

Deloitte.



2022

Audit Regulatory Transparency Report

Deloitte & Touche South Africa

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Preface

This report sets out the practices and processes that are employed by Deloitte & Touche South Africa, for the period 1 June 2021 to 31 May 2022.

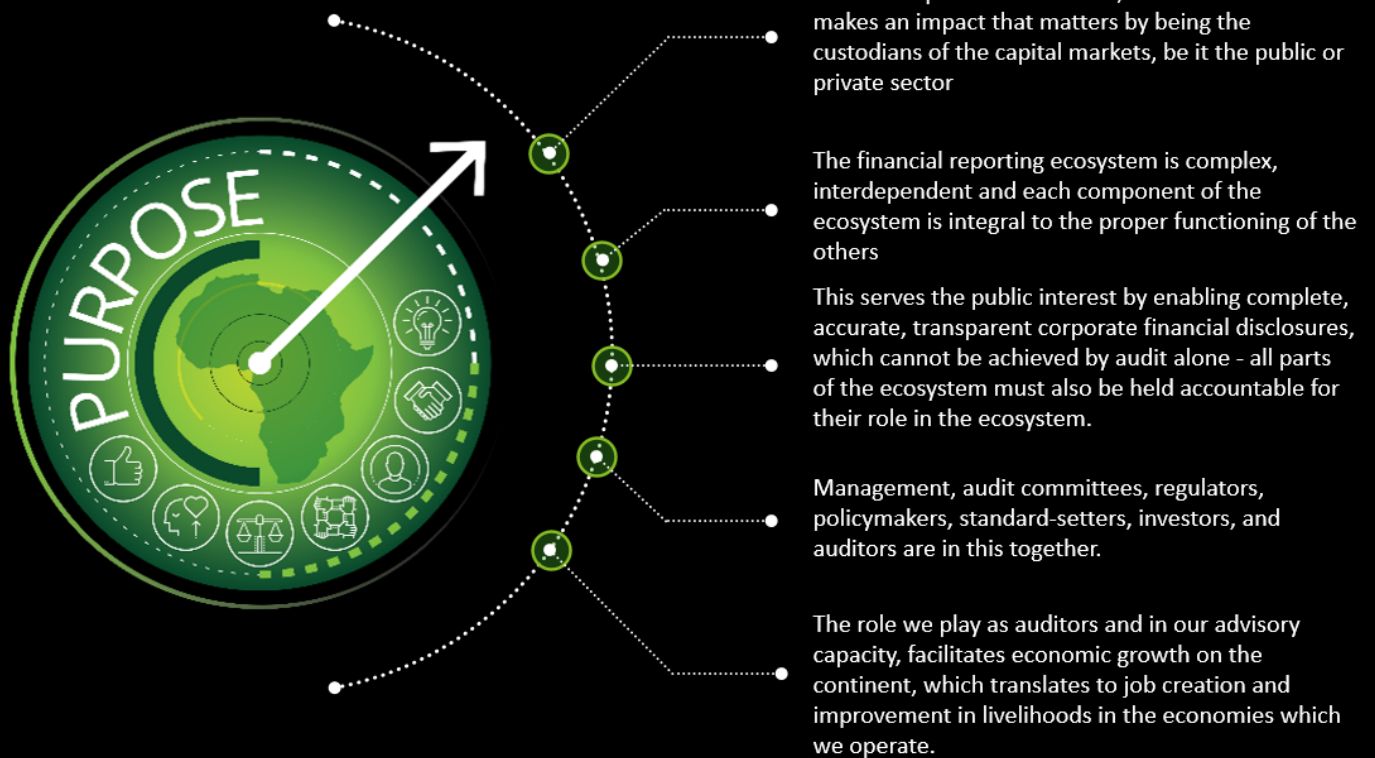
The report has been prepared in accordance with the requirements of the European Union's Regulation 537/2014 on specific requirements regarding statutory audit of public-interest entities and the guidance contained in the Independent Regulatory Board for Auditors (IRBA) Staff Audit Practice Alert 7: Content of a Transparency Report.

Throughout this report:

- The Deloitte Pan African Trust is referred to as "Deloitte Africa"
- Deloitte & Touche South Africa is referred to as "Deloitte South Africa" or "the firm"
- 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 page 3 or <https://www2.deloitte.com/global/en/pages/about-deloitte/articles/about-the-network.html>.

Purpose beyond Profit

Our business contributes to Purpose beyond Profit in the following ways:





“Our purpose-driven mindset requires a long-term view on success, to ensure that we thrive as a sustainable business into the future.”

Eric Tshabalala
Africa Audit & Assurance
Leader and Managing
Partner, Deloitte South
Africa

Deloitte South Africa leadership message

Our vision

Our vision is to be a trusted global partner with a clear ambition to facilitate the exchange of value, by playing a meaningful role in enhancing the competitiveness and confidence in our markets and clients, creating fulfilling opportunities for our people and being a socially accountable business, driven by Purpose Beyond Profit.

Our brand is defined by the high-quality audit and assurance services we deliver each and every day.

Audit quality journey pays off

Deloitte Africa has seen its investment in audit quality pay off. In 2019, Deloitte Africa embarked on a Future Fit project to improve audit quality. The objective was to thrive in a volatile world of heightened stakeholder, market, and public expectations.

Recently the IRBA concluded its 2022 inspection on Deloitte South Africa, as per its regulatory obligations, with the latest results reflect 100 % ‘good or acceptable’ audit quality outcomes on the sample of engagement files selected. Furthermore, we received no reportable findings at firm level in 2022 with respect to our firm’s systems of quality control. Deloitte Africa was also recently subjected to engagement files and systems of quality control reviews in both our Namibia and Malawi practice offices, receiving satisfactory outcomes.

We believe that these results are a clear demonstration of significant advancements made by Deloitte in relentlessly raising the standards of quality to serve public interest, deliver confidence and rebuild trust around the questions that matter most to you, our valued stakeholder. This outcome strengthens our resolve to keep improving and maintaining the standard.

New leadership

We have ushered in Financial Year 2023, with a new leadership team at the helm of the Africa Member Firm and Audit & Assurance Service Line, as we strive to continue instilling trust in the capital markets and soaring to new heights. Our forward-looking strategy includes specific focus on International System of Quality Management (ISQM 1) readiness, our Africa response to the evolving environmental, social and governance reporting landscape and increased support and governance for the delivery of high-quality assurance engagements.

Going “beyond the expected”

Our Audit & Assurance strategy remains aligned to Deloitte’s multidisciplinary approach, which calls for us to deliver an impact that goes beyond the expected.

We will lead the way in defining the audit of the future – through technology enablement and a differentiated employee value proposition and continue doing the right thing and harnessing the full breadth and power of Deloitte’s experience, knowledge, and skills.

As we look ahead to the future, we will place focus on:

- Fostering a culture of quality that is reflected in the attitudes and behaviours of our people at all levels
- Continued deployment and adoption of our global audit platforms, Deloitte Omnia and Deloitte Levvia, as well as analytics, technologies, and tools to enable the “data-driven audit”
- Consistent application of our One Deloitte Way methodology across audit platforms, allowing for flexibility in execution and scalability within portfolios
- A focus on developing the core skills of the “auditor of the future”
- Proactive consideration of the emerging issues and risks facing our business and our clients.

Our license to operate

Our influence in the market and our license to operate rests on our reputation for responsibility and the purpose-driven mindset applied in our own decisions.

What makes improvement possible is the continuous resolve to do better by creating an ethical organisational culture which values diversity of opinion, an environment that encourages learning, learning from our past and what we need to be better at and acknowledging and celebrating our wins along the way.



Eric Tshabalala

Africa Audit & Assurance Leader and Managing Partner, Deloitte South Africa

The Africa Audit & Assurance Leader is appointed by the Deloitte Africa CEO and together with senior management develops and implements the strategy for the Audit & Assurance practice, including related policies and procedures. In all of their activities, senior management is responsible for the overarching objective of audit quality, including compliance with applicable professional standards and regulatory requirements.

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

Facing disruption with agility

Global complexity and economic uncertainty

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 prioritized 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, the firm has not wavered in its commitment to ethics, integrity, independence, and transparency—all while serving the public interest. We recognize 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 skepticism 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 recognize the current uncertainties and emphasize 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 management, 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, the firm 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.



Building better futures

Guided by our purpose to make an impact that matters, Deloitte people helped clients and communities navigate this disruptive year, strengthen connections, and bring to life more equitable, sustainable futures.

Environmental, social, and governance (ESG) reporting¹

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 organization 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 in integrating 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 organization'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.

The Johannesburg Stock Exchange ('JSE') issued its Sustainability and Climate Disclosure Guidance on 14 June 2022. This is a significant step towards aligning sustainability reporting in South Africa with global standards that are under development, such as the IFRS Foundation's International Sustainability Standards Board (ISSB), regulatory frameworks such as the European Union Sustainability Reporting Standards (ESRS), and the recently proposed US Securities and Exchange Commission reporting rules.

The JSE Guidance provides a comprehensive framework for reporting on relevant and material environmental, social, and governance (ESG) matters aligned to an "Africa context" together with clear guidance on reporting metrics.

Although the JSE Guidance is voluntary, there is a clear expectation from investors and stakeholders that businesses will look to align their corporate reporting to address material aspects of ESG in a manner aligned with global reporting frameworks.

The JSE Guidance provides an extremely useful steppingstone in developing reporting regarding ESG matters that will eventually align with the final outputs of global reporting standards like the ISSB.

¹ For more information about Deloitte's alignment with ESG, please refer to Deloitte [Global Impact Report](#).

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 skepticism, commitment to quality, and appropriate training that are equally critical.

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).
- Dedicated professionals with ESG experience within the firm providing specialist support to audit teams to ensure identification of ESG risks and advising on the appropriate approach and execution of related procedures.



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.

Deloitte network

Deloitte South Africa: legal structure and ownership²

Deloitte South Africa is connected to the Deloitte network through the Deloitte Pan Africa Trust, a member firm of Deloitte Touche Tohmatsu Limited. Deloitte Africa holds practice rights to provide professional services using the “Deloitte” name which it extends to Deloitte entities within its territory.

Deloitte Africa comprises of the countries: Botswana, Ghana, Kenya, Malawi, Mozambique, Namibia, Nigeria, South Africa, Tanzania, Uganda, Zimbabwe and Zambia and territorial rights over Ethiopia, Lesotho, Rwanda, Burundi, and Swaziland.

The firm is authorised to serve as an auditor for clients in South Africa, under IRBA registration number 902276. Our audit firm operates as a partnership and is established under South African law, with the head office registered at 5 Magwa Crescent, Waterfall City, Waterfall, Johannesburg.

Network description

The Deloitte network

The Deloitte network (also known as the Deloitte organization) 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)³

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 organization. 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 organization is a global network of independent firms and not a partnership or a single firm. DTTL does not provide services to clients.



² Article 13 of Reg. 537/2014 requires: EU transparency reporting requirement: description of the legal structure and ownership of the audit firm.

³ With the exception of this paragraph, “Deloitte Global” is the preferred term to reference Deloitte Touche Tohmatsu Limited.

Deloitte Africa: governance – leadership in action

Deloitte South Africa and other Practicing Firms within Deloitte Africa are governed by the Deloitte Africa Board, composed of Independent Non-Executive Directors, Ex-Officio Executives, and a cross-representation of partners of the firm. The Board provides oversight on key matters including governance, strategy, alignment to the Global firm, transformation, risk issues, regulatory matters, and the Public Interest Council.

The board of partners and directors is constituted in terms of the partnership agreement and is elected by partners and directors every three years. The partnership agreement provides for a basis of election, which is designed to ensure that the interests of all partners and directors are represented on the board and that provision is made for external viewpoints with appropriate emphasis on current strategic initiatives.



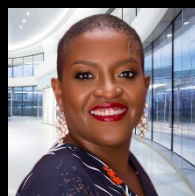
Delia Ndlovu
Chair



Yemi Saka
Deputy Chair
West Africa



Nikiwe Bikitsha
Independent Non-Executive



Ory Okolloh
Independent Non-Executive



Bob Chapman
DTTL Observer



Eshak Harunani
East Africa



Doreen Mbogho
East Africa



Oduware Uwadiae
West Africa



Wesley Govender
Risk Advisory &
Financial Advisory
Southern Africa



Alex Gwala
Tax & Legal
Southern Africa



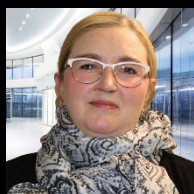
Pam Maharaj
Consulting
Southern Africa



Alice Tembo
Non-RSA Practice
Southern Africa



Carike Nel
Non-Gauteng
Practice
Office in South
Africa



Penny Binnie
Audit & Assurance
Southern Africa



Zama Dlamini
Specialist Member



Fatima Abba
Specialist Member



Ruwayda Redfearn
CEO (Ex-Officio)




Graeme Berry
COO (Ex-Officio)

Independence

Our commitment to independence, ethical behaviour and compliance is demonstrated by the tone set by our leaders and is reinforced by carefully and consistently implementing and monitoring comprehensive policies and procedures.


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 Africa Independence

Deloitte Africa 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 Africa 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 Africa. Strategies and procedures to communicate the importance of independence to partners, other practitioners, and support staff have been adopted, emphasizing each individual's responsibility to understand and meet the independence requirements. The Director of Independence is responsible for overseeing independence matters within Deloitte Africa, 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 Africa 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

The independence policy will be updated, effective from 15 December 2022. The update is necessitated by revisions made to the International Ethics Standard Board for Accountants’ Code of Ethics provisions relating to non-assurance services and fees.



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 partners and practitioners

Deloitte Africa has implemented an internal policy on long association of partners and professional staff on audit and assurance engagements. The policy is based on local regulatory requirements, as well as the International Code of Ethics for Professional Accountants. We mitigate the risk of long association by using a Portfolio Governance Board. The charter of this board is to debate and decide on the partner, engagement quality control reviewer, and team allocation to our listed and highly regulated portfolio, taking industry experience, capabilities, quality history, and workload, into consideration.

We continue to invest in an African-wide portfolio management system. Rotation requirements are a fundamental control in the portfolio management system. We believe this will provide a real-time, automated, proactive control to alert the business of upcoming rotation obligations. We are working on data points which will allow us to implement this control across our member firm in Africa, and across all client segments, irrespective of the risk profile.



Ethics

Doing the right thing

Our leaders see “doing the right thing” as a fundamental principle, which is not just in the interest of our people and our clients, but also in the public interest. Ethics and integrity are at the core of our business and important to the reputation of our firm.

The expectation to act with integrity in accordance with high ethical standards is at the core of everything we do. To this end our [Global Principles of Business Conduct](#) (Global Code) and our Africa Code of Professional Conduct outline the commitment we make and the standards we adhere to as Deloitte professionals. We take any breach of these commitments and standards seriously, and any breach may result in sanctions determined in accordance with the Deloitte Africa disciplinary framework.

A dedicated Chief Ethics Officer is appointed to drive our ethics strategy and programme.

We strongly believe that the tone at the top is critical to our ethics culture and as such leadership demonstrates ethical leadership not only in word but also in the decisions and actions. As part of the drive to ensure an ethics culture, our Chief Ethics Officer regularly facilitates conversations with all partners, directors, and professional staff on topical issues.

A functioning network of Ethics Champions across the Firm assists in driving our ethics messaging throughout all service lines and all regions across the continent.

Our annual ethics survey confirmed that 98% of respondents believe that Deloitte is an ethical workplace.

The survey identified potential blind spots, which enables the ethics team to address these through targeted interventions. The Chief Ethics Officer shares the survey results with all Deloitte professionals and presents both the results and an action plan to the Executive and the Board.

In addition to our Deloitte Africa Code of Professional Conduct, we have several internal policies to guide behaviour. These include Anti-corruption, Anti-harassment and Anti-discrimination, Anti-retaliation, Gifts and Entertainment and Consensual Personal Relationships. Our Anti-corruption policy was updated and confirms our zero-tolerance stance on bribery and corruption in compliance with local and global anti-corruption laws and regulations. All staff are required to complete ethics learning on an annual basis to ensure we drive awareness and a culture of ethics and integrity.



The ‘Deloitte Speak Up’ platform provides a confidential channel through which ethics concerns can be raised. All reports are independently investigated, and action is taken where required. The Chief Ethics Officer presents a report on the outcome of all Speak Up reports to the Executive and the Board. A targeted communication strategy resulted in increased ethics awareness and a concomitant increase in the number of Speak Up reports over the past year.

Deloitte's priority focus on audit quality

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 South Africa 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. The firm'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. The firm 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 center, and robust audit quality monitoring and measurement processes play an integral role in our ability to continually improve.

Independence, objectivity, and professional skepticism

The execution of high-quality audits requires independence, objectivity, and professional skepticism. 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 skepticism 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.

Managing the company we keep

Robust client engagement acceptance and continuance procedures ensure that we protect the Deloitte brand and reputation by identifying risk that can either be managed or avoided by not accepting the client. We aspire to be associated with a portfolio of clients that:

align with our shared values
respect our professionals
commit to providing transparency to financial reporting ecosystem stakeholders
recognise emerging issues
recognise societal responsibilities

Extract from the Deloitte Global A&A Risk Appetite Statement

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.

The firm has detailed policies and procedures in place to ensure that we only accept or continue with engagements where we:

- are able to perform the engagement and have the necessary capabilities, including time and resources, to do so, and
- 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.

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 recognizes 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 partners and teams need additional information or perspectives, they are encouraged to seek assistance from the Audit Quality team, or others in the organization with specialized 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) program 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.

Dedicated monitoring function

Dedicated audit quality monitoring and measurement capability to provide level of internal assurance to leadership. Deployment of accountability framework that defines our approach and response to acknowledge deficiencies at both firm and individual level.

In-flight monitoring

Continuous audit quality monitoring by the firm 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:

- Deployment and monitoring of a series of core diagnostics, enabling engagement partners and teams, as well as the firm audit quality leader(s) to continuously monitor audit quality and take immediate action.
- A program of subject matter specific "health checks" to assist the firm audit quality leader(s) in assessing progress and identifying potential issues on in-flight engagements.
- Performance reviews of live engagements which allows the firm to proactively identify and remediate any quality issues throughout the audit.
- 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 the firm.
- Mandatory moderation panel to drive consistency in findings and engagement ratings.
- External partners and deputies, independent of the firm, who provide oversight over the firm's practice review programs to drive global consistency.
- Identifying appropriate resources (from within Deloitte South Africa as well as from other Deloitte geographies) with the right experience and industry knowledge, including establishing central review teams.

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 the firm in developing and monitoring audit quality action plans and reporting on the progress in its audit quality journey.

Audit Quality Indicators (AQIs) are developed and measured to provide visibility of the health of the firm, its people, and engagements to firm leadership. Business insights are derived from audit quality indicators which allows the business to respond and manage risk appropriately. AQI's are also used to assist the firm in monitoring the quality of audit engagements pro-actively as a lead indicator.

We monitor regulatory, Deloitte global and locally developed bespoke AQIs to provide a holistic, multi-dimensional lens.

The firm has the following AQI initiatives and reporting mechanisms:

- Monthly automated AQI reporting on our priority portfolio, comprising listed clients and large PIEs,

across Africa which includes an assessment of various quality metrics.

- Monthly forum where results of the AQI reporting is discussed with the relevant Partners and if needed remediation plans are discussed and tracked in the next forum.
- Quarterly and annual AQI reporting to Deloitte global.

External inspections

In addition to our own monitoring of audit quality, we are subject to external monitoring by the IRBA and the PCAOB (Public Company Accounting Oversight Board).

External monitoring

- 2022 IRBA Engagement file inspection result: 100% Good or acceptable audit quality
- 2022 IRBA Firm inspection result: No reportable findings and no further action required
- 2022 PCAOB final inspection results are awaited.

Causal factor analysis and remediation

Continuous improvement is essential to Deloitte's culture of quality and excellence. Understanding why 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 the firm 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 South Africa confirms we are satisfied that our internal quality controls and systems are robust, operate

effectively, and allow us to readily identify any areas of potential enhancement. We continually seek to refine all aspects of our business and we use the findings of the practice review, other internal reviews, and external reviews and regulatory inspections to enhance our system of quality control.

Regulatory and legal matters

The status of outstanding matters is set out below and we are cooperating fully with all investigations. As periodic developments on these are regularly reported on, we recognise that our brand will remain a focus whenever developments unfold in the media.

- The Steinhoff matter is still under investigation by the IRBA, however the global settlement process has been resolved.
- The Tongaat IRBA investigation remains ongoing. The South African prosecution authorities have recently brought criminal charges against a former partner of Deloitte, related to audit work performed for Tongaat. These charges are only against the former partner, who is independently advised, in his individual capacity. Deloitte has not discovered any evidence to support the criminal charges, and the authorities have not shared any such evidence. Since late 2021, Deloitte and Tongaat have been engaged in confidential discussions relating to any legal claims, with the objective to settle this matter. Tongaat has given an indication during these discussions, that it is likely to bring a claim, but have not engaged in any discussions to settle the matter. Deloitte remains committed to seeking a mutually acceptable negotiated settlement with Tongaat. However, unfortunately the prospects of settlement diminish the longer the settlement discussions continue.

People of Deloitte

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 skepticism, 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’s commitment

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 auditors of today and tomorrow.

Deloitte practitioners bring diverse backgrounds, knowledge, and skillsets that enhance capabilities as an organization 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.



Audit transformation

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.

Deloitte has released Deloitte Omnia, our next-generation cloud-based audit delivery platform, as well as Deloitte Levvia, a tailored solution to support our non-complex audits. We have commenced a limited deployment of these platforms in line with our business plan

Our new data management platform, Cortex, is built to support the data needs for engagements of all sizes. The Cortex process encompasses:

- Acquisition of financial and non-financial data from client and external sources
- Secure data storage in a central repository
- Data preparation to disseminate, clean, reconcile and index data
- Analysis and evaluation of data that is available for all aspects of client services



Talent and learning strategies

Substantial investments have been made in talent and learning strategies and transformation of the technical audit curriculum to build the refreshed skillsets and proficiency required by level:

- 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 is developed annually.
- All client service practitioners are required to complete at least 30 hours of continuing professional education (CPE) each year and at least 120 hours every three years.

The mandatory learning curriculum is delivered to practitioners as follows:

- In person learning. These courses are globally developed and supplemented with local content based on the current needs of the practice.
- e-learning curriculum. This is global content on new emerging issues and reinforcement of current principles.
- Audit Quality Webcasts which are attended by all partners and senior practitioners across the member firm. These webcasts allow for topical information and learning to be shared on a frequent and timeous basis including common practice review and external review findings and new and emerging issues.
- Strict consequence management is enforced when learning is not completed timeously.

Deloitte has also established specific learning opportunities for specialists working on audit engagements to support their knowledge and understanding of the audit process. All specialists are required to complete these courses before working on an audit engagement.

Talent development

Deloitte Africa has adopted the global Talent Models and Standards. As such, client service practitioners have clearly defined role expectations and outlined capabilities that are required of practitioners at each level. Practitioners prepare individual development plans on an annual basis, in collaboration with the practitioners' career mentor. Learning and development at this level ensures that individuals are equipped with the competencies required in relation to their particular roles and career pathway within Deloitte.

The objective of the professional development program is to help partners and professionals maintain and enhance their professional competence and ensure consistency of audit execution.

Deloitte Africa also ensures that all our practitioners adhere to strict learning and development requirements of the professional bodies regulating the various jurisdictions in which we operate.

To supplement on-the-job development, the firm provides formal continuing professional development programs in relevant subject areas consistent with the Deloitte Global Audit & Assurance Curriculum.



Remuneration and reward

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

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

In accordance with global policies, Deloitte Africa's partners are evaluated on an annual basis, and depending on the outcome of the evaluation, the remuneration of partners may increase or decrease. Quality penalties and awards are considered during this process based on regulatory and internal quality review outcomes.

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 recognize 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.

Deloitte celebrates being recognised as the World's most attractive professional services employer by Universum in 2021 and being awarded the LinkedIn 2022 TOP Companies South Africa award in 2022.



Appendix A | EU EEA audit firms

Disclosure in accordance with Article 13.2 (b)(ii)-(iv) of the EU Audit Regulation

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
Austria	Deloitte Audit 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 BV/SRL
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	AS Deloitte Audit Eesti
Finland	Deloitte Oy
France	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

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 Audyt spółka z ograniczoną odpowiedzialnością spółka komandytowa Deloitte Audyt 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 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 billion⁴

⁴ 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 13.2 (k)(i)-(iv) of the EU Audit Regulation

The breakdown of the Deloitte South Africa's 2022 turnover:

Turnover	ZAR'000
Statutory audit (PIEs or PIE subsidiaries)	1 121 828
Statutory audit (non-PIEs or non-PIE subsidiaries)	590 579
Non-audit services (audited PIEs or PIE subsidiaries)	411 270
Non-audit services (audited non-PIEs or non-PIE subsidiaries)	305 661
Other services	2 056 496
Total	4 485 834

Appendix C | Public interest entities

Disclosure in accordance with Article 13.2 (f) of the EU Audit Regulation

Public Interest Entities Audited for Statutory Purposes by Deloitte South Africa during the year ended 31 May 2022:

1Life Insurance Limited	Grindrod Limited	Old Mutual Limited
Access Bank South Africa Ltd	Haven Holdings (Pty) Limited	Omnia Holdings Limited
Adcorp Holdings Limited	Hollard Life Assurance Company Ltd	Parmed Medical Aid Scheme
AECI Limited	Hollard Specialist Insurance (Pty) Ltd	Peregrine Life Limited
African Reinsurance Corporation SA Ltd	Hollard Specialist Life Limited	Platinum Health Care Medical Aid Scheme
Allan Gray Retirement Funds	Hosmed Medical Aid Scheme	PPC Ltd
ArcelorMittal South Africa Limited	Hudaco Industries Limited	Premium Properties Ltd
Auto & General Insurance Company Limited	Impala Platinum Holdings Limited	Prime Collective Investment Schemes Management Company (RF) (Pty) Ltd
Bell Equipment Limited	Imperial Logistics Limited	PSG Group Limited
BNP Paribas Personal Finance South Africa Limited	KAP Industrial Holdings Limited	PSG Konsult Limited
Bonitas Medical Fund	King Price Insurance Company Limited	Rand Mutual Assurance Company Ltd
BrightRock Holdings (Proprietary) Limited	Land and Agricultural Bank of SA	Rand Mutual Holding (Pty) Ltd
Budget Insurance Company Ltd.	Legal Expenses Group Africa Limited	Relyant Life Assurance Company Limited
Cape Municipal Pension Fund	Lesaka Technologies Inc	Renasa Insurance Company Limited
Capitec Bank Holdings Limited	Life Healthcare Group Holdings Ltd	Reunert Limited
Cashbuild Limited	Lion of Africa Insurance Company Limited	RGA Reinsurance Company of South Africa Ltd
Clindeb Investments Ltd	Lion of Africa Life Assurance Company Limited	RMB Holdings Limited
Coface South Africa Insurance Company Limited	Long4Life Limited	SA Alpha Capital Management Limited
Dial Direct Insurance Ltd	Merafe Resources Limited	SA Taxi Finance (Pty) Ltd
Dotsure Life Ltd	Mercantile Bank Holdings Limited	Sabvest Capital Limited
Dotsure Ltd	Metrofile Holdings Limited	Sentinel Retirement Fund
enX Group Limited	MIX Telematics Ltd	South African Retirement Annuity Fund
EPE Capital Partners Limited	Momentum Medical Scheme	The Foschini Group Ltd
Eskom Holdings SOC	Motor Industry Fund Administrators (Pty) Ltd	The Monarch Insurance Company Limited
Eskom Pension Fund	Motus Holdings Limited	Transaction Capital Limited
Evolution Credit Ltd	Mpact Limited	Transflow (RF) (Pty) Ltd
FedGroup Financial Holdings (Pty) Ltd	Municipal Gratuity Fund	Transmed Medical Scheme
First Capital Bank SA	Nampak Limited	Transnet Pension Fund
First for Women	National Fund for Municipal Workers	Transnet Retirement Fund
FirstRand Limited	Nedbank Group Limited	Transnet Second Defined Benefit Fund
FirstRand Retirement Fund	Nedbank Limited	Transsec 2 (RF) Ltd
Fortress REIT Limited	Nedgroup Collective Investments (RF) (Pty) Ltd	Transsec 3 (RF) Limited
G4S Insurance SA Ltd	Nedgroup Insurance Company Limited	Transsec 4 (RF) Ltd
Gaia Infrastructure Capital Limited	Nedgroup Life Assurance Company Limited	Transsec 5 (RF) Ltd

General Reinsurance Africa Limited	Nedgroup PVT Wealth Stockbrokers (Pty) Ltd	TUHF Ltd
Government Employees Medical Scheme	Nedgroup Structured Life Limited	Zeder Investments Ltd
Government Employees Pension Fund	Netcare Limited	
Grand Parade Investments Limited	Old Mutual Insurance Company (Private) Limited	
Greenhouse Funding 5 (RF) Ltd	Old Mutual Life Assurance Company (South Africa) Ltd	

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