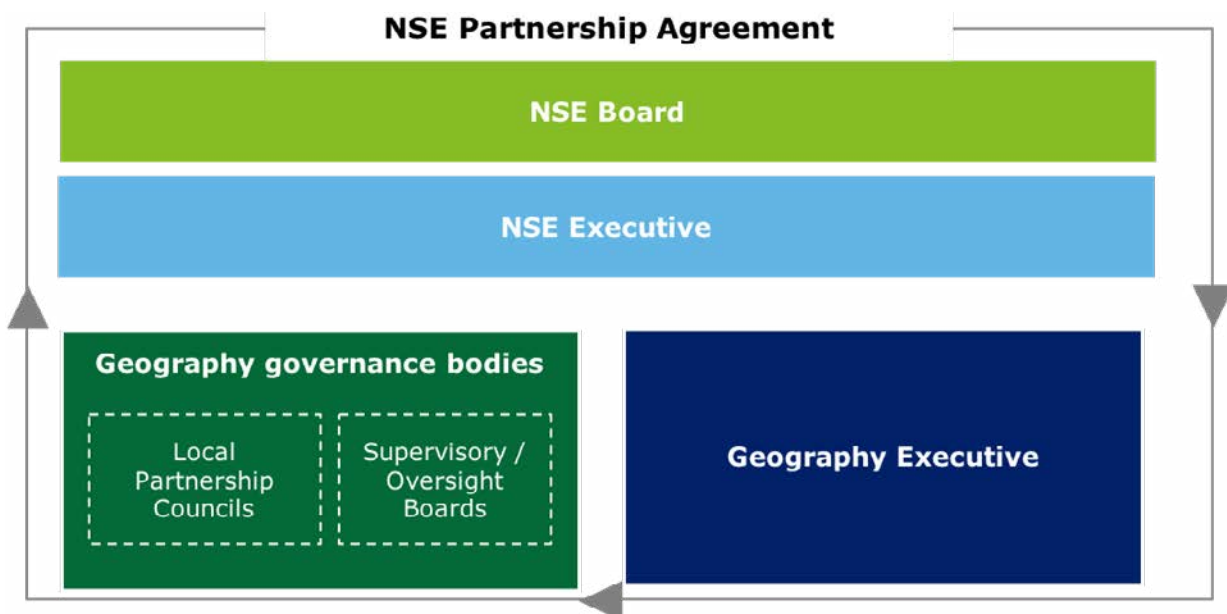
On 1 June 2019, the Deloitte Central Mediterranean member firm (comprising the Deloitte practices in Italy, Greece and Malta) combined with Deloitte NSE LLP.

With effect from 1 June 2020, Deloitte NSE LLP is the member firm of DTTL for Bahrain, Belgium, Cyprus, Denmark, Egypt, Finland, Greece, Iceland, Iraq, Ireland, Italy, Jordan, Kuwait, Lebanon, Libya, Malta, the Netherlands, Norway, Oman, Palestinian Ruled Territories, Qatar, Republic of the Sudan, Saudi Arabia, Sweden, Switzerland, United Arab Emirates, the United Kingdom and Yemen.

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 the Italian company 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.

### Deloitte NSE LLP (NSE) Governance

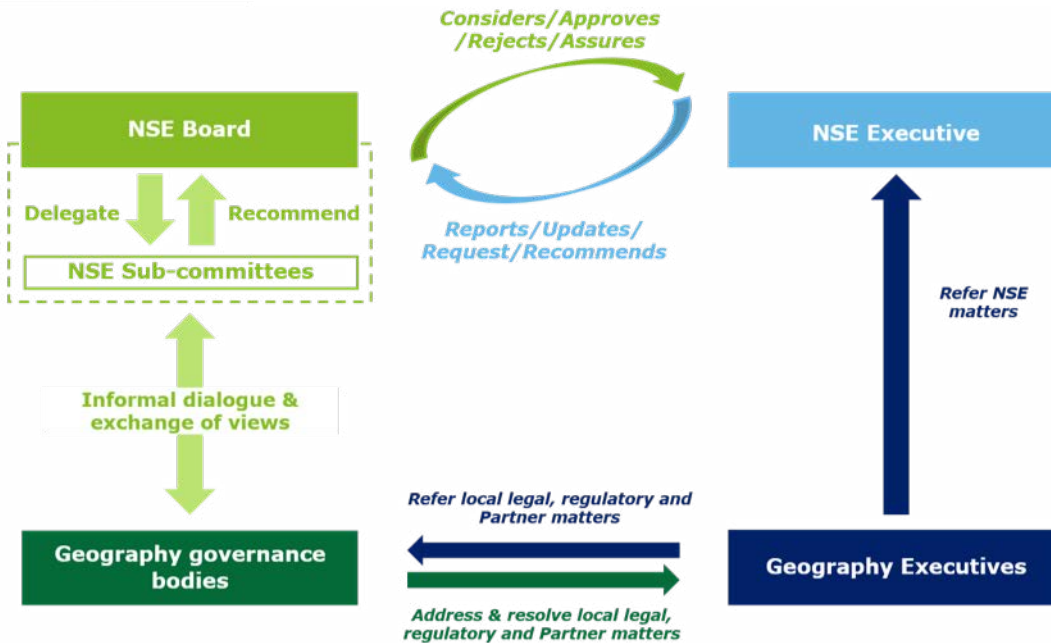
The NSE governance structure consists of the NSE Board, NSE Executive, Geography governance bodies and Geography Executives, underpinned by the NSE Partnership Agreement:



- 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:

**Governance Structure**



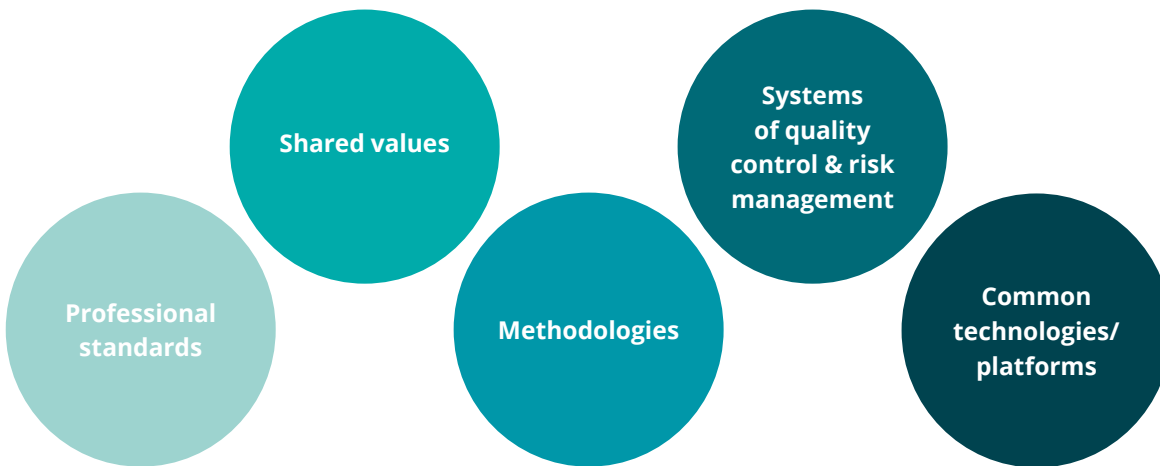
**Deloitte NSE Board sub-committees**

<p><b>Audit &amp; Risk (Standing)</b></p> <ul style="list-style-type: none"> <li>Oversee the appointment of internal and external auditors to the firm</li> <li>Oversee audit quality in accordance with applicable regulations</li> <li>Oversee the level of risk acceptable in each business area</li> <li>Provide oversight and support to the national practices in the delivery of audit quality and local legal and regulatory compliance</li> </ul>
<p><b>Public Interest Oversight (Standing)</b></p> <ul style="list-style-type: none"> <li>Oversee public interest matters as they affect NSE</li> </ul>
<p><b>Partner Matters &amp; Fairness (Standing)</b></p> <ul style="list-style-type: none"> <li>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</li> <li>Ensure fairness between NSE Equity Partners across all Geographies</li> </ul>
<p><b>Nomination (Standing)</b></p> <ul style="list-style-type: none"> <li>Produce a shortlist of potential candidates and recommend to the Board a final list of candidates to stand in Board elections</li> <li>Ensure diversity requirements are met in the composition of the Board</li> </ul>
<p><b>Elected Leader (event driven)</b></p> <ul style="list-style-type: none"> <li>Oversee selection of candidates for NSE Chair and NSE CEO roles</li> <li>Run the election process and present proposals for NSE Chair and NSE CEO candidates to the full NSE Board for approval</li> </ul>
<p><b>Governance &amp; Composition (event driven)</b></p> <ul style="list-style-type: none"> <li>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</li> </ul>
<p><b>Remuneration (event driven)</b></p> <ul style="list-style-type: none"> <li>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</li> </ul>
<p><b>Compensation &amp; Partner Units (event driven)</b></p> <ul style="list-style-type: none"> <li>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</li> </ul>
<p><b>Transactions &amp; Major Projects (event driven)</b></p> <ul style="list-style-type: none"> <li>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</li> <li>Oversee major projects as directed by the Board and ensure that the interests of the firm are protected</li> <li>Consider, report to the Board on and make recommendations to the Board on major transactions or other significant investments</li> </ul>

## 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 Touche Tohmatsu Limited (DTTL or Deloitte Global)

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

"Deloitte" is the brand under which approximately 345,000 dedicated professionals 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.

### **Deloitte Malta: governance – leadership in action**

The leadership and management of the firm is 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 the firm seeks 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 (Board)**

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

The Board was comprised of the Chief Executive Officer and all of the firm's directors and met on a quarterly basis.

### **The Operations and Management Committee**

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

During the year under review, Marc Alden was the firm's Chief Executive Officer (CEO).

The following were the members of the Deloitte Malta Operations and Management Committee during the year ended 31 May 2022, who were appointed by the CEO to serve for the period in which he is in office:

Marc Alden (CEO) - Committee Chair  
Raphael Aloisio (Financial Advisory Business Leader)  
Conrad Cassar Torregiani (Tax Business Leader)  
Ian Coppini (Risk Advisory Business Leader)  
Sarah Curmi (Audit & Assurance Business Leader)  
Caroline Cassar Reynaud (People & Purpose Leader)  
Angela Fleri Soler (Risk & Reputation Leader)

Monthly meetings are held between the directors authorised to sign audit reports on behalf of the firm. These meetings are led by Sarah Curmi (Audit & Assurance Business Leader) and deal with the development and implementation of the strategy for the Audit & Assurance practice. In all of their activities Deloitte Malta Audit & Assurance directors are responsible for the overarching objective of audit quality, including compliance with applicable professional standards and regulatory requirements. This includes ensuring that there is the required level of focus, investment and resources to implement the required quality standards and oversight at an operational level. 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.

### **Compliance Principal**

For the purpose of the Accountancy Profession Act (Cap.281), David Delicata is the firm's Compliance Principal.



### 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, Deloitte Digital and Technology Limited, Deloitte Advisory and Technology Limited, and Malta International Training Centre Limited were beneficially owned by those limited liability companies comprising the Deloitte Malta partnership (hereinafter referred to as the "Ownership Entities") and DCM Limited. 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 the 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.

Through its interest in DCM Limited, DCM is vested with certain rights and powers with respect to the Deloitte Civil Partnership and the aforementioned operating entities.

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, directly or indirectly, in Deloitte Audit Limited, Deloitte Services Limited, Deloitte Technology Solutions Limited, Deloitte Digital and Technology Limited, Deloitte Advisory and Technology Limited, and Malta International Training Centre 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 2022, is set out on the following page.

During the year under review, the Deloitte Foundation continued to support worthy causes in the community as part of its shared values.

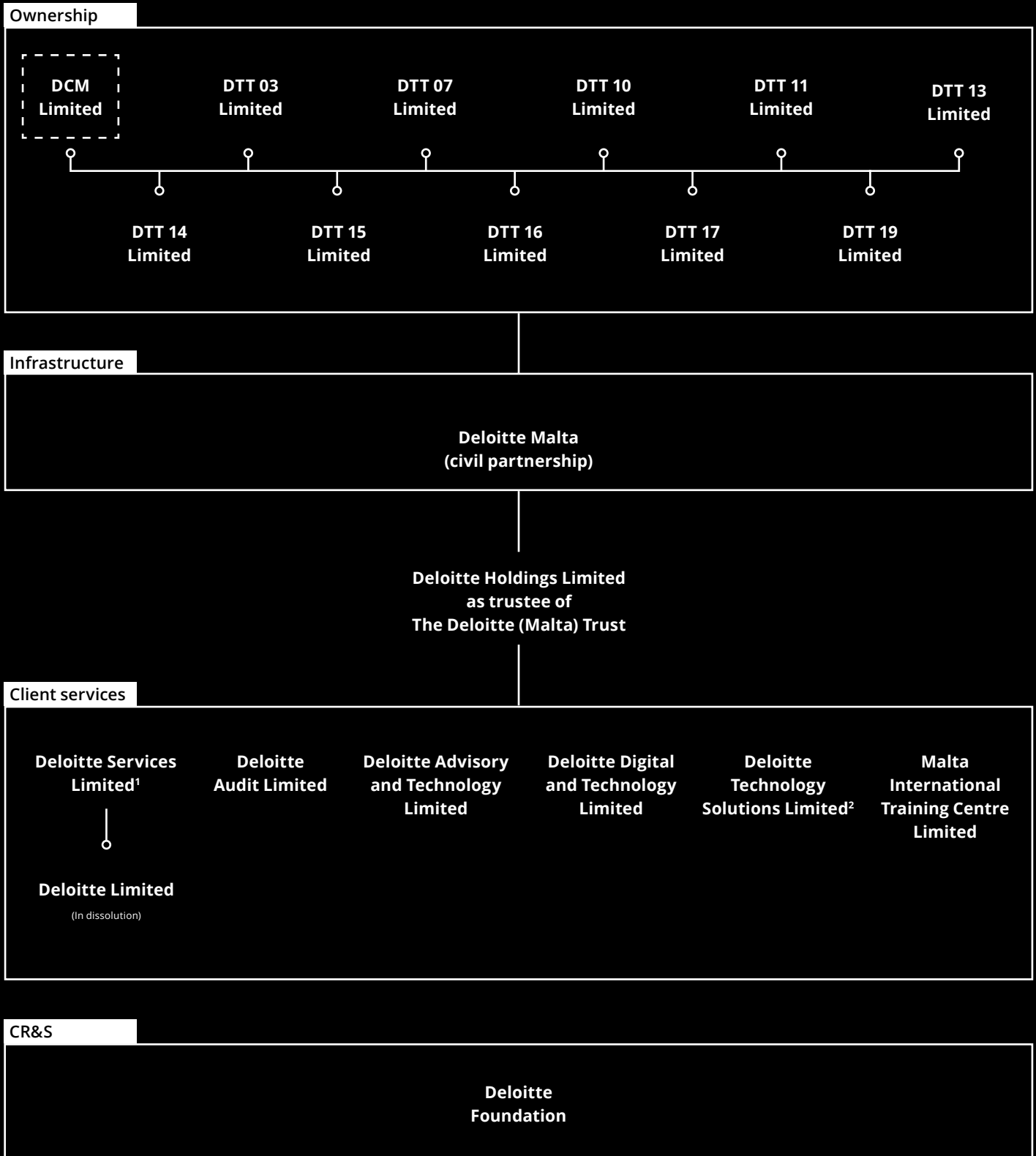
### Directors of the firm

The table below sets out the individuals who were directors of the firm during the year ended 31 May 2022 and expressly identifies those directors authorised to sign audit reports on behalf of the firm during the said period:

Name	Authorised to sign audit reports on behalf of the firm
Marc Alden	
Raphael Aloisio	
Michael Bianchi	✓
Roseanne Bonello	
Antoine Carabott	✓
Chris Borg	
Nick Captur	
Caroline Cassar Reynaud	
Conrad Cassar Torregiani	
Ian Coppini	✓
Chris Curmi	
Sarah Curmi	✓
David Delicata	✓
Jonathan Galea	
Mark Giorgio	✓
Damian Heath	
Ludwig Micallef	
Angela Fleri Soler	
Craig Schembri	
Bernard Scicluna	✓
Matthew Xuereb	
Michael Zarb	
Rachel Zarb Cousin	
Annabelle Zammit Pace	✓

In addition to the above, Giselle Cini is authorised as a Principal of the firm.

The Deloitte Malta organisation chart



<sup>1</sup>Changed its name to Deloitte Tax Services Limited on 13 June 2022  
<sup>2</sup>Amalgamated into Deloitte Digital and Technology on 17 June 2022

# Our purpose and commitment: instilling trust and confidence

At Deloitte Malta, our purpose is to make an impact that goes beyond the expected. For Audit & Assurance, this means a constantly evolving audit and assurance process, leveraging leading-edge technology, applying a diversity of skillsets, knowledge, and experience to deliver high quality services. We take great pride in instilling confidence and trust in the capital markets and 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 making leading contributions to shaping the future of the audit profession.



# What Deloitte Audit & Assurance brings to capital markets

## A focus on audit quality

Deloitte's commitment to audit quality permeates everything we do. The independent audit is a central element of the financial reporting ecosystem, in place to protect investors and other stakeholders, as well as to promote the effective functioning of the capital markets. Deloitte is keenly aware of 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 financial 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. Deloitte is going beyond the expected to set the standard of excellence for the profession. In keeping with that objective, our commitment to audit quality is unequivocal.

## Deloitte Global leadership

The Deloitte Global Audit & Assurance Executive is led by Jean-Marc Mickeler, the Deloitte Global Audit & Assurance Business Leader, whose responsibilities include developing and driving Deloitte Global Audit & Assurance strategy, with a priority focus on quality:

- Setting the standard for audit quality 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.
- Leading transformational initiatives to innovate the way our audits are executed to meet the evolving needs of our stakeholders.

## Entities Deloitte audits

As part of Deloitte's Audit & Assurance commitment to supporting the capital markets, we are focused on auditing entities where it serves the public interest and where we have the capabilities to perform a quality audit with objectivity and in compliance with applicable professional standards and laws and regulations, including those relating to ethics and independence.

Deloitte Malta has 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 Deloitte Malta will only accept or continue with engagements where it:

- Is able to perform the engagement and has the capabilities, including time and resources, to do so.
- 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.
- Considers the client's management team to act with integrity and in alignment with our shared values.

The company we keep is an important aspect of our Audit & Assurance strategy and global shared values that guide our behaviour 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? In order to answer this question, an audit and assurance risk appetite statement has been developed to serve as the foundation for the company we want to keep. The risk appetite statement can be used as a tool to promote robust discussion of risk, and as a basis upon which acceptance and continuance decisions can be debated and challenged effectively and credibly. The statement, as shown below sets the tone for the risk culture and aims to drive global consistency in the engagement acceptance and continuance decision making process:

Deloitte's Audit & Assurance (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 control processes, policies and procedures to make informed decisions aligned to our strategy and values.

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

**Fewer, stronger member firms**

Within the Deloitte member firm structure, Deloitte Malta is part of the Central Mediterranean Geography within the North and South Europe member firm. As a locally registered and regulated audit firm in Malta, we have decision-making authority regarding regulatory matters and professional obligations and maintain ultimate responsibility for the execution of audit and assurance services in accordance with local laws and regulations. As a member of a combined firm within the Deloitte network, we work in close cooperation with the other geographies in the North and South Europe member firm and benefit from additional oversight of quality, risk management, and monitoring activities. This structure fosters shared investment in audit innovation and resources as well as the sharing of leading practices across geographies, contributing to our collective aspirations of continuous improvement in audit quality.

**Audit & Assurance – the future, today**

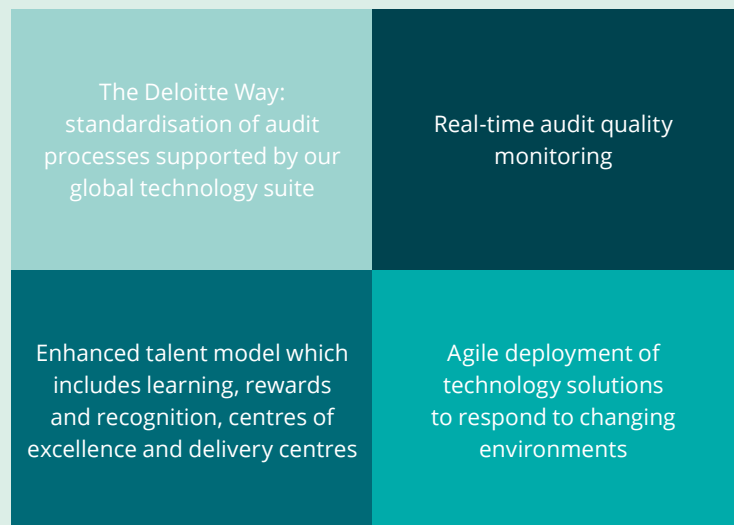
At Deloitte, meeting expectations is where our Audit & Assurance services begin.

Our people’s commitment to integrity, to serve the public interest, and to deliver high quality assurance over the areas that matter most to our stakeholders is at the core of everything we do.

We are leaders in quality and will continually deliver on this commitment by focusing on excellence across people, process, and technology. Each of these core components helps us to deliver our vision for a better future, creating an impact that not only meets expectations but goes beyond them.

What does this look like? A constantly evolving audit and assurance practice, leveraging bright minds, effective processes, and world-class technologies from across our global organization while drawing on our years of experience. We deliver high quality services in an efficient and effective way that upholds integrity, builds confidence, and drives value by focusing on what really matters.

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



**Delivering audit excellence through process, people, and technology transformation<sup>2</sup>**

With The Deloitte Way, Deloitte is bringing innovation into the core of how our audits are executed: with automation that improves routine tasks, analytics that yield a deeper and more insightful view into the data, and artificial intelligence that enhances human discovery and problem-solving. As a result, we are improving the quality of the audits we deliver while also creating a richer talent experience for our people and giving clients a streamlined, digital audit experience, that provides more transparency and deeper insight.

Innovation and technology enablement are an expectation in today's fast-changing business environment, and this expectation holds true for the audit profession as well. Today's complex business environment requires that the audit be dynamic, multidimensional, and insightful. There is a demand for real-time, relevant information, and we need to evolve our audits as the entities we audit innovate their businesses and processes. Leveraging evolving technology and data, Deloitte A&A delivers deeper insights to create more consistent, transparent, and valuable audit and assurance for our stakeholders. Deloitte brings bright minds, effective processes, and world-class technologies from across the global organisation to deliver an impact beyond expectations.

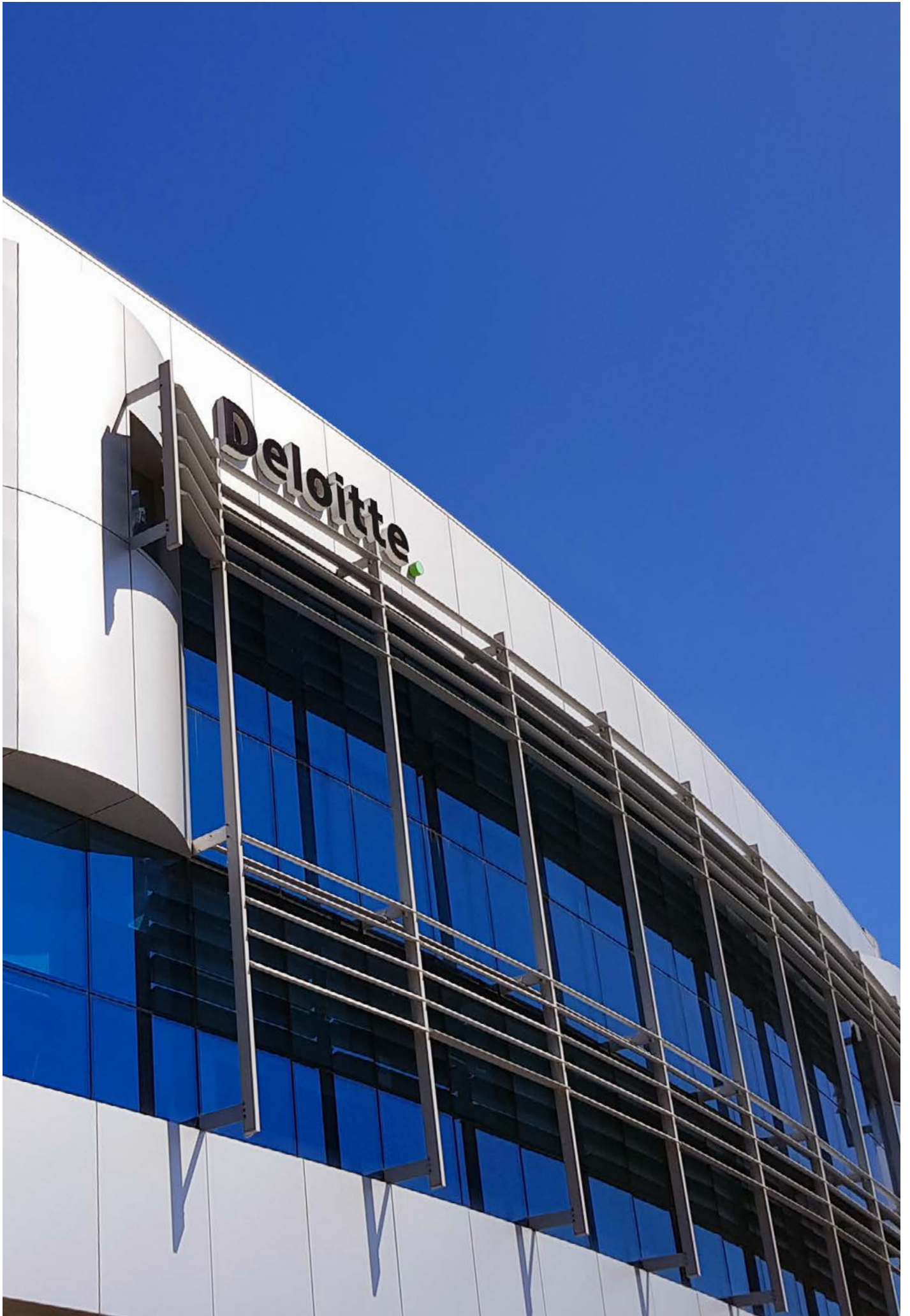
Deloitte is committed to the continued investment in emerging technologies and diversity of thought that enables the delivery of enhanced quality, insights, and value to our clients and the markets. Deloitte's holistic global audit platforms, Deloitte Omnia and Deloitte Levvia, demonstrate Deloitte's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

cloud-based, end-to-end audit delivery platform for larger audits, including publicly-listed entities, while Deloitte Levvia delivers a streamlined, right-sized digital audit experience for select private entities. Ongoing development, enhancement, and broader deployment of both platforms will continue over the next several years. Deloitte also has designed an innovative global data and analytics solution, and our integrated suite of enabling innovation technologies are all connected in the cloud.

Deloitte Malta is committed to a journey of local implementation of Deloitte global innovation initiatives and cloud-hosted solutions. This includes use of Levvia, which provides the latest cutting-edge technology for the audit of smaller non-complex entities common in the local market; Audit Online that provides support for the Deloitte Way Workflows and guided risk assessments; and 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 follow progress in the development and roll-out of Omnia.

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



### Auditing in disruptive times

In recent years the world has experienced a period of exceptional challenges and uncertainty, from the societal changes caused by the COVID-19 pandemic to the humanitarian crisis brought on by the war in Ukraine. These momentous shifts have brought unprecedented speed of change to the profession, and throughout this period, Deloitte has prioritised the safety and wellbeing of its people. In times of global complexity and economic uncertainty, the need for high quality audit and assurance services is critical. Now more than ever, investors and stakeholders are looking to auditors to bring trust and objectivity to capital markets.

Despite the unique challenges of the current environment, Deloitte Malta has not wavered in its commitment to ethics, integrity, independence, and transparency - all while serving the public interest. We recognise the importance of upholding our professional responsibilities and our role in instilling trust in the financial reporting ecosystem. We continually reinforce the following principles with A&A practitioners:

- Exercise professional scepticism and due professional care
- Critically evaluate the quality of audit evidence obtained and whether it is sufficient and appropriate to address the risk
- Make well-reasoned professional judgments supported by clear documentation
- Foster a culture of consultation
- Stay connected and support one another

In this period of continued uncertainty, all stakeholders of the financial reporting ecosystem (including governments, financial institutions, entity management, those charged with governance, auditors, and investors) must exercise significant judgment. This includes an awareness of the heightened risk of fraud, the presence of new or different risk factors, and potential changes in internal control environments. Although 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.





Deloitte welcomes the public statements and guidance issued by regulators that recognise the current uncertainties and emphasise the importance of high quality, forward-looking corporate disclosures. There is benefit to the public for greater transparency from various financial reporting ecosystem stakeholders raising awareness about these issues. This includes providing more clarity on the responsibilities of directors, audit committees, companies, auditors, regulators, and other stakeholders.

The professional standards, Deloitte policies and guidance, strong consultation and specialist networks, and steadfast diligence continue to be the basis for Deloitte's execution of high quality audits. Deloitte's global technology and infrastructure have allowed for an agile and rapid response to the various disruptions to the workplace, including the

shift to virtual working. Deloitte Global continues to provide firms with globally relevant and locally adaptable audit resources and guidance. These responses have allowed us to continue to reinforce the execution of the Deloitte audit approach throughout this historically challenging period.

The transformation of audit delivery in an increasingly dynamic work environment has led Deloitte to respond to the rapidly changing needs and requirements of the talent landscape. This includes challenging historical working methods and supporting its people in a hybrid working environment.

Going forward, Deloitte Malta will continue to focus its efforts and provide a consistent audit experience in a way that embraces the evolving expectations of the entities we audit and our people.

### Multidisciplinary model (MDM)

Throughout the Deloitte network, Deloitte's robust multidisciplinary business model (MDM)—consisting of audit, advisory, tax, and consulting practices—is an important contributor to the performance of high quality audits. This unique model purposefully connects Deloitte's great breadth of professionals and practitioners with a profound depth of experience, skills, and specialties to bring stronger insights and high quality services. Auditors increasingly use the work of specialists in a number of areas, including to assist in their evaluation of accounting estimates and fair value measurements. This has been more important than ever as companies' financial statements were required to reflect the uncertainties presented by COVID-19 and ensuing macroeconomic factors. Further, the scope of corporate reporting is expected to grow rapidly in the near future where financial statements and corporate disclosures will continue to become more complex due to new ESG considerations and other focus areas. In addition, as big data utilisation becomes more pervasive in line with other digital advances, the demand for data analysts and IT specialists will grow accordingly. Among the benefits of the MDM are:

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

Deloitte acknowledges, however, the possibility and perception of conflicts of interest, and therefore has robust 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 what professional standards or laws or regulations require.



### **Environmental, social, and governance (ESG) reporting<sup>3</sup>**

The foundations of business are changing rapidly, long-term resiliency and the ability to create enduring value is directly linked to alignment with the values and expectations of society. Market participants and broader stakeholders are calling for greater insight into how an organisation is going to build, protect, and enhance enterprise value over time, and are specifically demanding enhanced transparency around ESG impacts and the dependencies of a company's business model and strategy.

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

In response to growing demand, the reporting landscape is quickly changing to meet the needs of stakeholders, with proposed standard setting through the International Sustainability Standards Board and rulemaking around the world. The developments in standard-setting and rulemaking are intended not only to create transparency and consistency in global baseline reporting, but also to make clear that information in financial reporting and information contained in sustainability reporting together are essential inputs to inform a stakeholders' view of an entity's value.

With the increased focus and scrutiny of this information also comes the increased need for confidence over the quality of the information being disclosed, which may be achieved through assurance over ESG information. Deloitte believes that there is a benefit to ESG assurance being provided by an audit firm. Objectivity, credibility, and integrity are qualities valued most in assurance providers. These are in addition to independence, professional scepticism, commitment to quality, and appropriate training that are equally critical.

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<sup>3</sup> For more information about Deloitte audit innovation, please refer to Deloitte [Global Impact Report](#).

Below are specific actions that Deloitte is undertaking to support execution of high quality audits that give appropriate consideration to climate-related risks and opportunities:

- Educating Deloitte professionals on climate change and the impact on audit entities through the deployment of materials such as a climate learning curriculum, a framework and related guidance to consider climate-related matters as part of the audit.
- Engaging in the global debate by being proactive in supporting global sustainability standards, through facilitating the five sustainability reporting standard-setting bodies and contributing to the IFRS Foundation's climate disclosure work and actively participating in various global platforms such as the World Economic Forum and the 2021 United Nations Climate Change Conference (COP 26).

- Developing a team of local professionals to support and deliver high quality climate-related engagements.

Deloitte supports the continued collaboration of all participants in the financial reporting ecosystem, working together to develop and implement common standards upon which to measure, disclose, and ultimately assure ESG information.

Further, to help the world achieve the goals of the Paris Agreement, Deloitte has launched [WorldClimate](#), a strategy to drive responsible climate choices within the Deloitte network and beyond.

**WorldClimate**  
**and you**  
Let's tackle climate  
change together



## Professional development and performance management

Deloitte's culture of excellence and the design of learning programs place people at the forefront. Deloitte practitioners are technically proficient with high levels of ethics, integrity, professional scepticism, and objectivity, applying their judgment and experience with passion and commitment. We are continuously enhancing our skillsets, knowledge, and experience to go beyond the expected and deliver meaningful impact.

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

Deloitte practitioners bring diverse backgrounds, knowledge, and skillsets that enhance capabilities as an organisation in delivering the highest quality audits. Deloitte is united in the commitment to our ALL IN program dedicated to improving diversity, equity, inclusion, and innovation.

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

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



### Learning and development initiatives

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

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

- At the core, Deloitte has a single, global mandatory audit technical learning curriculum, tailored for learners by level, using a dynamic blend of live instructor-led, digital on-demand courses, and on-the-job activities.
- All client service practitioners 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). Furthermore, warrant holders and members of the Malta Institute of Accountants must, on an annual basis, obtain a minimum of 25 hours of structured CPE, 10 of which must be related to core competencies, as well as 15 hours of unstructured CPE.
- All client service practitioners have clearly defined role expectations and global Talent Standards which outline the capabilities that are required of practitioners at each level.

Deloitte has also established specific learning opportunities for specialists working on audit engagements to support their knowledge and understanding of the audit process. In addition, our assurance learning offering is being expanded to respond to emerging business needs.

The objective of the Deloitte Malta professional development program is to help directors and professionals maintain and enhance their professional competence and ensure consistency 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 & Assurance Curriculum.

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 other professionals are monitored by the HR department using the Deloitte learning platform.

All members of staff are assigned to a team leader who is responsible for their development and well-being within the firm. A centralised team ensures that the global mandatory audit technical learning curriculum for auditors is implemented in accordance with the guidelines set by the Global Audit & Assurance Learning (GAAL) team. Monitoring is also carried out by the centralised team and assisted by the HR department, to ensure that the CPE requirements are adhered to and CPE documentation is submitted on an annual basis.

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 Audit & Assurance Talent Standards have been developed to be used by member firms as guidelines in the employee life cycle.

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
- Technical/specialised capabilities - applicable to a specific group within a Talent Model.

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

### Deloitte University

Deloitte actively cultivates the collective knowledge and skills of Deloitte people globally through continued investment in Deloitte Universities (DU). These are state-of-the-art learning and development centres focused on Deloitte culture and founded in the principles of connectedness and leadership in a highly inclusive learning environment.



### Audit & Assurance (A&A) Leadership appointments

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

### Attraction and retention

The current environment for talent is extremely competitive and attraction and retention of our people is a strategic priority for Deloitte. We acknowledge the challenges our people are facing and recognise our part to re-establish the connections that so many have missed. Deloitte is focused on transforming the A&A talent experience, including reimagining the ways of working to improve retention and further advance the diversity, equity, and inclusion (DEI), and wellbeing of Deloitte people. We are looking at opportunities to collectively expand the talent experience. This focus on our people and retention of top talent enhances Deloitte's ability to deliver high quality audits.



Despite the challenges, Deloitte has again received the award for the World's most attractive professional services employer from Universum in 2021.

### Directors' 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 director selection process which is thorough and robust.

In accordance with global policies, Deloitte Malta's directors are evaluated on a yearly basis, and depending on the outcome of the evaluation, the remuneration of directors may increase or decrease. Directors 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.

## 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, nonprofits, and communities, we aim to achieve lasting social impact for the greater good.



# Deloitte's priority focus on audit quality

Deloitte's commitment to audit quality is central to everything we do. We continually 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 control. Making sure audit quality keeps pace with emerging economic, business, and regulatory conditions, as well as technological advances, is critical to the continual enhancement of Deloitte's role in protecting the public interest and supporting the effective functioning of the financial ecosystem.



### **Leadership commitment and tone at the top**

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

### **System of quality control**

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

Regulators and standard setters in Malta and globally are also focused on driving further improvements in firms' systems of quality control. In December 2020, the IAASB released its new, revised suite of quality management standards, including International Standard on Quality Management 1 ("ISQM 1"). Systems of quality management in compliance with ISQM 1 are required to be designed and implemented by 15 December 2022, and an evaluation of the system of quality management will be required to be performed within one year following that date.

The effective implementation of ISQM 1 is a key element of Deloitte's global audit quality strategy. Deloitte Malta's ISQM 1 implementation activities are well progressed, building on the multi-year investments and commitment already delivered to go beyond the requirements of the existing professional standards. Deloitte Malta continues to work with leaders across the firm, as well as the broader network, to further enhance our proactive approach to managing the quality of engagements performed - identifying and addressing risks to audit quality and driving continued advancements in quality control processes that will serve us well into the future as the environment within which we operate continues to evolve and become increasingly complex.

Consistent with Deloitte's culture of continuous improvement and innovation, these standard setting activities provide the opportunity to challenge ourselves—examining those areas where we can further support and transform the system of quality control. Audit quality is always front and centre, and

robust audit quality monitoring and measurement processes play an integral role in our ability to continually improve.

### **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 Deloitte's critical role in serving the public interest, including creating a culture of quality where doing the right thing is of paramount importance. Deloitte consistently reinforces 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 Deloitte policies, methods, procedures, and learning, and is reinforced through quality control and accountability measures.

### **Audit approach**

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

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 Deloitte audits.

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

### **Processes to support Deloitte practitioners in the execution of high quality audits**

The resources applied by Deloitte practitioners in the performance of their audits include the proprietary tools, guidance, materials and practice aids used in conducting audits, which are available to all our practitioners in the Deloitte Global Technical Library, an extensive online library, and in our audit execution platforms. Deloitte regularly issues accounting



and auditing guidance to our practitioners and communicates developments that should be factored into audit risk assessments and responses in order to maintain and drive quality audit execution.

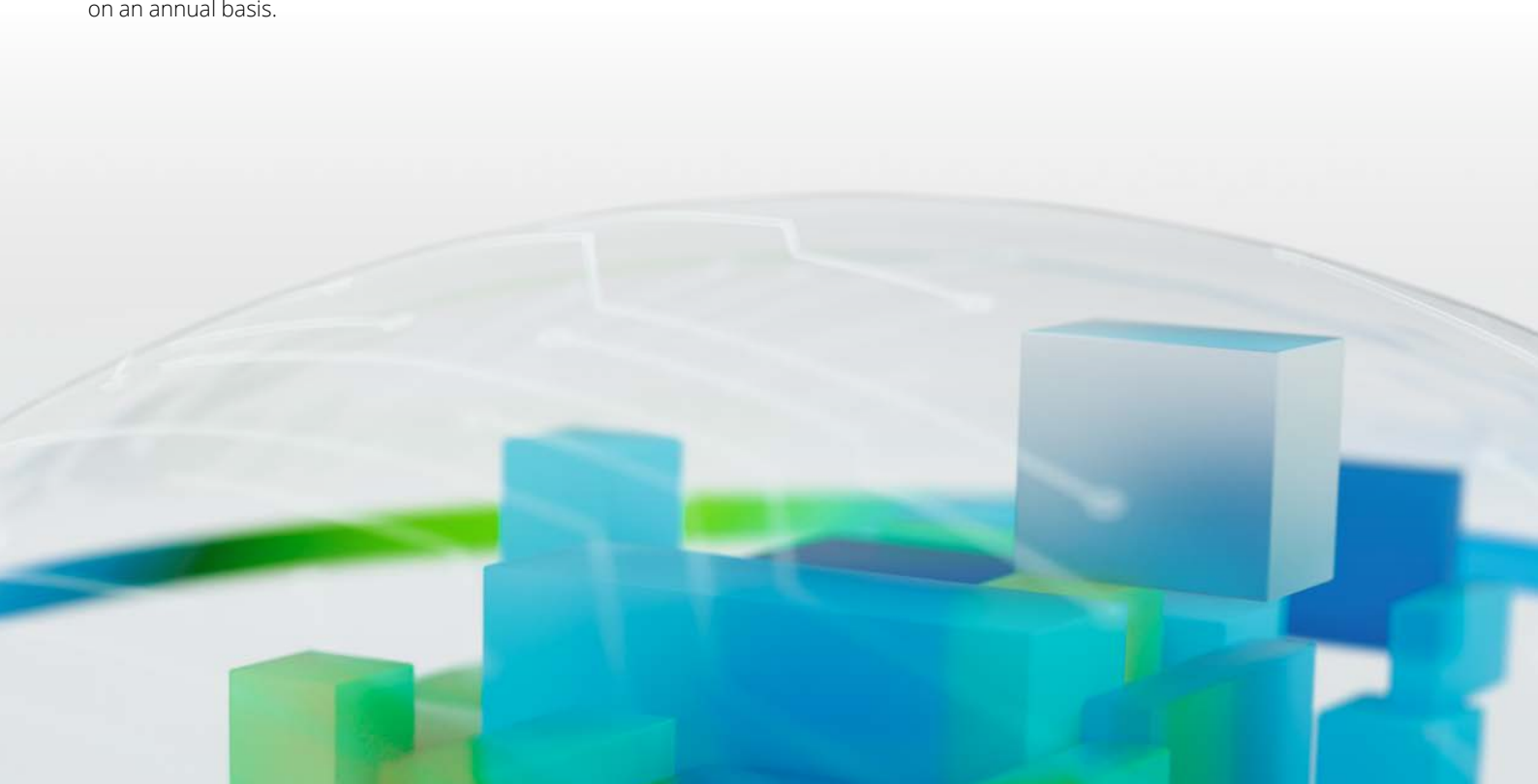
**Consultation**

Quality and risk management considerations are integral to Deloitte's audit business. That is why Deloitte views consultation as an essential, collaborative process - one that helps determine the most appropriate answers to complex questions. Deloitte has identified circumstances where consultation outside of the engagement team is required in order to demonstrate an appropriate level of professional judgment and challenge. Deloitte consultation policies require that conclusions are documented, understood and implemented. Foundational to the effectiveness of the consultation process is Deloitte's investment in consultation resources who have the appropriate skills and expertise. In addition to formal consultations, whenever engagement directors and teams need additional information or perspectives, they are encouraged to seek assistance from the Audit Quality team, or others in the organisation with specialised knowledge.



**Deloitte Conditions for Success (DCS)**

Deloitte's commitment to audit quality is reflected in the DCS, five fundamental operating principles critical to the execution of high quality audits and effective risk management. Global DCS benchmarks provide firms with a baseline for measuring progress and driving improvements in these key areas and are monitored on an annual basis.





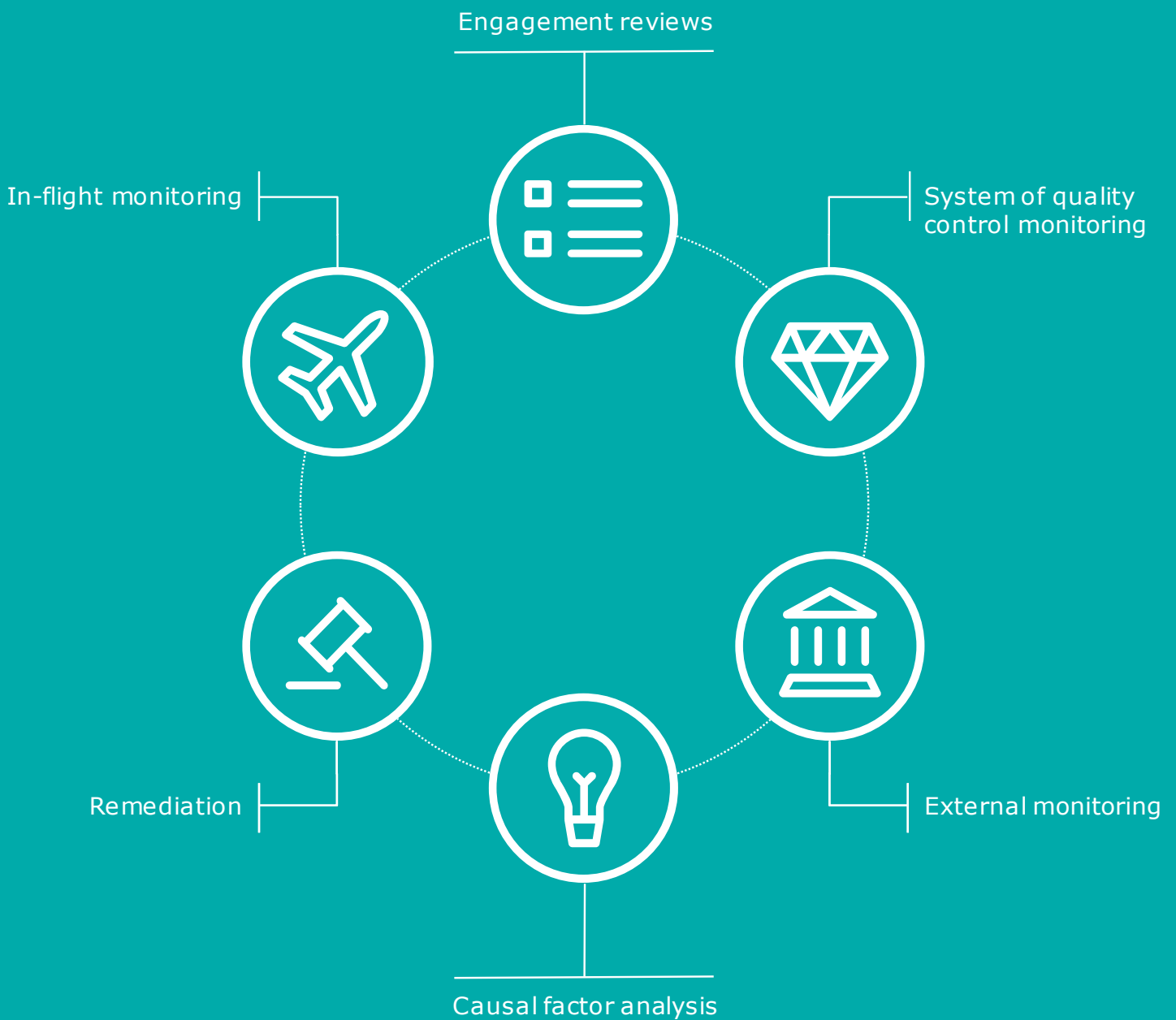
## External and internal audit quality monitoring

### **Audit Quality Monitoring & Measurement**

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

The objective of the Deloitte Global Audit Quality Monitoring & Measurement (AQMM) programmes is to communicate relevant, reliable, and timely information to leadership in order to enable swift responsive remedial actions and continuous improvement in Deloitte's system of quality control. This includes the identification of deficiencies and good practices in the system of quality control and the assessment of the effectiveness of remedial actions in driving improvements in audit quality.

# Audit Quality Monitoring & Measurement



 **In-flight monitoring**

Ongoing audit quality monitoring by Deloitte Malta involves the proactive identification of audit issues on “in-flight” engagements in order to drive timely solutions and real time corrective actions. This is achieved through the following suite of activities:

- Availability of a series of core diagnostics, enabling engagement directors and teams, as well as Deloitte Malta audit quality leaders to monitor audit quality and take immediate action.
- A programme of subject matter specific “health checks” to assist Deloitte Malta audit quality leaders in assessing progress and identifying potential issues on in-flight engagements.
- In-flight monitoring results are evaluated overall to determine whether additional communication and support is needed for audit engagement teams with respect to adherence to the audit methodology or updates thereto.

 **Engagement reviews**

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

- Risk-based engagement selection and consideration of all major industries served by Deloitte Malta.
- Mandatory moderation panel to drive consistency in findings and engagement ratings.
- External partners and deputies, independent of Deloitte Malta, who provide oversight over the firm’s practice review programs to drive global consistency.
- Identifying appropriate resources, principally from other Deloitte geographies, with the right experience and industry knowledge.

 **System of quality control (SQC) review**

SQC review includes numerous elements such as documenting key areas of the SQC processes and procedures and performing operating effectiveness testing of the SQC, including execution of a comprehensive SQC review program. Testing of the SQC is an integral part of the firm’s monitoring activities.

Audit Quality Indicators (AQIs), including the Deloitte Conditions for Success (DCS), are used in conjunction with other metrics to further assist Deloitte Malta in developing and monitoring audit quality action plans and reporting on the progress in its audit quality journey.

 **External monitoring**

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

Internal monitoring	External monitoring
Last internal monitoring report issued in September 2021 covering the year ended May 2021.	Last monitoring visit held between October 2020 /May 2021, generally covering the year ended August 2020, with the final report issued in August 2021.
Practice review for the year ended May 2022 is in final stages of completion.	

 **Causal factor analysis and remediation**

Continuous improvement is essential to Deloitte’s culture of quality and excellence. Understanding why audit deficiencies occur is critical to the design of effective actions to remediate findings. When deficiencies are identified, whether through internal or external monitoring activities, actions are taken to identify gaps and appropriate remediation activities. 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.

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

Deloitte Malta confirms the firm is satisfied that its 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 it uses the findings of the practice review, other internal reviews, and external regulatory reviews to enhance its system of quality control.

# Independence, ethics and additional disclosures

## 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 the US Securities and Exchange Commission and the Public Company Accounting Oversight Board.



Supports firms, as needed, with their annual SQC review and gives insights into global areas of focus. On a three-year cycle, Deloitte Global Independence provides independence subject matter expertise that is leveraged during the firms' annual SQC review as part of Audit Quality Monitoring & Measurement. In-depth follow-up reviews are conducted as needed.



Provides firms with **on-going** independence expertise through consultation—enabling continuous 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 Malta Independence

Deloitte Malta has policies and procedures designed to address compliance with applicable professional standards, laws and regulations 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, other practitioners, and support staff have been adopted, emphasising each individual's responsibility to understand and meet the independence requirements. The Director of Independence is responsible for overseeing independence matters within Deloitte Malta, including the design, implementation, operation, monitoring, and maintenance of the system of quality control related to independence.

As part of the firm's system of quality control, Deloitte Malta has:

- Implemented responses (policies, procedures, and controls) to quality risks it has identified for its key independence areas;
- Performed appropriate monitoring activities over its key independence areas; and
- Has 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
- An internal review of independence compliance with the above key independence areas was conducted during the year and the report was issued on 30 September 2021.



**DESC**  
**Deloitte Entity Search and Compliance**

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



**SRM**  
**Service Request Monitoring**

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



**GIMS**  
**Global Independence Monitoring System**

Application that contains financial relationship data with relevant independence compliance indicators

**Long association requirements of audit directors and practitioners**

Key audit engagement directors cease their participation in the statutory audit of a public interest entity after having served seven cumulative years in a key audit director 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, 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.

**Ethics**

All Deloitte people are expected to act with integrity in accordance with high ethical standards as 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 programme include global policies, a programme of training and communications, and established reporting channels supported by defined incident management protocols. For continuous improvement, regular programme 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, and by member firm Ethics Officers at the local level who are experienced directors with direct access to the member firm's CEO and governing body. Deloitte Global and member firm ethics leaders work together to continually monitor risk and to reinforce compliance with the Global Code.

Deloitte Malta 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 Malta are in accordance with Accountancy Profession (Code of Ethics for Warrant Holders) Directive (Directive Number 2) issued in terms of the Malta Accountancy Profession Act (Cap. 281). 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 issued by the International Ethics Standards Board for Accountants, an independent 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 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 promotion, independent contractors, and 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, and 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. In addition, Deloitte Malta conducts ethics reviews for senior leaders and requires all directors, 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.

# Deloitte Global Ethics

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 345,000 people, giving a strong, principled foundation. The foundations of the network's ethics programme is comprised of the following elements:





## Shaping the future of the audit profession

The provision of relevant and reliable financial and, increasingly, non-financial information is critical to both the capital markets and broader society. Policy makers, regulators, investors, company directors, audit committee chairs, and auditors all have an important role so that users of corporate information have a clear and complete picture of uncertainties and risks in a company's business model to help support their informed decision making.

Uncertainty and complexity are set to remain a central theme over the coming years, driven by heightened global challenges and the rapid advancement of technology.

Deloitte is committed to establishing a meaningful vision for the future of the profession which addresses the shifting needs of society. We are proactively engaging with a range of stakeholders to bring innovation into the audit of today—as well as the audit of tomorrow—to support the audit, corporate governance and reporting regime in continuing to serve their purpose to enable confidence and trust.



# 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<sup>1</sup>

**EU/EEA member state** - Article 13.2(b)(iii) EU Audit Regulation: 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** - Article 13.2(b)(ii) EU Audit Regulation: 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
<b>Austria</b>	Deloitte Audit Wirtschaftsprüfungs GmbH
	Deloitte Niederösterreich Wirtschaftsprüfungs GmbH
	Deloitte Oberösterreich Wirtschaftsprüfungs GmbH
	Deloitte Salzburg Wirtschaftsprüfungs GmbH
	Deloitte Tirol Wirtschaftsprüfungs GmbH
	Deloitte Wirtschaftsprüfung Styria GmbH
<b>Belgium</b>	Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL
<b>Bulgaria</b>	Deloitte Audit OOD
<b>Croatia</b>	Deloitte d.o.o. za usluge revizije
<b>Cyprus</b>	Deloitte Limited
<b>Czech Republic</b>	Deloitte Audit s.r.o.
<b>Denmark</b>	Deloitte Statsautoriseret Revisionspartnerselskab
<b>Estonia</b>	AS Deloitte Audit Eesti
<b>Finland</b>	Deloitte Oy
<b>France</b>	Deloitte & Associés
	Deloitte Marque & Gendrot
	Deloitte Audit Holding
	BEAS
	Cisane
	Constantin Associés
	D. Associations
	DB Consultant
	ECA Audit
	Opus 3.14 Audit et Conseil
	Pierre-Henri Scacchi et Associés
	Revi Conseil

<sup>1</sup>EU Regulation 537/2014 on specific requirements regarding statutory audit of public-interest entities

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

#### 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: €2.1 billion<sup>2</sup>

<sup>2</sup>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 endeavored 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 2022, except for a limited number of instances where a Deloitte audit firm has different financial year-end or has not finalized its reporting for such period. In these cases, turnover amounts are for the relevant financial year or preceding financial year. Where currency other than the Euro is used in the Member State, the amount in Euros was translated using an average exchange rate in effect for the period 1 June 2021 to 31 May 2022.

## Appendix B | Financial information

### Disclosure in accordance with Article 18.2(k)(i)-(iv) 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 2022:

Turnover	€ '000
Statutory audit (PIEs or PIE subsidiaries)	1,062
Statutory audit (all other clients other than PIEs or PIE subsidiaries)	7,286
All services to audit clients other than statutory audit	3,876
All services to non-audit clients	20,547
<b>Total</b>	<b>32,771</b>

# 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 2022 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 (Cap.281) 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 2021 and May 2022	Credit Institution	Insurance Company	Listed Equity	Listed Debt	Listed Funds
Advent Insurance PCC Limited	Yes		•			
Agribank p.l.c	Yes	•				
Agriholdings p.l.c *	Yes				•	
APS Bank p.l.c	Yes	•				
APS Funds Sicav p.l.c	Yes					•
AQA Funds Sicav p.l.c	Yes					•
CC Funds Sicav p.l.c	Yes					•
CC Finance Group p.l.c *	Yes				•	
CRH Group Insurance Services Europe Limited	Yes		•			
Fortegra Europe Insurance Company Limited	Yes		•			
Grand Harbour Marina p.l.c				•	•	
Highdome PCC Limited	Yes		•			
IDA Insurance Limited	Yes		•			
Lime Street Insurance PCC Limited	Yes		•			
Malta International Airport p.l.c	Yes			•		

Company	Audit Report Issued between June 2021 and May 2022	Credit Institution	Insurance Company	Listed Equity	Listed Debt	Listed Funds
Mangrove Insurance Europe PCC Limited	Yes		•			
Mariner Finance p.l.c	Yes				•	
Orlen Insurance Limited	Yes		•			
RS2 Software p.l.c	Yes			•		
Shoreline Mall p.l.c	Yes				•	
Traveljigsaw Insurance Limited	Yes		•			

\* Denotes Other Entity of Public Interest

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