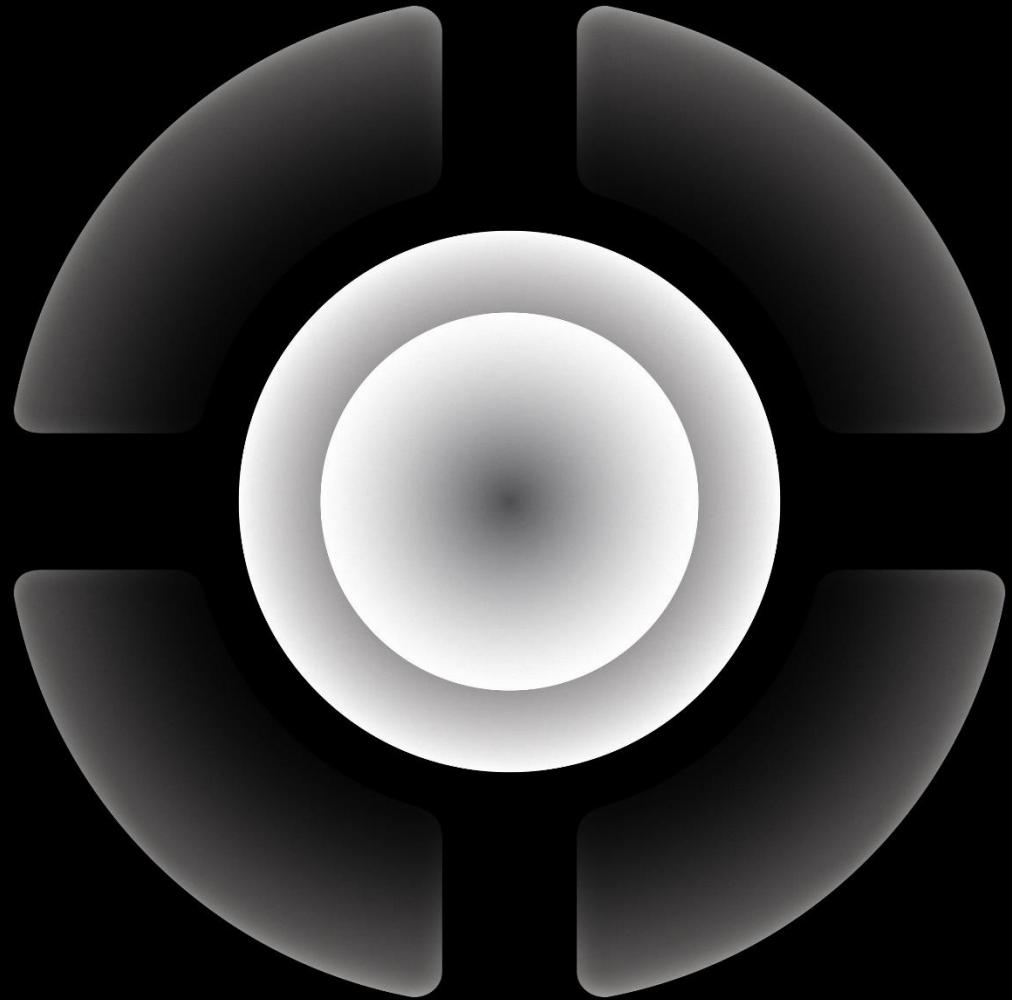


# Deloitte.



## 2020 Transparency Report

Deloitte d.o.o. Sarajevo

Date published: May 31, 2021

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# Deloitte d.o.o. Sarajevo leadership message

In this Report we present the current business practice and process of "Deloitte" Društvo sa ograničenom odgovornošću za reviziju, računovodstvo i finansijski konsalting d.o.o. Sarajevo in accordance with the requirements of the Law on Accounting and Auditing in the Federation of Bosnia and Herzegovina (Official Gazette of FBiH no. 15/21). All information presented in this report relates to the situation of Deloitte d.o.o. Sarajevo as of December 31, 2020, unless otherwise indicated.

It is my pleasure to present the Transparency Report of "Deloitte" Društvo sa ograničenom odgovornošću za reviziju, računovodstvo i finansijski konsalting d.o.o. Sarajevo (hereinafter: "Deloitte d.o.o. Sarajevo"). It contains information on the company's legal structure and governance, internal and external control systems and processes and a list of public interest entities audited by Deloitte d.o.o. Sarajevo during the previous financial year. In this report we also describe procedures implemented in our practice in order to maintain independence and present our financial performance.

The top priority goal of Deloitte d.o.o. Sarajevo is to be recognized as the champion of the highest corporate values and standards in the areas of service quality, commitment to clients, creation of innovative solutions and, most importantly, corporate community involvement. Deloitte d.o.o. Sarajevo achieves its vision with a most intense appreciation of the broader stakeholder community.

Our commitment to the highest audit quality is based on our shared values, which are deeply rooted in our culture and provide a basis for all decisions we make.

Audit services delivered by Deloitte d.o.o. Sarajevo provide assurance of the accuracy and reliability of the financial statements and present to the management of our auditees recommendations for mechanisms of improving their financial reporting and accounting systems, as well as internal control, risk management and business process management systems.

I believe that this report will help in comprehending that for Deloitte, the quality of conducting audits and providing consulting services has always been and will be of the utmost significance.



Sabina Softić

Company Director

"Deloitte" Društvo sa ograničenom odgovornošću za reviziju, računovodstvo i finansijski konsalting d.o.o. Sarajevo



**Sabina Softić**

Company Director



# Deloitte network

## **Deloitte d.o.o. Sarajevo: legal structure and ownership**

Deloitte d.o.o. Sarajevo is connected to the Deloitte network through Deloitte Central Europe Holdings Limited, a member firm of Deloitte Touche Tohmatsu Limited. Deloitte Central Europe, together with Deloitte France, Deloitte Germany, Deloitte Luxembourg and Deloitte Austria is a shareholder in Deloitte DCE GmbH ("DCE"), which is as well a member firm of Deloitte Touche Tohmatsu Limited. The objective of DCE is the fostering of the collaboration among its shareholders as members of the global Deloitte network. DCE neither provides any professional services nor engages in commercial activities.

"Deloitte" Društvo sa ograničenom odgovornošću za reviziju, računovodstvo i finansijski konsalting d.o.o. Sarajevo is referred to throughout this report as "Deloitte Bosnia and Herzegovina". Deloitte Central Europe, as an organization of entities organized under the umbrella of Deloitte Central Europe Holdings Limited is referred to throughout this report as "Deloitte Central Europe". Deloitte Central Europe Holdings Limited holds practice rights to provide professional services using the "Deloitte" name which it extends to Deloitte entities within its territory (Deloitte Central Europe), including Deloitte Bosnia and Herzegovina. Deloitte Bosnia and Herzegovina is authorized to serve as an auditor for clients in Federation of Bosnia and Herzegovina and Brčko District of Bosnia and Herzegovina.

The founders and equity holders of "Deloitte" Društvo sa ograničenom odgovornošću za reviziju, računovodstvo i finansijski konsalting d.o.o. Sarajevo are:

**Sabina Softić**, private individual with residence at the address Nikole Kaškovića 6, 71000 Sarajevo, Bosnia and Herzegovina – 51% share.

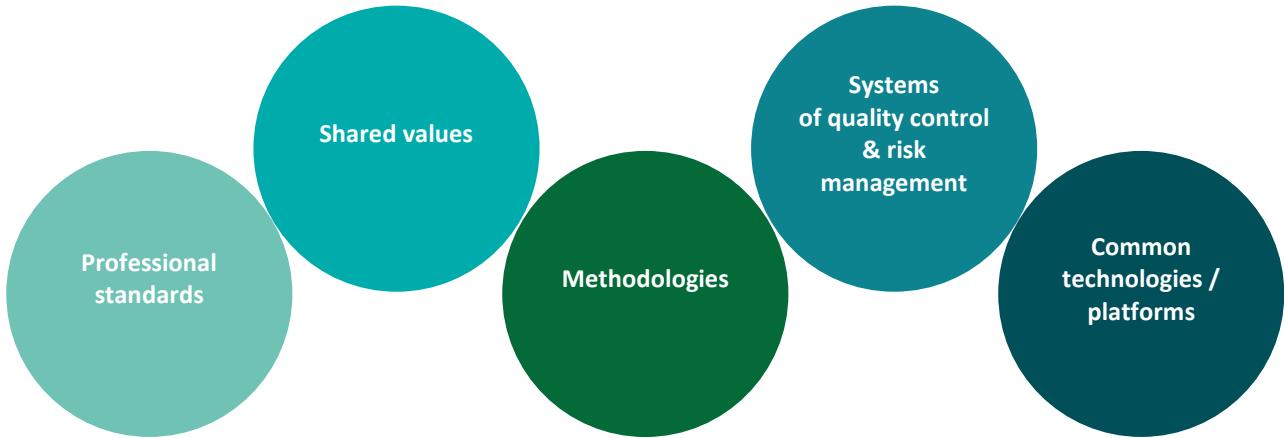
**DELOITTE CENTRAL EUROPE HOLDINGS LIMITED**, company incorporated in accordance with the legislation of the Republic of Cyprus, with registered office at the address Lampousas, 1 P.C. 1095 Nicosia, Cyprus – 25% share.

**Deloitte d.o.o. za usluge revizije, Zagreb**, company incorporated in accordance with the legislation of the Republic of Croatia, with registered office at the address radnička cesta 80, 10000 Zagreb, Croatia – 24% share.

## Network description

### The Deloitte network

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



### **Deloitte Touche Tohmatsu Limited (DTTL or Deloitte Global)**

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

"Deloitte" is the brand under which approximately 312,000 dedicated professionals in independent firms throughout the world collaborate to provide audit & 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.

## **Deloitte Bosnia and Herzegovina: description of the governance structure**

"Deloitte" Društvo sa ograničenom odgovornošću za reviziju, računovodstvo i finansijski konsalting d.o.o. Sarajevo, corporate ID: 65-01-1297-09, with registered office at Zmaja od Bosne 12c in Sarajevo, was established in 1998. The Company is entered into the Court Register maintained by the Municipal Court in Sarajevo, registry card no. 65-01-1297-09. Its legal form is that of a limited liability company.

"Deloitte" Društvo sa ograničenom odgovornošću za reviziju, računovodstvo i finansijski konsalting d.o.o. Sarajevo is a company registered and authorized to perform audits of financial statements in the Federation of Bosnia and Herzegovina and Brčko District of Bosnia and Herzegovina. The Company was entered in the Auditing Company Register maintained by the Ministry of Finance of the Federation of Bosnia and Herzegovina and was issued an operating license by the Ministry of Finance of the Federation of Bosnia and Herzegovina number 909039105 of August 20, 2010.

In accordance of the provisions of the Companies Act (Official Gazette of FBiH no. 81/15), Deloitte Bosnia and Herzegovina is governed by its Founder. Deloitte Bosnia and Herzegovina has one director and two procurators.

The Director of Deloitte Bosnia and Herzegovina as a limited liability company, was appointed by its Founder for an unlimited period.

In all of their activities, Deloitte Bosnia and Herzegovina senior leaders are responsible for the overarching objective of audit quality, including compliance with applicable professional standards and regulatory requirements. Deloitte Bosnia and Herzegovina's strategy is developed in alignment with the overall strategic direction established for the Deloitte network.

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

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### **Deloitte Bosnia and Herzegovina – Governing bodies**

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**Founders:** Sabina Softić; DELOITTE CENTRAL EUROPE HOLDINGS LIMITED; Deloitte d.o.o. za usluge revizije Zagreb

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**Sabina Softić**, Director

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**Johnny Jozef Hubert Ploem**, Procurator

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**Yuri Sidorovich**, Procurator

## Our purpose and commitment: instilling trust and confidence

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



# What Deloitte Audit & Assurance brings to capital markets

## Audit & Assurance Transformation

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

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

The Deloitte Way:  
standardization of  
audit processes  
supported by our  
technology suite

Real-time audit quality  
monitoring

Enhanced talent model  
which includes  
learning, rewards and  
recognition, centers of  
excellence, and  
delivery centers

Agile deployment of  
tools and technologies  
to respond to changing  
environments

## Audit engagement acceptance and continuance

Deloitte Bosnia and Herzegovina has detailed policies and procedures in place for accepting prospective clients and engagements and assessing engagement risk. These policies and procedures are designed with the objective that Deloitte Bosnia and Herzegovina only accepts 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 ethical requirements and professional standards, including independence and conflicts of interest assessments and considerations;
- considered the integrity of the potential client's management team.

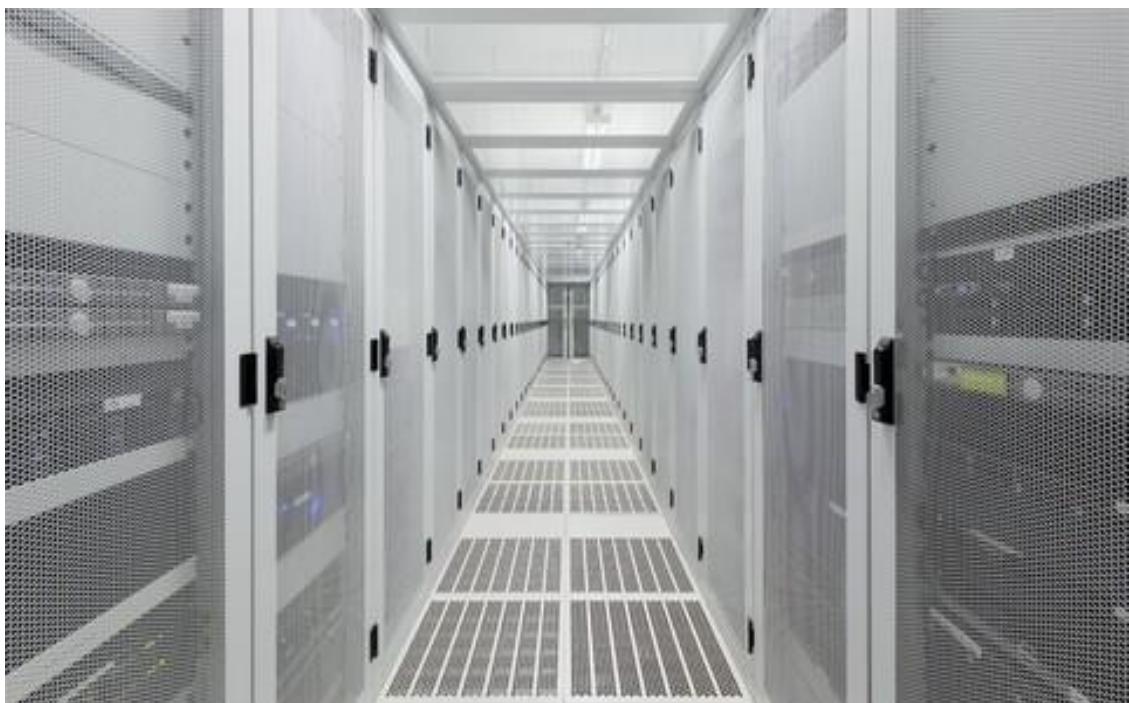
## Audit innovation

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

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

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

Deloitte is committed to the continued investment in emerging technologies and diversity of thought that enables the delivery of enhanced quality, insights, and value to our clients and the markets. This includes Illumia, our analytics platform, as well as an integrated suite of enabling innovation tools all connected in the cloud. We are also developing our next-generation cloud-based audit delivery platform – Omnia – in addition to Levvia, a solution to support our very small audits.



## Coronavirus disease 2019 (COVID-19)

Deloitte's highest priority is the safety and well-being of its professionals. As the impact of COVID-19 unfolds, investors and stakeholders are looking to auditors to provide an independent opinion on companies' financial statements more than ever. Deloitte remains committed to this critical role and delivering the highest quality audits.

Deloitte Bosnia and Herzegovina's management and auditors alike are affected by restrictions on travel and requirements to stay at home. With travel restrictions affecting entities' personnel and auditors, companies may obtain information in new or different ways. In addition, Deloitte Bosnia and Herzegovina's management is faced with significant uncertainty in making judgments to project future operating results and cash flows, going concern, and developing valuation analysis, etc. The financial reporting process likely requires careful analysis and further considerations of impact from management and auditors given the current environment.

All stakeholders of the financial reporting ecosystem must exercise significant judgment in this unprecedented and uncertain environment—governments, when projecting the length of closures; bankers, when deciding if a loan can be repaid in full; management, when evaluating if a company can continue operating as a going concern and audit committees providing oversight of management; auditors, when assessing these judgments; and investors, when analyzing the available financial information in light of these unprecedented uncertainties.

Although the existing accounting frameworks have provisions for uncertainties, it is important for financial statement users and regulators to expect a higher degree of market and economic volatility in the near future.

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. Importantly, some regulators have conveyed that good faith attempts to provide investors and other market participants with appropriately framed forward-looking information will not be second-guessed. Deloitte seeks to raise awareness about the areas that pose challenges and require more scrutiny, context-specific judgment, and increased skepticism and documentation. 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.

Deloitte's technology and infrastructure has allowed for an agile and rapid response to the various impacts of COVID-19. We have prepared for various contingencies in order to support changing client needs and to keep Deloitte Bosnia and Herzegovina professionals informed while working remotely. Deloitte Bosnia and Herzegovina's business continuity plans have been updated and we have affirmed that Audit & Assurance products and solutions have the necessary bandwidth to ensure continuity. We have launched the Deloitte Global Audit & Assurance Technical Delivery Resource Center—a central location for globally relevant and locally adaptable Audit & Assurance COVID-19 related resources. In addition, COVID-19 industry disclosures have been added to the Disclosure Analytics tool to provide example disclosures across several areas, including risk factors, subsequent events, and management's discussion and analysis.

## Multidisciplinary model (MDM)

MDM is an important contributor to high-quality audits. 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 when auditing companies' financial statements that are increasingly complex as a result of COVID-19. Further, as big data utilization 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:

- It is possible to develop industry insights through multiple lenses, which enhances auditors' understanding of business risks relevant to conducting audits.
- The audit practice has immediate access to specialized resources and expertise in other business lines. It promotes audit quality because auditors can tap the expertise of advisory professionals who are skilled in subjects that may not be native to auditors.
- A diverse organization helps attract and retain premier talent.
- Intellectual capital is available within the network to innovate audit processes, technologies, etc.
- Different parts of our business grow at different rates during different time periods in different markets. Our MDM provides a hedge 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's response to COVID-19 demonstrates both resiliency in putting audit quality and the public interest first which is further supported by the significant benefits of the MDM. Negative quality events have the potential to impact the Deloitte brand as a whole. As such, each non-audit Deloitte Bosnia and Herzegovina business has a shared and vested interest in supporting audit quality initiatives.





## The organizational capabilities we build

Deloitte culture and the design of our learning programs place our people at the forefront. Deloitte professionals are technically proficient with high levels of ethics, integrity, professional skepticism, and objectivity, and are continuously enhancing their skillset and experience.

Deloitte is committed to delivering an unrivaled talent experience, developing our professionals, and furthering their careers by creating a life-long learning environment. We are advancing audit education, skillsets, and flexible career options that appeal to future auditors.

Deloitte professionals bring diverse backgrounds, knowledge, and skillsets that enhance our capability as an organization in delivering the highest quality audits.

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

We are driving a sustainable audit and assurance business that recognizes and rewards its people and funds ongoing investment in our business.



## Learning and development initiatives

Deloitte's transformed approach to audit delivery is changing the audit experience for our professionals. Audit teams are empowered by more advanced tools and technologies and more extensive use of data analytics within a guided workflow to execute the end-to-end audit cycle. For our professionals, 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 capabilities. For example, the following skills become more important — enhanced data analytics, project management, critical thinking, communication, enhanced professional judgment, and the application of accounting and auditing principles to work more effectively and deliver higher quality engagements.

Not only do we deliver value in more areas, but as we enhance capabilities and skillsets, 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, we have a single, mandatory audit technical learning curriculum for auditors, targeting learners by level, using a dynamic blend of live instructor-led, digital on-demand courses, and on-the-job activities.
- All client service professionals are required to complete at least 40 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 specialization).
- All client service professionals have clearly defined role expectations and our Talent Standards 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. Enhanced project management, a key capability for executing audit engagements, has been included in annual development programs which provide a blend of technical and soft skill learning development. The objective of the Deloitte Bosnia and Herzegovina professional development program is to help partners and practitioners maintain and enhance their professional competence and ensure consistency of audit execution. To supplement on-the-job development, Deloitte Bosnia and Herzegovina provides formal continuing professional development programs in relevant subject areas consistent with the Deloitte Bosnia and Herzegovina Audit & Assurance Curriculum.

During the first years, most training is comprised of mandatory courses on technical topics including audit methodologies and processes but afterwards the optional part increases given that individual needs become more diverse. An individual learning program is required as from approximately four years' experience.

Through an automated monitoring system it is possible to check the status of internal and external courses followed by an individual auditor. Continuing education is also a factor taken into account for the yearly evaluation of audit staff and the assessment of their growth potential.

All certified auditors in Deloitte Bosnia and Herzegovina continuously maintain and improve their qualifications through a combination of internal courses and training seminars organized by the Association of Accountants and Auditors of the Federation of Bosnia and Herzegovina.

## **Deloitte University**

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



## **Partner remuneration**

Execution of high quality audits is expected from all professionals 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 professionals' overall evaluations are measured.

Deloitte Bosnia and Herzegovina's partners and certified auditors are evaluated on a yearly basis, and depending on the outcome of the evaluation, the remuneration of partners and certified auditors may increase or decrease. Specifically, partner evaluations take the following factors into account: quality, expertise, integrity, professionalism, entrepreneurship, independence and compliance.

## The high quality audits we deliver

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

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





# External and internal audit quality monitoring

## Audit Quality Monitoring & Measurement

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

The objectives of the Audit Quality Monitoring & Measurement (AQMM) program are to:

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

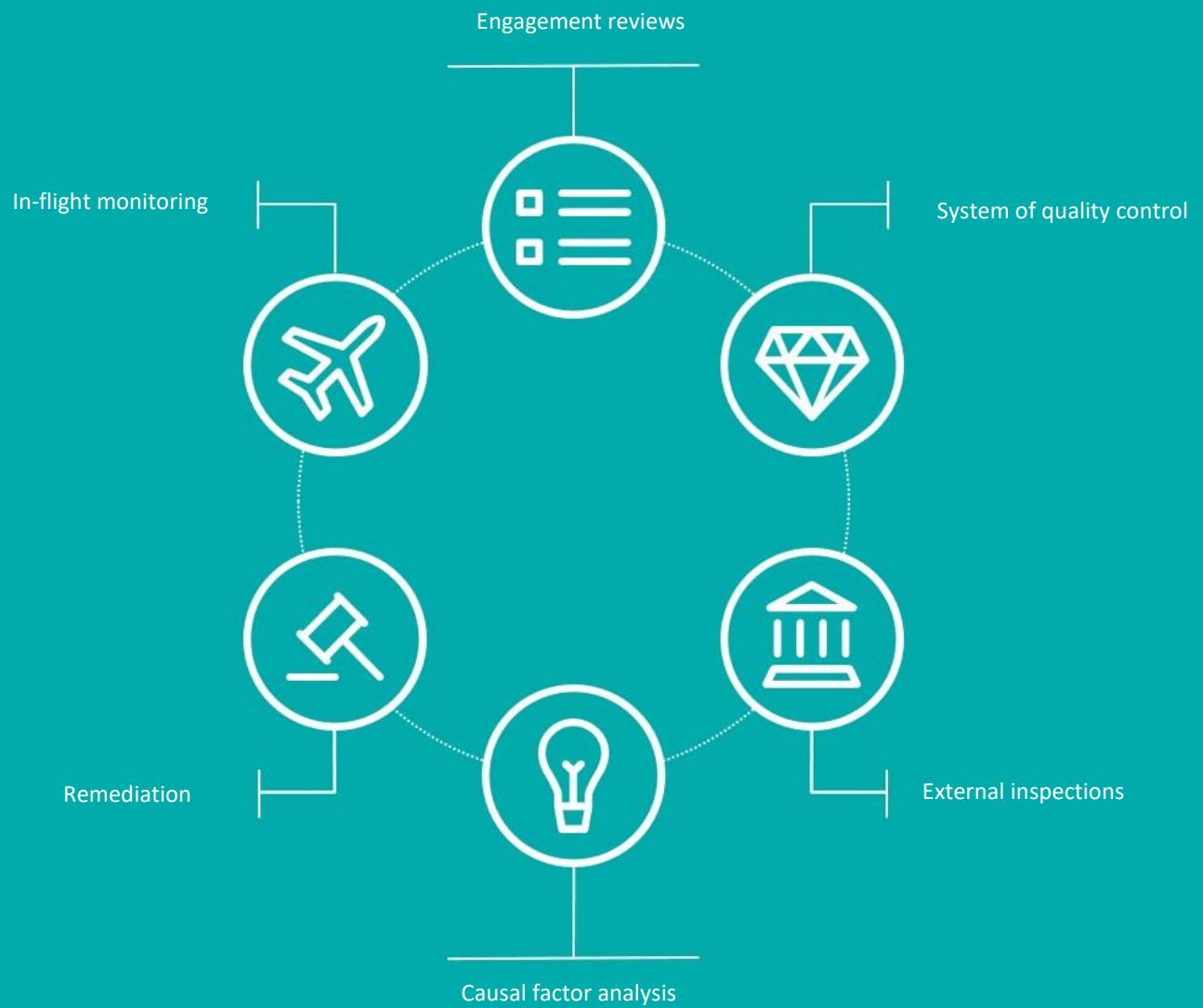
The AQMM program is focused on driving:

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

Deloitte Bosnia and Herzegovina maintains policies and procedures to promote an internal culture based on the recognition that quality is the number one priority. Deloitte Bosnia and Herzegovina focuses on professional excellence as the foundation for achieving audit quality on a consistent basis.



# Audit Quality Monitoring & Measurement





## In-flight monitoring

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

- Deployment and monitoring of a series of core Diagnostics, enabling engagement partners and teams, as well as Deloitte Bosnia and Herzegovina audit quality leaders to continuously monitor audit quality and take immediate action.
- A program of subject matter specific “health checks” to assist Deloitte Bosnia and Herzegovina audit quality leaders in assessing progress and identifying potential issues on in-flight engagements.



## Engagement reviews

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

- Risk-based engagement selection and consideration of all major industries served by Deloitte Bosnia and Herzegovina;
- Mandatory moderation panel to drive consistency in findings and engagement ratings;
- External partners and deputies who oversee practice reviews to increase consistency;
- Identifying appropriate resources (from within Deloitte Bosnia and Herzegovina as well as from other Deloitte geographies) with the right experience and industry expertise, including establishing central review teams.



## System of quality control (SQC)

SQC includes numerous elements such as documenting key areas of the SQC processes and controls and performing procedures for testing the operating effectiveness of the SQC, including execution of a comprehensive SQC review program.

Used in conjunction with other metrics, Audit Quality Indicators (AQIs) further assist Deloitte Bosnia and Herzegovina in developing and monitoring audit quality action plans and reporting on the progress in its audit quality journey. AQIs are integrated with ongoing AQMM activities.

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



## Causal factor analysis and remediation

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



## External inspections

In addition to Deloitte Bosnia and Herzegovina's own monitoring of audit quality, we are subject to external reviews by the Ministry of Finance of the Federation of Bosnia and Herzegovina. Deloitte Bosnia and Herzegovina has not yet been subject to external inspections by the Ministry of Finance of the Federation of Bosnia and Herzegovina.

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

We confirm that 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 regulatory reviews to enhance our system of quality control.



# Independence, ethics, and additional disclosures

## Deloitte Bosnia and Herzegovina: Independence



Sets **independence policies and procedures** based upon the *Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants*. Performs full reviews of independence quality controls on a three-year cycle; provides an annual focused review program to be performed by Deloitte Central Europe firms as part of their Audit Practice Review for the off-cycle years; and performs in-depth follow-up reviews as needed.



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



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



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

## Deloitte Bosnia and Herzegovina's Independence

Deloitte Bosnia and Herzegovina's policies and procedures designed to address compliance with applicable professional standards that relate to independence. These policies and procedures are based on the Code of Ethics for Professional Accountants (the "Code") issued by the International Standards Board for Accountants, and are supplemented, as appropriate, to reflect additional national or regional requirements that may be more restrictive than the Code. Deloitte Bosnia and Herzegovina 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 Bosnia and Herzegovina. Strategies and procedures to communicate the importance of independence to partners, other professionals and support staff have been adopted, emphasizing each individual's responsibility to understand and meet the independence requirements.

The key elements of the system of quality control that Deloitte Bosnia and Herzegovina implemented in accordance with the independence policies include the following:

- Engagement acceptance and monitoring;
- Monitoring long association of partners and professionals with audited entities;
- Business relationship assessments and monitoring;
- Use of independence business process tools, including the Deloitte Entity Search and Compliance (DESC) system and the Global Independence Monitoring System (GIMS);
- An Inspection & Testing program, annual and special purpose independence confirmations, and consultation procedures to monitor individuals' compliance with independence requirements;
- Procedures to identify and analyze non-compliance with independence requirements and apply related disciplinary measures and actions; and
- Assigning responsibilities for independence systems and controls
- Independence-related learning and communications.

An internal review of independence compliance was conducted during the year and the report was issued on December 15, 2020.



**DESC**

Deloitte Entity Search and Compliance

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



**GIMS**

Global Independence Monitoring System

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Application that contains financial relationship data with relevant independence compliance indicators

## Ethics

All Deloitte professionals are expected to act with integrity in accordance with high ethical standards as described in the Deloitte Bosnia and Herzegovina Code of Conduct, which defines the commitments that all Deloitte Bosnia and Herzegovina professionals make regarding ethical standards, and explains each individual's responsibilities to their clients, colleagues, and society.

In addition to the Code of Conduct, other foundational elements of Deloitte Bosnia and Herzegovina's ethics program include a program of training and communications, and established reporting channels supported by defined incident management protocols. For continuous improvement, regular program assessments and reviews are conducted and feedback is collected from our professionals through an annual ethics survey.

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

## **Long association requirements of audit partners and professionals**

The ethical requirements for audit and related assurance services provided by Deloitte Bosnia and Herzegovina are in accordance with the Law on Accounting and Auditing in the Federation of Bosnia and Herzegovina and other industry-specific legislation. Deloitte Bosnia and Herzegovina also complies with Deloitte Bosnia and Herzegovina's own 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, a standard-setting body of the International Federation of Accountants (IFAC). When the Federation of Bosnia and Herzegovina professional requirements are more restrictive than the Deloitte Bosnia and Herzegovina's policies and procedures, Deloitte Bosnia and Herzegovina follows the applicable national requirements.

Deloitte Bosnia and Herzegovina reinforces its commitment to ethics and integrity through communication tools, learning programs, compliance processes, and measurement systems. In addition, Deloitte Bosnia and Herzegovina requires all partners, other professionals and support staff to confirm annually that they have read and comprehended the Deloitte Bosnia and Herzegovina's Code of Conduct and understand that it is their responsibility to comply with it.

## **Rotation of key audit partners and professionals**

Deloitte Bosnia and Herzegovina maintains policies and procedures requiring rotation of key audit partners and staff – audit engagement team members. A licensed certified auditor, the audit report signatory responsible for carrying out a statutory audit of an auditee, cannot serve such an auditee for more than seven consecutive years in the position of a key audit partner. As an exception, Deloitte Bosnia and Herzegovina may audit the same entity for another three years if it ensures that the audit is performed by another auditor, i.e., another licensed certified auditor as the signatory of the auditors' report. The key audit partner may participate again in the statutory audit of the same auditee only after two years have expired from the previous auditor's report date issued to that same entity. During the so-called "cooling-off" period of two years, the key audit partner cannot participate in the audit of the auditee, perform the engagement quality control review, consult with the engagement team or the auditee regarding technical or industry-specific issues, transactions or events or otherwise directly influence the outcome of the statutory audit.

While it is the primary responsibility of the individuals serving as key audit partners to ensure they comply with the rotation requirements, Deloitte Bosnia and Herzegovina has in place a monitoring process that includes among other analysis of client portfolios and individuals assigned in various roles to statutory audits and considering appropriate competence, capability, workload and availability of statutory auditors so as to enable these individuals to adequately discharge their responsibilities as key audit partners.



## Shaping the future of the audit profession

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

# Appendices

# Appendix A | Financial information

In 2020 Deloitte Bosnia and Herzegovina made turnover totaling **BAM 4,664,484** broken down per type of services rendered in the table below:

Turnover	BAM
Audit revenues	1.763.087
Other non-audit-related services	2,804,122
Other income	97,275
<b>Total</b>	<b>4,664,484</b>

# Appendix B | Public interest entities

**Disclosure in accordance with Article 45, para 2, item 6) of the Law on Accounting and Auditing in the Federation of Bosnia and Herzegovina (Official Gazette of FBiH, no. 15/21)**

Public interest entities audited for statutory purposes by the "Deloitte" Društvo sa ograničenom odgovornošću za reviziju, računovodstvo i finansijski konsalting d.o.o. Sarajevo in the financial year 2020:

Name	Reporting date / financial year-end
Addiko Bank d.d. Sarajevo	31.12.2019
Banking Agency of the Federation of BiH	31.12.2019
ASA Finance d.d. Sarajevo	31.12.2019
ASA Osiguranje d.d. Sarajevo	31.12.2019
BH Telecom d.d. Sarajevo	31.12.2019
Bosna Re d.d. Sarajevo	31.12.2019
Bosnalijek d.d. Sarajevo	31.12.2019
Društvo za upravljanje fondovima "BLAGO" d.o.o. Sarajevo	31.12.2019
Energoinvest d.d. Sarajevo	31.12.2019
Fabrika cementa Lukavac d.d. Lukavac	31.12.2019
Klas d.d. Sarajevo	31.12.2019
Magros-Veletrgovina d.d. Sarajevo	31.12.2019
MKF MI BOSPO Tuzla	31.12.2019
MKF Sunrise Sarajevo	31.12.2019
MLIN I PEKARA d.d. Ljubače - Tuzla	31.12.2019
OIF Raiffeisen Balance	31.12.2019
OIF Raiffeisen Cash	31.12.2019
OIF Raiffeisen Euro Bond Fond	31.12.2019
Pobjeda-Rudet d.d. Goražde	31.12.2019
Raiffeisen Invest d.d.	31.12.2019
Saniteks d.d. Velika Kladuša	31.12.2019
Siporex d.d. Tuzla	31.12.2019
Solana d.d. Tuzla	31.12.2019
Sparkasse Bank dd BiH	31.12.2019
Sprind d.d. Rajlovac-Sarajevo	31.12.2019
STANDARD FURNITURE FACTORY d.d. Sarajevo	31.12.2019
Svjetlostkomerc d.o.o.	31.12.2019
Triglav Osiguranje d.d. Sarajevo	31.12.2019
UniCredit Bank d.d. Mostar	31.12.2019
DD "VEMAL" Tešanj	31.12.2019

Name	Reporting date / financial year-end
D.D. "VISPAK" prehrambena industrija Visoko	31.12.2019
Zeljezara Ilijas d.d. Ilijas	31.12.2019
ZIM d.d. Zenica	31.12.2019
ZiraatBank BH d.d.	31.12.2019

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