# Deloitte.



### 2024 Transparency Report

Deloitte Limited September 2024



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## Deloitte Limited leadership messages

### Welcome to our 13th Transparency Report 1,2

Within the complex future we're facing, live the opportunities to be better. Through the trusted ability of our people to connect ideas, innovations and industries, we create prosperity for clients, society and our planet. To make better futures for all.

#### To our clients and stakeholders,

We are pleased to present our 2024 Transparency Report, for the year ended 31 May 2024.

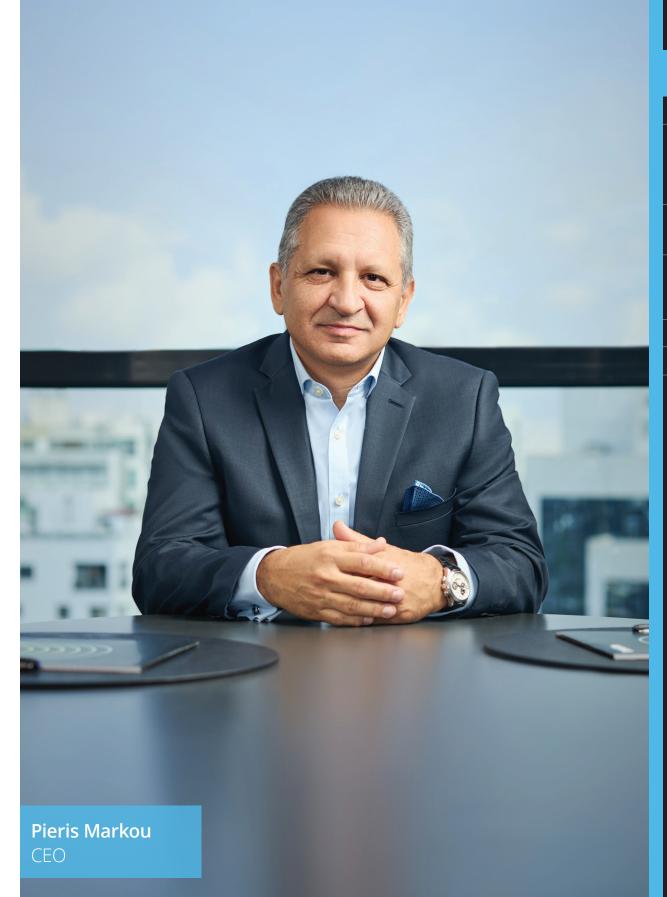
This report presents our reflections on the 2024 financial year, offering valuable insights and a comprehensive analysis of how we uphold our responsibilities to our clients, the market, our people, and society with the highest quality standards. It serves as a vital component of our stakeholder communication, highlighting our unwavering commitment to our values and their translation into daily action.

#### Our reflections on FY2024

In recent years, we've navigated a series of

<sup>1</sup> Throughout this report, the terms "Deloitte, we, us, and our" refer to one or more of Deloitte Touche Tohmatsu Limited, its network of member firms, and their related entities. For more information about the Deloitte network, please see <u>page 10</u> or <u>About the network (deloitte.com)</u>.

<sup>2</sup> This report sets out the practices and processes that are currently employed by Deloitte Limited, in accordance with the requirements of the European Union's Regulation 537/2014 on specific requirements regarding statutory audit of entities.



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formidable challenges that have significantly defined this decade. From the profound and lasting impact of the global pandemic, to complex geopolitical tensions in regions such as Ukraine, Israel, and the Palestinian territories, as well as the resulting economic sanctions. Furthermore, we've contended with an energy crisis, exerting inflationary pressures and disrupting economic activities worldwide. Amidst these trials, we're also presented with the imperative to confront pressing environmental issues and harness the potential of artificial intelligence. All these have created a complex landscape that requires mindful navigation.

FY2024 brought about heightened uncertainty for markets, the profession, and people, particularly in our region. Though these challenges have inevitably disrupted the path to economic stability in Cyprus, several key sectors have started to rebound. While sectors such as tourism, real estate, shipping, and financial services were among the first to feel the impact of these challenges, they have showcased resilience by demonstrating early signs of recovery, thus painting an encouraging outlook for the future years.

In the preceding years, the professional services sector found itself among the initial casualties of disruption. However, it has exhibited remarkable resilience and adaptability in the face of change, steadfastly delivering the highest standards of quality, professionalism, and innovation to both local and international clientele. Evaluating the sector's performance, there is every indication that it will persist as forward-thinking and pursue expansion into new markets and industries, ensuring sustained growth and ongoing success despite the challenges encountered.

#### Our perspective on the future

The future of Cyprus does not depend solely on external factors and their impact on our economy and society.

Cyprus' economy relies also on our own efforts to modernise, reform and create new prospects in both traditional and new sectors, which when combined will develop our economy further.

Key sectors like energy, research and innovation, private healthcare, education, sustainable development, as well as tourism and real estate hold the promise of shaping a brighter future for Cyprus. Realising this potential necessitates maintaining agility and promptly responding to new developments, with a steadfast focus on innovative solutions, digitalisation (especially within the public sector), promoting green and blue economy initiatives, facilitating accessible healthcare, implementing tax and judicial system reforms, and enhancing educational excellence, among other imperatives. Concurrently, it is essential to remain unwavering in the pursuit of our country's longterm development action plan, which is poised to generate positive transformations across our entire island. At Deloitte, our commitment lies in steadfastly supporting these endeavours, collaborating closely with regulators and other pivotal stakeholders to pave the way for Cyprus prosperity. We firmly believe in the potential synergies derived from the close collaboration between public administration, the private sector, and civil society.

Throughout the challenges of recent years, our people have unequivocally demonstrated their capacity and flexibility to effectively address difficulties and devise innovative solutions, all while leaving a meaningful impact through every endeavour. At Deloitte, our unwavering focus remains on our people. We persistently invest in their growth and leverage our extensive multidisciplinary network to cultivate leading insights, enabling us to deliver elevated financial resilience and transparency through our unwavering commitment to quality, ethical conduct, and integrity. Concurrently, alongside substantial investments in innovating our delivery model to meet the evolving demands of the markets, we continue to evaluate, comprehend, and integrate technological advancements into our operations. This underpins our commitment to expanding our multidisciplinary service offerings, alongside venturing into new geographic regions and regional markets.

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We are excited by the opportunities that lie ahead for our profession and are committed to leveraging the power of transformation to enhance the quality of our services by integrating advanced technological capabilities, such as artificial intelligence, into our business processes and methodologies.

We are actively reshaping our talent model to construct a skills-based organisation, equipping our workforce with substantial career development prospects and trajectories. As we press ahead, our dedication to achieving excellence remains steadfast, as we continue to furnish a world-class talent experience that places prime importance on professional growth, and further champions diversity, equity, and inclusion.

#### Our network and impact

Deloitte stands as a premier global professional services firm, upholding a long-standing and robust presence in Cyprus. For over 65 years, we have remained dedicated to delivering top-tier services on the island, with a firm resolve to leave a meaningful impact for our clients, society, and our people. As an integral part of the esteemed Deloitte global network, we harness the advantage of seamlessly amalgamating global knowledge-sharing with local customisation, facilitating the provision of tailored, strategic, and innovative solutions finely attuned to our clients' specific needs. Our multidisciplinary approach and resolute adherence to our values have consistently garnered the trust of markets and society, solidifying our standing as one of the foremost professional services firms in Cyprus.

Despite the unprecedented external factors that challenged our economy during FY2024, our Deloitte network firms operating in Cyprus (refer to Appendix B), have managed to achieve record gross revenues of €55.9m, up from €51.1m in FY2023, representing an increase of 9,4%, delivering a strong financial performance which contributed €15.9m to our state's revenues (€16.5m in FY2023). This performance is a testament to the exceptional dedication and achievement of our people during this time, demonstrating their unwavering commitment to excellence, as they advance their careers and flourish in an environment that promotes equity, fairness and inclusivity. Kudos to all our exceptional people for achieving, yet again, record revenues during another challenging year.

Through our World*Impact* programme initiatives, Deloitte is also focused on making a tangible and positive impact on the most pressing challenges our society is facing and on creating a sustainable and equitable world. Remaining committed to actively support local organisations, foundations and institutions, during FY2024 we invested approximately €500,000 in local initiatives and activities that are aligned with our impact pillars (education, environment, DEI, and our society's most pressing issues).

We extend a heartfelt thank you to our dedicated teams working tirelessly to develop and implement innovative solutions to combat climate change, promote social equality, and reignite economic growth, among various other important challenges.

I am looking forward to seeing Deloitte Cyprus continue making an impact that matters and fostering a better future, while skilfully navigating a changing landscape and upholding the financial and operational well-being of the business and the country.

Sincerely,

**Pieris Markou** Chief Executive Officer Deloitte Limited

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### Audit leadership message

In the dynamic world of global finance, trust and transparency are the cornerstone of successful relationships and sound decisionmaking. It is with great pride and unwavering dedication that we present our annual Transparency Report. This document is more than a mere compliance requirement; it is a testament to our commitment to excellence, integrity, and continuous improvement.

At Deloitte Cyprus, we believe that transparency is not just a practice but a core value that defines our identity and mission. Our role as auditors is crucial in ensuring the reliability and integrity of financial information, which in turn supports the confidence and trust that stakeholders place in the global capital markets.

This report reflects our journey over the past year - a journey marked by innovation, rigorous standards, and a relentless pursuit of quality. Within its pages, you will find a comprehensive overview of how we are trying to shape the future of auditing and setting new benchmarks for the industry. Our overall areas of focus include but are not limited to the following:

1. **Unwavering Commitment to Quality:** We continually strive to elevate our audit quality through robust methodologies, stringent oversight, and a culture of excellence that permeates every level of our organisation.



Andreas Andreou Audit & Assurance Leader

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- 2. Harnessing the Power of Technology: In a world where technology is rapidly transforming the business landscape, we are at the forefront of leveraging cutting-edge tools and data analytics to enhance our audit processes and deliver deeper insights.
- 3. Fostering a Culture of Continuous Learning: Our people are our greatest asset. We invest heavily in their professional growth and development, ensuring they possess the expertise and skills necessary to navigate the complexities of today's auditing environment.
- 4. **Engaging with Stakeholders:** We are committed to listening, learning, and reflecting to the needs of our clients, regulators, and the broader community. Your insights drive us to continually improve and innovate.
- 5. Adapting to Regulatory Changes: In an ever-changing regulatory landscape, we remain agile and proactive, ensuring that we not only meet but exceed the expectations set by governing bodies.

As you delve into this report, we hope you will share our sense of pride in the accomplishments detailed within. But more importantly, we hope you will feel the same sense of optimism and inspiration about the future. We are not just auditors; we are stewards of trust, champions of transparency, and partners in progress.

Together, we are building a legacy of integrity and trust that we hope will endure for generations. Thank you for your continued support and partnership. Let us move forward with confidence, knowing that our commitment to transparency will always light the way.



Kerry Whyte Audit Quality Leader, Audit & Assurar



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### Deloitte network

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

**Deloitte Limited** operates as a private limited liability company, established under the Cypriot law, with registered office at 24 Spyrou Kyprianou Avenue, 1075 Nicosia, Cyprus and registration number HE 162812.

Deloitte Limited is a wholly owned subsidiary of Deloitte Holdings Limited, a private limited liability company registered in Cyprus, with registration number HE 213442 ("DHL").

The majority voting rights in DHL are held by Deloitte NSE No2 Company Limited By Guarantee, an Irish company limited by guarantee.

Other shareholders of DHL are: (a) Deloitte & Touche (M.E.) LLP, a limited liability partnership incorporated and registered in Guernsey and (b) Deloitte Cyprus, a partnership registered in Cyprus.

Deloitte & Touche (M.E.) LLP is the affiliate of Deloitte North and South Europe (NSE) LLP for the territories of the Middle East and Cyprus, and Deloitte Cyprus is a sub-licensed affiliate of NSE.

Deloitte Limited is referred to throughout this report as "Deloitte Cyprus", Deloitte & Touche (M.E.) LLP is referred to throughout this report as "Deloitte DME" or "DME", Deloitte North and South Europe (NSE) LLP, is referred to throughout this report as "Deloitte NSE" or "NSE".

Deloitte DME holds practice rights to provide professional services using the "Deloitte" name, which it extends to Deloitte entities within its territory, comprised of 15 countries including Deloitte Cyprus. Deloitte Cyprus is authorised to serve as an auditor for clients in Cyprus.

#### **Deloitte Actuarial Services Limited**

Actuarial related services of Deloitte are provided through Deloitte Actuarial Services Limited ("DAS"). DAS engages in insurance, pension and investment related projects for insurance companies and pension funds. Up to 24 May 2024, DAS was controlled by DHL. On that date, DAS ownership was transferred to Deloitte & Touche (M.E.), a general partnership registered in the Republic of Cyprus.

#### Hadjianastassiou, loannides LLC

Hadjianastassiou, loannides LLC is the Deloitte Legal network practice in Cyprus. It is an independently

owned and managed private limited liability lawyers' company registered in Cyprus (Reg. No. HE 227297), regulated by the Cyprus Legal Council and the Cyprus Bar Association (www.cyprusbarassociation.org) (CBA Reg. no. 22).

#### **DTME Services Limited**

DTME Services Limited is a limited liability company registered in Cyprus with Reg. No. HE 448174. It is a wholly owned subsidiary of Deloitte & Touche (M.E.) and provides support services to Deloitte Middle Fast entities as of 1 October 2023.

#### ARIS | A Really Inspiring Story

ARIS | A Really Inspiring Story ("ARIS") is a wholly owned subsidiary of Deloitte Limited, and a company limited by guarantee without share capital registered in Cyprus (Reg. No. HE 392454). ARIS has established an acceleration programme, with the purpose of offering start-ups and scale-ups with the structure, mentorship and network needed to grow successful business ventures.

#### **Deloitte Investment Services Limited**

The Wealth Advisory consulting services of Deloitte were provided through Deloitte Investment Services Limited ("DIS") until December 2020. DIS was a

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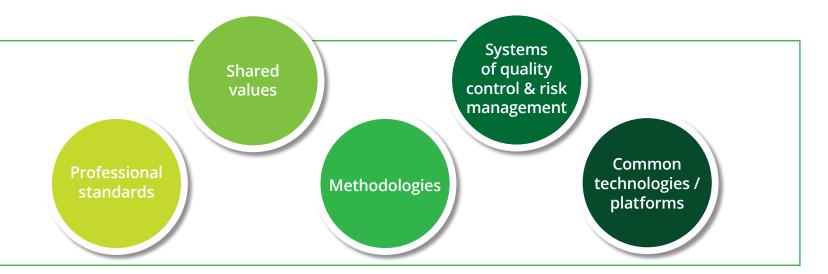
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#### **Network description**

#### The Deloitte network

The Deloitte network (also known as the Deloitte organisation) is DTTL, a globally connected network of DTTL 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.



licensed and regulated Cyprus Investment Firmto clientunder the supervision of the Cyprus Securities andany merExchange Commission to provide Investment Servicesentities.and in particular investment advice, to private and"Deloitteinstitutional clients. The Company is currently under"Deloitteliquidation.460,000

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

Deloitte Touche Tohmatsu Limited is a private company limited by guarantee incorporated in England and Wales. DTTL serves a coordinating role for its member firms and their respective related entities and establishes 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 services to clients and does not direct, manage, or control any member firm or any of their respective related entities.

"Deloitte" is the brand under which approximately 460,000 dedicated professionals and practitioners in independent member firms (or their respective related entities) throughout the world collaborate to provide audit and assurance, consulting, financial advisory, risk advisory, tax, and related services to select clients. These member firms are members of DTTL. DTTL, these member firms and each of their respective related entities form the Deloitte organisation. Each DTTL member firm and/or its related entities provides services in particular geographic areas and is subject to the laws and professional regulations of the 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 audit and assurance clients under the rules and regulations applicable to audit firms. DTTL, and each DTTL member firm and each of its related entities, are legally separate and independent, cannot obligate or bind any other, and are liable only for their own acts and omissions, and not those of any other. The Deloitte organisation is a global network of independent firms and not a partnership or a single firm. DTTL does not provide services to clients.

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### Deloitte Cyprus: governance – leadership in action

The leadership and management of the firm are underpinned by strong governance structures, including a quality and risk function that provides an oversight of the Audit & Assurance business.

Maintaining a strong governance and leadership structure helps us uphold high levels of quality and integrity and earns the trust of clients, our people, the capital markets and the public.

#### The Board of Directors ("Board")

Deloitte Cyprus' Board of Directors is responsible for the governance and oversight of the Audit & Assurance practice. Specific responsibilities include protecting the interests and reputation of the firm and its partners, and overseeing management and operations at a strategic level. The Board ensures the firm has an appropriate structure for corporate governance and has specific oversight of quality and risk.

The Board comprises of the CEO, the Chairman and all of the Directors/Partners (commonly referred to as "Partners") and meets on a frequent basis.

The Board has established the Audit Quality and Risk Committee (AQRC) to ensure appropriate management focus on significant audit quality matters and to assist the Board in executing its role.

#### Audit Quality and Risk Committee (AQRC)

The Audit Quality and Risk Committee extends and broadens audit quality governance. Its aim is firstly to develop, govern and implement activities that will achieve sustainable improvements in audit quality and secondly to respond to audit quality issues raised by regulators and stakeholders. It consists of six highly respected, senior and technical partners, whose role is to jointly support the Audit & Assurance Quality Leader (AAQL), the Audit & Assurance Business Leader (AABL) and the Audit & Assurance Risk Leader (AARL) in taking key decisions that will push the audit quality agenda forward. At the same time, it serves as a consultation panel for larger and more complex issues. It holds meetings on a quarterly basis but may meet more frequently if the need arises.

Actions driven by the AQRC during the year include but are not limited to the following:

- development and communication of actions and policies for the continuous enhancement of audit quality;
- strategic responses to the underlying causes of inspection findings, including recurring underlying causes from year to year;
- monitoring of the effectiveness of the Monitoring and Remediation Programme;
- identifying and assessing current regulatory and reporting developments that may affect the audit business in the future.

### Audit & Assurance (A&A) Quality & Risk and Accounting Technical functions

The A&A Quality & Risk and the Accounting Technical functions are led by Alexis Agathocleous and Kerry Whyte, as the AARL and the AQL respectively. As the AARL, Alexis has the operational responsibility for overseeing the risk management programme of the firm whereas as AAQL, Kerry has the operational responsibility for the System of Quality Management and the interpretation of accounting and auditing matters at a local level. Together, they are responsible for implementing the audit quality agenda, establishing function-specific policies and procedures, implementing audit technical trainings, monitoring and mitigating risk and supporting engagement teams on a day-to-day basis on various technical and risk related matters. Moreover, in terms of quality and risk they work on reinforcing key messages, raising awareness of guality and risk matters and they help the business in being more agile in responding to continuous developments. Both are members of the Audit Quality and Risk Committee.

Andreas Andreou, the Audit & Assurance Leader, is appointed by Deloitte Cyprus' CEO (Andreas assumed this role on 1 December 2023, before that date the role was held by Maria Paschalis). Andreas Andreou, together with the firm's senior management, develops and implements the strategy for the Audit & Assurance practice, including the necessary policies and procedures. In all of their activities, Deloitte Cyprus senior leaders are responsible for Deloitte Limited leadership messages

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

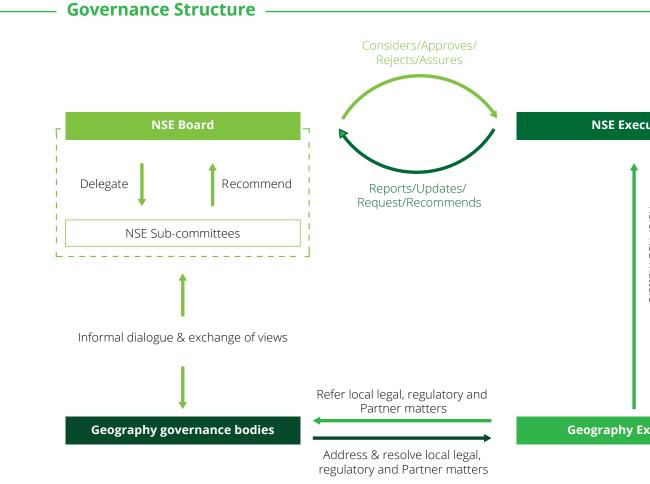
Deloitte Cyprus' Audit & Assurance leaders participate in Deloitte network groups that set and monitor quality standards and from which a number of audit quality initiatives emanate.

#### **NSE Governance**

The NSE Partnership Agreement underpins the governance of NSE. The NSE Board is the primary governance body of NSE, responsible for ensuring high quality governance and stewardship of NSE. The NSE Board works with the NSE Executive to set and approve the long-term strategic objectives of NSE and the markets in which it operates. The NSE Board comprises the NSE CEO, NSE Chair and elected members, as well as Independent Non-Executives (INEs) and a Deloitte Global Representative. The latter do not have voting roles. The NSE Board oversees the risk appetite in each business area; it is responsible for the oversight of the executive function, ensuring alignment with Deloitte Global obligations; and is responsible for the promotion and protection of NSE Equity Partner interests generally. The NSE Executive is responsible for developing strategy,

ambition and supporting policies and then leading their implementation and execution across NSE. Geography (i.e. jurisdiction) governance bodies exist where this is required for legal and/or regulatory purposes and to oversee local Partner matters in each country. Examples include the UK Oversight Board and the Dutch Supervisory Board. The Geography Executives work with the NSE Executive to reflect the Connected+ autonomy operating model (balancing local and central requirements), including the development and delivery of approved plans, in line with the NSE strategy, tailored to reflect local market conditions. At the Cyprus level, the local Executives work together with the DME Executives who in turn work with the NSE Executives, to achieve these objectives.

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



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### Our purpose and commitment: instilling trust and confidence

At Deloitte Cyprus, our purpose is to make an impact that goes beyond the expected. For Audit & Assurance, this means constantly evolving audit and assurance processes, leveraging leadingedge technology, applying a diversity of skillsets, knowledge, and experience to deliver high-quality services. We take great pride in instilling confidence and trust in the capital markets and are committed to relentlessly raising the standards of quality and always acting with integrity, independence, and transparency. We are continuously building our capabilities to support the delivery of high-quality audit and assurance engagements and making leading contributions to shaping the future of the profession.



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## **Deloitte Audit & Assurance:** Our commitment to serving the public interest

#### A focus on quality

Deloitte's commitment to quality permeates everything we do. The independent audit is a central element of the corporate reporting ecosystem, in place to enhance the confidence and trust of investors and other stakeholders, as well as to promote the effective functioning of the capital markets. At Deloitte we are keenly aware of our obligation to deliver audit and assurance services that meet the challenges and complexities of the current environment, while complying with professional and regulatory standards. For the corporate reporting ecosystem to function as intended, it is vital that the auditor's role be executed effectively.

Deloitte is committed to doing more than simply meeting regulatory requirements and conforming to expectations. Deloitte aims to go beyond the expected to set the standard in excellence for the profession. In keeping with that objective, our commitment to quality is unequivocal.

#### **Deloitte Global leadership**

The Deloitte Global Audit & Assurance Executive, which includes the Audit & Assurance Business Leaders from the larger member firms is led by Jean-Marc Mickeler, the Deloitte Global Audit & Assurance Business Leader. His responsibilities include working with the member firms to define and drive the global Audit & Assurance strategy, with a particular focus on:

- Driving key audit and assurance initiatives across the Deloitte network to accomplish quality outcomes;
- Leading transformational initiatives to innovate the way our audit and assurance engagements are executed to meet the evolving needs of our stakeholders.

#### The company we keep

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

The company we keep is a critical foundational aspect of our Audit & Assurance strategy and global shared values that guide our behaviour to lead the way, serve with integrity, take care of each other, foster inclusion, and collaborate for measurable impact. Our audit and assurance portfolio risk appetite statement serves as the foundation for the company we keep. The risk appetite statement can be used as a tool to promote robust discussion of risk, and as a basis upon which acceptance and continuance decisions can be debated and challenged effectively and credibly. The statement as shown below sets the tone for our risk culture and aims to drive global consistency in the engagement acceptance and continuance decision making process: Deloitte Limited leadership messages

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

Consistent with our commitment to purpose and to act in the public interest, we recognise that taking

on a degree of risk is a natural consequence of doing business. In order to deliver high-quality audit and assurance services, we proactively identify and manage risk through our quality management processes, policies, and procedures to make informed decisions aligned to our strategy and values.

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

Deloitte Cyprus has detailed policies and procedures in place for the acceptance of prospective clients, the continuance of existing engagements, and the assessment of engagement risk. These policies and procedures are designed with the objective that Deloitte Cyprus will only accept or continue with engagements where it:

- Is able to perform the engagement and has the capabilities, including time and resources, to do so;
- Can comply with all relevant professional standards and laws and regulations, including those relating to ethics, independence, and conflicts of interest assessments and considerations;
- Considers the client's management team to act with integrity and in alignment with our shared values.

Our rigorous policies, procedures and approval processes in place include, as noted above, a documented evaluation of the client's risk profile and information regarding the client and its management. The client and engagement risk is classified as normal, greater than normal or much greater than normal. As an ongoing process we continue to evaluate the risk and return for engagements through assessing bids that meet certain thresholds as set out in our bid no bid policy. This enables us to ensure we only take on and continue to deliver profitable work that is appropriately priced and that is at an acceptable level of risk with appropriate mitigation plans, where required.

Additionally, we focus on ensuring that we have the capacity and capability to act, that we can comply with relevant ethical and independence requirements

and that we have considered the integrity of the client <u>(See Table 1)</u>.

These comprehensive policies and processes comply with the applicable Anti-Money Laundering Laws and the Directive of The Institute of Certified Public Accountants of Cyprus ("ICPAC") together with the Deloitte Audit Approach, International Standards on Auditing and the IFAC Code of Ethics for Professional Accountants as issued by the International Ethics Standards Board for Accountants ("IESBA").

Our firm's engagement risk assessment procedures provide a basis for tailoring the audit approach to address engagement specific risks. For higher risk engagements, additional risk management safeguards are applied, such as assigning a more experienced partner as the Engagement Quality Reviewer (EQR), Deloitte Limited leadership messages

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assigning a Special Review Partner in addition to the EQR to much greater than normal engagements, involving experts, or requiring an additional review of the engagement by a member of the Audit Quality and Risk Committee.

Our engagement risk assessment begins at the client acceptance process. We perform an annual continuance assessment to determine if the firm should continue providing services. In addition, in the case of an entity changing significantly (for example, a change in ownership), the firm reassesses and reevaluates continuation of the relationship.

#### **Engagement team selection and expertise**

The selection of the engagement team is key to developing and executing a high-quality audit. Each audit engagement is led by a partner or director who is fully responsible for the services we provide. The engagement partner or director is ultimately responsible for ensuring that the professionals assigned to each engagement have the required competencies and skills.

#### Partner-led approach

A partner-led approach is one of the primary elements of the Deloitte Audit Approach.

The partners' involvement is required from the very outset of any client relationship or engagement, with

partner-led planning being the core starting point. All partners and directors who act as engagement partners for statutory audits, are registered statutory auditors in accordance with the relevant Cypriot laws and regulations.

#### Bringing the breadth and depth of Deloitte knowledge to industry

Our firm benefits from industry specialists and groups, which are led by partners with deep industry knowledge and expertise. These groups share their understanding of markets and industry sector developments, and they bring this knowledge to bear on audit engagements. This is particularly important at times of significant uncertainty or change, as seen in the last few years during the unprecedented challenges businesses faced as a result of the COVID-19 pandemic.

#### **Use of experts**

While the audit engagement partner retains responsibility for all aspects of the engagement, there are instances when the engagement team utilises an expert; this person is not considered to be part of the audit team. In such instances, the engagement team evaluates whether the expert has the necessary competence, capabilities and objectivity to perform the tasks assigned to them.

In evaluating whether or not the expert's work contributes to the sufficiency and appropriateness of the audit evidence in support of the financial information, the engagement team considers:

- The source data used:
- The assumptions and methods used and, if appropriate, their consistency with those used in the prior period; and the results of the expert's work in light of the engagement team's overall knowledge of the business and of the results of its audit procedures.

#### The right engagement team is key to audit quality

Considerations for engagement team selection, among others:

- Size and complexity of the entity's business
- The applicable financial reporting framework used in preparing the financial statements
- Applicable independence considerations
- Any possible conflicts of interest
- The gualifications and experience of professional staff, including industry credentials
- The availability of staff to commit time to the engagement
- The portfolio and other responsibilities of professional staff

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# Table 1: Client and engagement acceptance and continuance considerations

Risk	Consideration	
Client risk	<ul> <li>Management characteristics and integrity</li> <li>Organisational and management structure</li> <li>Nature of the business</li> <li>Business environment</li> </ul>	<ul> <li>Financial results</li> <li>Business relationships and related parties</li> <li>Prior knowledge and experience of client</li> </ul>
Engagement risk	<ul> <li>Nature of the engagement</li> <li>Team competence to handle the technical aspects of the specific engagement</li> <li>Availability of competent team</li> <li>Specific engagement risk</li> </ul>	
Independence	<ul> <li>Financial and other relationships</li> <li>Non-audit services</li> <li>Other threats: self-interest, self-review, advoc</li> </ul>	cacy, familiarity or intimidation

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### Executing with the right behaviours and a focus on quality

Quality is not just about compliance. While compliance with standards, regulations and legal requirements is a basic requirement of the regulated audit profession, leading the profession in quality requires more. Much more. We are committed to instilling a culture of quality and excellence throughout the Deloitte organisation, from the most experienced partners to brand new hires, and across all our geographies. Our strategic audit quality programmes provide an environment to allow all our people to excel.

We consistently emphasise the importance of our role as evaluators. This is reflected in many aspects of our methodology, procedures and training. We also create audit working environments that take a "design" approach to issue identification and problem solving. In our audit documentation and when reporting to those charged with governance, we include discussions on areas of significant professional judgement to make it clear how we have exercised scepticism and the challenges we have faced in reaching our conclusions.

Given the increasingly complex nature of our clients' businesses, engagement teams often also involve specialists from across the firm and sometimes from the network, with expertise in areas such as valuations, tax, actuarial services, analytics and information technology. This supplements and reinforces how we exercise our judgement and brings the best of Deloitte to the audit.

#### Audit methodology and tools

Our audit methodology requires us to develop a deep understanding of the client's business and risks, and apply this to the design and execution of our audits; two platforms have been developed to better support our engagements. Deloitte Omnia (soon to replace "Engagement Monitoring System (EMS)") is our platform designed to be used for our larger and more complex audits. Deloitte Levvia is the platform designed specifically for our smaller audit engagements.

Deloitte Omnia integrates innovative technologies to standardise audit documentation and allow for consistent access and reuse of data. Deloitte Omnia embeds Deloitte Way Workflows (DWWs) and digitises elements to drive standardisation, for example in the way we execute risk assessment, analytics, and audit documentation. The standardised approach in Deloitte Omnia is designed to support engagement teams to deliver a high-quality audit. It will help engagement teams to identify the instances where a bespoke approach is required, but it remains critical to lay the appropriate groundwork of standardisation and centralisation of resources and data.

Both platforms, enable comprehensive planning, performance, documentation and review of our work in accordance with the International Standards on Auditing issued by the International Auditing and Assurance Standards Board of IFAC, together with the applicable network, professional, regulatory, and legal obligations. They enhance the consistent implementation of the Deloitte Audit Approach and act as a further gateway to guides, practice aids and thought leadership developed globally and locally in an effort to enhance quality and consistency across all our audits.

#### Consultation

While each partner is empowered to make appropriate decisions for their engagements, we urge our engagement teams to consult whenever they need additional information, perspectives or specialised knowledge on accounting, auditing, legal, regulatory, ethical or other issues.

A consultative culture is integral to a quality audit and is embedded firmly at Deloitte Cyprus wherein our partners are encouraged to consult frequently and early with peers, subject matter experts and technical specialists from across the firm and internationally within the Deloitte network. This approach enhances our capacity to answer complex questions.

Our consultation policy is designed to provide reasonable assurance that agreement is reached between the partner and the team seeking consultation and the consultation team, and that conclusions of the consultation are documented, understood and most importantly implemented. Deloitte Limited leadership messages

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Audit partners and staff are supported by the Audit and Assurance Quality Leader (AAQL), the Chief Risk Officer (CRO) and the Audit and Assurance Risk Leader (AARL) as well as their teams. Their approach is responsive and consultative.

To facilitate the technical consultation process, the firm has an International Financial Reporting Standards and Auditing Consultation structure. For particularly complex issues or those that may have a global impact or wider reach, consultations are escalated to the Global Centres of Excellence including the Global Centre for Audit Quality. Records of consultations undertaken are retained and technology is assisting with this process.

#### Technical expertise - accounting

The IFRS Technical Team is a dedicated group of accounting specialists who provide support to engagement teams on financial reporting matters, under a formal and documented consultation process. The team has access to global expertise within Deloitte's IFRS Centres of Excellence.

#### Technical expertise - auditing

The audit quality and risk resources and auditing experts focus on audit quality and risk management, including providing first-line support and consultations to our engagement partners and teams. Throughout their engagement with practitioners and regular communications, the team champions the importance of audit quality. If needed they may escalate the consultation to the Regional Centre of Excellence for Audit Quality.

#### Differences of opinion

An audit requires professionals to exercise judgement, which can result in differences of opinion. When these arise, either among members of the engagement team or between members of the engagement team and consultants, we use resolution policies and procedures. These include escalation processes to resolve differences and requirements for documenting outcomes.

#### **Engagement documentation and security**

Maintaining client confidentiality is of the utmost importance to Deloitte. Over the last few years, we have invested significant resources to achieve the ISO27001 International Standard for Information Security Management.

#### **Confidentiality, Privacy and IT security**

The importance of maintaining confidentiality both physically and through IT systems around client and other relevant information, particularly private information, is continually emphasised to our people. Our approach to encryption, ethical walls, clear desk policy, data leakage prevention and all aspects of security underpins this commitment. Our policies require all confidential information held on the firm's laptops to be encrypted and our professionals are continuously educated and frequently reminded to take the utmost care of such information, whether verbally, in hard copy or in electronic form. Reducing the volume of data which resides on the laptops of our professionals continues to be a key area of focus.

In order to gauge the effectiveness of what we do locally, we undertake penetration testing of our IT systems together with the internal management review procedures undertaken as part of our ISO27001 continued compliance.

To further emphasise the significance of these policies to the firm and the network, our people are asked to make an electronic declaration annually of their understanding and compliance. Additionally, the Deloitte network undertakes annual Confidentiality and IT security compliance visits to determine our compliance levels with the policies of the firm benchmarked against global standards.

### **Confidential Information (CI) Programme**

Our CI Programme on selected engagements has been enhanced to protect even further the confidential, and/or private nature of, information to be handled in its execution. Deloitte Limited leadership messages

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#### Incident response

We have established processes and a pool of experts, who are sitting ready to lend their expertise and be members of a customised Incident Response Team to ensure that, in the unfortunate event of a possible unauthorised leak of CI howsoever caused or placed at risk, our firm will be able to respond with top-class promptness to mitigate any consequences to all concerned and meet regulatory requirements.

#### **Engagement documentation**

The firm's policy requires files to be archived within a maximum of 60 days from the sign-off date of the audit report. The archiving process is closely monitored and any exemptions are investigated. Non-compliance with the archiving policy is a parameter considered in the partners' and managers' accountability framework.

The firm's policies and procedures address the retention of documents (in paper and electronic form) including addressing the confidentiality, safe custody, integrity, accessibility and retrievability of archived documentation.



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### Fewer, stronger member firms

Within the Deloitte member firm structure, Deloitte Cyprus is part of the Deloitte Middle East geography. As a locally registered and regulated audit firm in Cyprus, we have decision-making authority regarding regulatory matters and professional obligations and maintain ultimate responsibility for the execution of audit and assurance services in accordance with professional standards and local laws and regulations. Deloitte Cyprus is responsible for maintaining and operating an effective system of quality management to support the performance of high-quality audit and assurance engagements. As a member of a combined firm within the Deloitte network, we work in close cooperation with the other geographies in the Deloitte Middle East member firm and benefit from additional oversight of quality, risk management, and monitoring activities.

This structure fosters shared investment in innovation and resources as well as the sharing of leading practices across geographies, driving standardisation and consistency across the audit and assurance business and contributing to our collective aspirations of continuous improvement in quality.



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

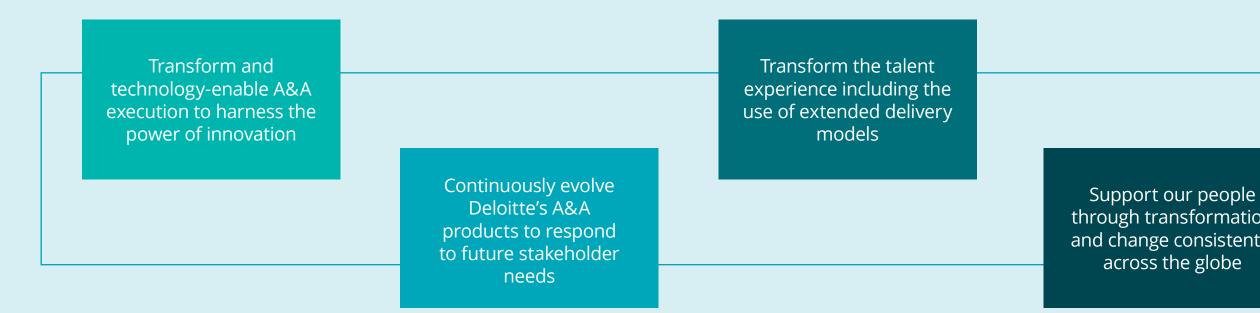
Our people's commitment to integrity, to serve the public interest, and to deliver high-quality assurance over the areas that matter most to our stakeholders is at the core of everything we do.

Our unwavering dedication to quality drives our sustained quality leadership position. We remain focused on excellence across people, process, and technology. Each of these core components helps us to deliver our vision for a better future, creating an impact that goes beyond expectations.

What does this look like? A constantly evolving audit and assurance practice, leveraging bright minds, effective processes, and world-class technologies from across our global organisation while drawing

on our years of experience. We deliver high-quality services in an efficient and effective way that upholds integrity, builds confidence, and drives value by focusing on what really matters.

The Audit & Assurance transformation and change strategy is focused on the following outcomes:



through transformation and change consistently across the globe

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#### Delivering audit excellence through process, people, and technology transformation<sup>3</sup>

With The Deloitte Way, Deloitte is bringing standardisation, consistency, and efficiency to drive quality into the core of how our engagements are executed: with automation that improves routine tasks and analytics that support audit executionyielding a deeper and more insightful view into the available data. As a result, we are improving the quality of the services we deliver while also creating a richer talent experience for our people and clients.

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

Deloitte is committed to the continued investment in emerging technologies and diversity of thought that enables the delivery of enhanced quality, insights, and value to our clients and the markets. Deloitte's global audit platforms, Deloitte Omnia and Deloitte Levvia, demonstrate our commitment to delivering digital, high-quality engagements of all sizes and levels of complexity. Deloitte Omnia is our cloudbased, end-to-end delivery platform for large and complex engagements, while Deloitte Levvia delivers a streamlined, right-sized digital experience for low risk, less complex entities. Ongoing enhancement and global deployment of both platforms are well underway and will continue as we embed further innovation for a differentiated client and auditor experience.

#### **Deloitte A&A's GenAl strategy**

Deloitte A&A is continuing to invest in artificial intelligence innovation, and we have already made significant progress on transforming the delivery of our work with our innovative technologies, Deloitte Omnia and Deloitte Levvia. We are focused on ethical and responsible use of GenAI for both clients and our people:

- Within the entities we audit, we are evaluating the impact of AI implementation on financial reporting and other disclosures, as well as the entity's assessment and response to AI-related risks (including related internal controls). We expect that companies will begin to adopt and incorporate AI into their business processes, and we will be ready reporting processes.
- We are assessing how we can use Gen Al in our audits and remain focused on harnessing the power of cognitive technologies within our Engagement Management System (EMS), Deloitte Omnia and Deloitte Levvia platforms. Going forward, we believe Gen AI will further support our auditors in delivering high quality audits including supporting further risk-sensing, identification of potential issues, and automation of certain processes. Professional scepticism and the skill set that we rely on as auditors today will however continue to be critical to responsible use and evaluation of AI, specifically Gen AI.
- Finally, we are investing heavily in learning and development for Deloitte A&A practitioners and professionals, training them on the impact of Gen to use Gen AI effectively on their engagements.

<sup>3</sup> For more information about Deloitte Audit innovation, please refer to <u>Deloitte Global Impact Report</u> and <u>Audit innovation</u> and <u>Audit & Assurance: the Deloitte way</u> pages on Deloitte.com.

to consider any relevant implications to the financial

AI, its risks, limitations, and expectations about how

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#### Sustainability reporting <sup>4</sup>

The foundations of business are changing rapidly; long-term resiliency and the ability to create enduring value is directly linked to alignment with the values and expectations of society. Market participants and other stakeholders are calling for greater insight into how organisations are building, protecting, and enhancing enterprise value over time, and are specifically demanding enhanced transparency around climate-related and broader environmental, social, and governance (ESG) impacts and the dependencies of an entity's business model and strategy.

Specifically, Deloitte recognises that climate change poses a risk to financial stability and impacts businesses in many sectors with increased disclosure and reporting expectations from various stakeholders. Deloitte's audit approach is designed to promote consistent and appropriate consideration of climate related risks and opportunities that enable a deeper understanding of potential impacts of climate change on the financial statements to enable evaluation and well documented conclusions. We continue to emhpasise this with our people through learnings, guidance, and other resources.

The evolution from traditional financial reporting to broader corporate reporting is happening at pace, with significant standard-setting activity driving companies to ready themselves for new or enhanced disclosure requirements. The IFRS Sustainability Disclosure Standards published by the International Sustainability Standards Board (ISSB) create a global baseline for sustainability reporting. Other jurisdictions have passed their own corporate reporting requirements, notably the EU's Corporate Sustainability Reporting Directive (CSRD), which mandates reporting in accordance with European Sustainability Reporting Standards (ESRS) and has significant extraterritorial reach, and the US SEC's climate disclosure rule, which requires registrants to disclose climate related risks. Deloitte is a strong advocate for enhanced sustainability reporting and recognises the important role we play in raising awareness of these new requirements through active stakeholder engagement.

Corporate reporting standards and regulatory requirements are intended to drive better connectivity between financial and non-financial reporting and to help users of corporate disclosures better understand and compare information about entities. To be effective, these standards need to enable corporate reporting that is comparable, based on a global baseline, and supplemented by local considerations where warranted. Given the comprehensive nature of certain sustainability reporting requirements and the pace at which it has been developed, further guidance and interpretation is needed in the marketplace to support both preparers and users of the information. As these standards are brought into regulation around the world, so too are the associated enforcement, monitoring, governance and controls, assurance, and training mechanisms. It is critical that the entire sustainability reporting ecosystem-including standard-setters, policy makers, and regulatorswork together to limit fragmentation in support of consistent, comparable disclosures.

The developments in standard-setting and rulemaking make clear that information in financial reporting and information contained in sustainability reporting together are essential inputs to inform a stakeholder's view of an entity's value. Therefore, there is a growing demand for companies to integrate climate-related and other ESG considerations into internal control policies and procedures, enhancing the maturity of systems, processes, and governance over climate-related and other ESG information. Those charged with governance (e.g., audit committees and boards) are increasingly Deloitte Limited leadership messages

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incorporating ESG considerations in their oversight responsibilities of an organisation's management, its reporting, and their data-collection processes and controls.

Deloitte understands that given the increased risks associated with climate change, it is important for climate-related factors to be properly incorporated into corporate reporting. Today some stakeholders' expectations may not be met by financial statements prepared in accordance with current accounting frameworks. As corporate reporting continues to evolve and stakeholders accommodate and adapt to market shifts and public sentiment, it is important to allow for appropriate due process to develop robust standards applied consistently across the globe and to drive reporting that is responsive to the growing asks of investors and other stakeholders.

Deloitte remains committed to engaging in meaningful and transparent conversations with investors, standard-setters, regulators, and other relevant stakeholders. We continue to support reduced standard and regulatory fragmentation and look forward to greater market confidence as consistency in standards is realised globally.

#### Assurance

With the heightened focus and scrutiny of ESG reporting also comes the need for confidence over the quality of disclosures in the form of independent assurance. Assurance over sustainability reporting is increasingly becoming mandatory, as demonstrated by the corporate reporting regulations passed in the European Union that require limited assurance with an expectation to move to reasonable assurance in future years.

The growing demand for sustainability assurance highlights the importance of professional standards that enable consistent and high-quality execution globally. Deloitte is supportive of the IAASB's work to develop a global sustainability assurance standard, ISSA 5000, i.e., as a global baseline for sustainability assurance. Widespread adoption of ISSA 5000 is critical to avoid the undue complexity and cost associated with fragmented assurance standards.

Deloitte is well positioned to deliver high quality assurance on ESG information. As auditors, we uphold the core tenants of integrity, credibility, and objectivity and abide to professional requirements regarding competence, independence, and systems of quality management. Our audit work and related systems are subject to oversight and inspection as well as professional liability mechanisms to ensure that credible assurance is delivered to the market.

Below are specific actions that Deloitte is undertaking to support execution of high-quality assurance that appropriately addresses both voluntary ESG reporting and mandatory reporting requirements:

- Developing and enhancing guidance for performing ESG assurance through Deloitte's global sustainability assurance methodology, which includes supplemental guidance for specific
- Building capacity through global and localised learning focused on ESG.
- Developing and starting to deploy technologyenabled solutions, such as a tool to evaluate a company's sustainability disclosures against common ESG standards.
- Engaging in shaping the capital market infrastructure for sustainability reporting tied to enterprise value through collaboration on climate initiatives, such as the IFRS Foundation, the International Auditing and Assurance Standards Board (IAASB), and the International Ethics Standards Board for Accountants (IESBA).
- Actively participating in various global platforms such as the World Economic Forum and the 2023 UN Climate Change Conference (COP28).

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

sustainability reporting standards and frameworks.

and ESG standard setting reporting, and assurance

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#### Deloitte's commitment

Further, to help the world achieve the goals of the Paris Agreement <sup>5</sup>, Deloitte is committed to World*Climate*, a strategy to drive responsible climate choices within the Deloitte network and beyond. Refer to the upcoming issuance of the 2024 Deloitte

Global Impact Report for the complete report on this important initiative.

#### Multidisciplinary model (MDM)

Deloitte's MDM brings the breadth and depth of services across Deloitte's businesses, connecting many different disciplines to provide expertise and broad perspective. The MDM is a core strength of Deloitte and will remain the foundation of our strategy. Our current strategy and business model have a positive impact on quality.

Specifically, the scope of corporate reporting is expanding and transforming considerably every day with the emerging voluntary and mandatory disclosure requirements around ESG, cyber, AI, data privacy, and more. Deloitte prides itself on having a deep bench of independent specialists who can be deployed around the world on audit and assurance engagements to provide subject matter expertise and new, insightful perspectives.

Other strengths of the MDM include:

- The possibility to develop industry or thematic insights (e.g., climate, governance, corporate strategy, etc.) through multiple lenses, which enhances auditors' understanding of business risks relevant to conducting audit and assurance services.
- The breadth of the MDM creates richer career paths and mobility for our people making the business attractive to candidates who may not want to limit their career options to providing audit and assurance services only.
- The global scale of the MDM brings greater resilience to each Deloitte business line, including audit and assurance, allowing continued investment in technology, methodology, and process to support delivery of high-quality, crossborder services.

Deloitte leadership recognises that each Deloitte business line is important and critical to the organisation's ability to deliver on its public interest responsibilities. Management's attention and investment allocation are not limited to the business lines with the highest growth rates.

Deloitte acknowledges the possibility and perception of conflicts of interest, and therefore has robust conflicts and independence policies and systems to help ensure that Deloitte's strategy is executed in alignment with regulatory and professional requirements. In some areas, Deloitte policies are more stringent than professional standards, laws, or regulations.

While we are always evaluating ways to improve Deloitte's ability to deliver on our public interest mandate, we remain confident that Deloitte's MDM and our shared purpose and values make us wellpositioned to navigate future challenges while continuing to lead with quality.

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<sup>&</sup>lt;sup>5</sup> The <u>Paris Agreement</u> is a legally binding international treaty on climate change. It was adopted by 196 parties at the United Nations (UN) Climate Change Conference (COP21) in Paris, France, on 12 December 2015 and was entered into force on 4 November 2016. Per the UN, its overarching goal is to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels

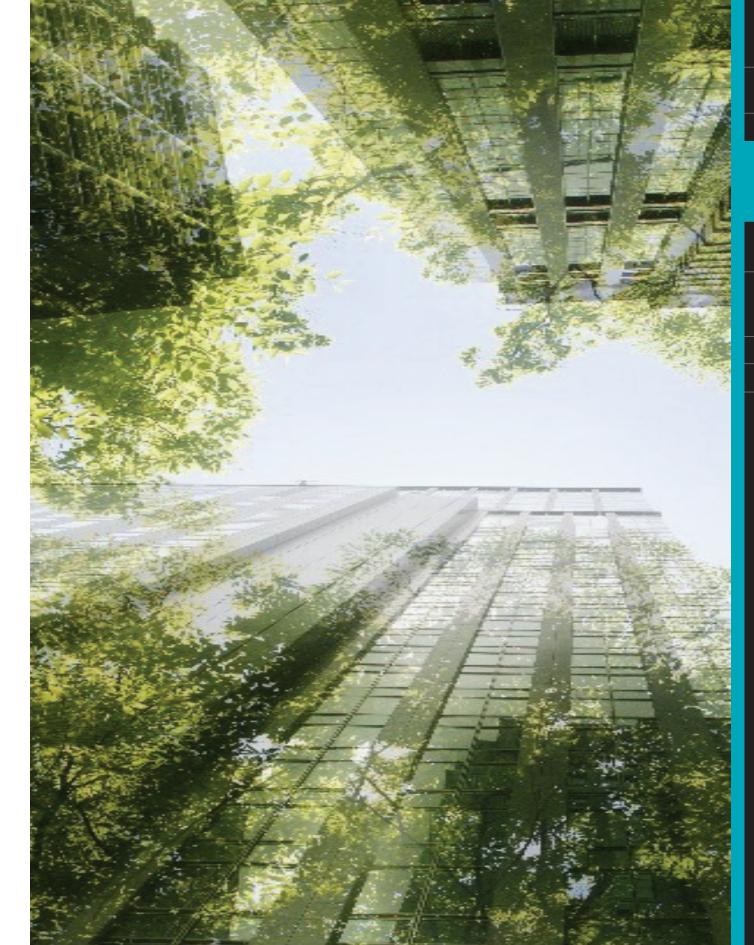
# Shaping the future of the audit profession

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

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

In today's environment, a sharpened awareness regarding the heightened risk of fraud, the presence of emerging or evolving risk factors, and the need for effective internal control environments remains critical. Although the existing accounting frameworks have provisions for uncertainties, financial statement users and regulators should continue to expect a high degree of market and economic volatility in the near term.

Deloitte has consistently welcomed public statements and guidance issued by regulators that recognise uncertainties and emphasise the importance of high-quality, forward-looking corporate disclosures.



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Greater transparency benefits the public, just as raising awareness about these issues, especially when all corporate reporting ecosystem stakeholders participate. More clarity about the unique and complementary responsibilities of management, audit committees, entities, auditors, regulators, and other stakeholders enables the investing public to hold accountable theses parties in a way that effectively serves the public interest.

The value of high-quality audit and assurance services is not diminished in the midst of global unrest. Rather, investors and other stakeholders continue to call for professional services based on independence and objectivity-based principles and practices to engender trust and inspire confidence in the capital markets-and Deloitte is committed to leading the way.

Deloitte Cyprus commitment to serving the public interest, especially as it relates to behaving according to the highest standards of ethics, integrity, independence, and transparency is steadfast. Deloitte is keenly aware of the gravity of responsibility that comes with meeting professional obligations and discharging its role as auditors within the corporate reporting ecosystem globally. The following principles remain at the forefront and are continuously reinforced with Audit & Assurance practitioners:

- Exercise professional scepticism and due professional care.
- Critically evaluate the quality of audit evidence obtained and determine whether it is sufficient and appropriate to address relevant risks.
- Make well-reasoned professional judgments supported by clear documentation.
- Foster a culture of excellence and consultation.
- Demonstrate commitment to integrity and ethical behaviour, including compliance with regulatory and professional obligations.
- Stay connected and support one another.

Deloitte is committed to establishing a meaningful vision for the future of the profession which addresses the shifting needs of society.

We are continually innovating to improve our effectiveness through technology, data, and ways of working. In parallel, the role of audit and assurance in the corporate reporting ecosystem, its responsibility to act in the public interest, and its evolving contribution to societal value remains at the forefront of our work in this area. Through proactive engagement with a range of stakeholders, we seek to understand today's rapidly developing issues faced by society (e.g., ESG, cyber, AI, data privacy, etc.) and the role that audit and assurance can play in responding and driving change for the better.

We strive to engage with these parties, both formally and informally, to share, offer, and debate ideas that foster our collective ambition to ensure the ongoing and growing relevance of audit and assurance to the capital markets. Deloitte Limited leadership messages

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# Professional development and performance management

Deloitte's culture of excellence and the design of learning programmes place people at the forefront <sup>6</sup>. Deloitte practitioners are technically proficient with high levels of ethics, integrity, professional scepticism, and objectivity and are applying their judgment and experience with passion and commitment. We are continuously enhancing our skillsets, knowledge and experience to go beyond the expected and deliver meaningful impact.

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

Deloitte practitioners bring diverse backgrounds, knowledge and skills that enhance capabilities as an organisation in delivering the highest quality. We support and empower our people to achieve their full potential by valuing and demonstrating diversity, equity, inclusion, and wellbeing.

Deloitte recognises and rewards its Audit & Assurance practitioners and professionals and makes meaningful investments in their futures.

<sup>6</sup> For more information about Deloitte's commitment to its people, please refer to <u>Audit & Assurance People page</u> on Deloitte.com.



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#### Learning and development initiatives

Deloitte's transformed approach to delivery is changing the experience for practitioners. 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 our innovative techniques and capabilities. It also offers opportunities to enhance their technical and professional skillsets and competencies. For example, the following skills remain as important as everenhanced data analytics, project management, critical thinking, communication, professional judgment, and the application of accounting and auditing principles to work more effectively and deliver highquality engagements. As capabilities and skillsets are enhanced, we build greater confidence and become ever-better evaluators of risk.

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

- At the core, Deloitte has a single, global mandatory audit technical learning curriculum, tailored for learners by level, using a dynamic blend of live instructor-led, digital on-demand courses, and onthe-job activities.
- All client service practitioners are required to follow the firm's learning requirements for their roles and complete at least 20 hours of continuing professional education (CPE) each year and at least 120 hours over a cyclical three-year period to ensure both compliance with regulatory standards and Deloitte internal policies. This is achieved through structured, formal learning programmes, such as internal or external courses, seminars, or e-learning covering all areas of the competency model (e.g., shared competencies, function-specific technical competencies, and competencies in areas of specialisation).
- All client service practitioners have clearly defined role expectations and Global Talent Standards which outline the capabilities that are required of practitioners at each level.

Deloitte has also established specific learning opportunities for specialists working on engagements to support their knowledge and understanding. In

addition, our assurance learning offering is being expanded to respond to emerging business needs.

The objective of the Deloitte Cyprus professional development programme is to help partners and practitioners maintain and enhance their professional competence and ensure consistency of execution. To supplement on-the-job development, Deloitte Cyprus provides formal continuing professional development programmes in relevant subject areas consistent with the Deloitte Global Audit & Assurance Curriculum.

A blended learning approach is adopted, using a combination of methods such as:

- Live instructor-led
- Virtual instructor-led
- Self-study
- Digital learning (i.e., e-learning courses), for both technical and soft skills topics, which are available through:
- SABA Cloud
- LinkedIn Learning (provides a vast number of courses on soft skills topics to assist with professional development)
- CURA Learning (a digital platform, using Artificial

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Intelligence technology, that provides curated learning resources based on the users' knowledge, needs and interests)

- Mentoring schemes (e.g., MentorME, Womentor)
- Coaching and on-the-job training

The learning approach is designed to:

- Provide the right skills, at the right time, enabling guality outcomes for clients and rewarding career experiences for our people;
- Keep partners and staff at the forefront of new developments in the accounting, auditing and regulatory environment that may affect service quality and performance;
- Embed the firm's quality and risk imperative in the Deloitte community;

Moreover, there are courses and programmes for topics at the foundation, advanced and mastery levels in an effort to keep our people up to date with the latest market developments and regulations relevant to their role. Our extensive curriculum covers:

- Technical matters
- Regulatory matters
- Professional ethics
- Independence and risk matters
- Soft skills programmes, including courses on leadership

The attendance of all professionals to all the mandatory courses is monitored closely, whereas any instances of non-compliance are subject to a comprehensive Learning Disciplinary Process.

FY2024 | Key learning figures



Approximately 42,000 hours were invested in various learning and development activities, including approximately **18,700** hours for pursuing professional qualifications/certifications



On average, each practitioner received approximately 68 hours of learning (excluding the hours invested for pursuing professional qualifications/certifications)

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### **Deloitte.** University

Deloitte actively cultivates the collective knowledge and skills of Deloitte people globally through continued investment in Deloitte Universities (DU), the cornerstone of our organisation's commitment to leadership development and technical training for Deloitte people around the world. These are state-of-the-art learning and development centres focused on Deloitte culture and founded in the principles of

connectedness and leadership in a highly inclusive learning environment <sup>7</sup>. Since opening the Westlake, Texas location in 2011, we've launched additional facilities in Brussels, Hyderabad, Mexico City, Paris, Singapore, and Toronto, and have a new site under construction in Beijing. Being together for "moments that matter" is critical as we develop the next generation of leaders, as well as create-and strengthen-the connections that are so important to succeeding in a global organisation serving multinational clients.

Deloitte Cyprus has fully committed to DU EMEA since its foundation. Approximately 50 of our professionals participate in various DU EMEA programmes every year and have the opportunity to benefit from a dynamic and fast-paced learning environment, while at the same time taking the opportunity for networking and enhancing their personal brand. Through this experience, they can also benefit from connecting across borders, sharing and expanding their capabilities, expertise and insights.

<sup>7</sup> For more information about Deloitte Universities, please refer to Deloitte <u>Global Impact Report.</u>

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#### Audit & Assurance Leadership appointments

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

#### Remuneration

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

In accordance with global policies, Deloitte Cyprus' partners (both equity and non-equity) are evaluated on a yearly basis, and depending on the outcome of the evaluation, the remuneration of partners may increase or decrease. Specifically, partner evaluations take the following factors into account:

- **Quality:** Uncompromising quality in all professional work
- **Risk:** Consistent and strong contributions across all areas of risk
- **Performance:** Strong performance against key metrics and objectives
- Leadership: Demonstration of strong leadership skills and partner behaviours, which reflect the organisation's culture and expectations of its most senior individuals

The following criteria are also used for assessing the performance and contribution of each partner:

- Clients and audited entities: Portfolio managed and other market roles performed
- **Business:** Shaping and delivering on the firm's strategic and financial plan
- **People:** Contributions across all aspects of people management, including development, coaching and mentoring
- Stewardship: Thought leadership, innovation and brand protection

• **Collaboration:** Working across the firm and being inclusive of other partners and our people.

Partner performance is evaluated in all of the competencies, beginning with the DME Executive Committee's approval of the profit sharing strategy proposed by the Senior Partner and Chief Executive, and concluding with the DME Partner Matters Committee's review of the recommended profit allocation and equity group. A Partnership Council, the members of which consist of elected Partners and an elected Chairman, ensure fairness as well as a consistent and equitable treatment.

#### Attraction and retention

The current environment for talent is extremely competitive, and attraction and retention of our people is a strategic priority for Deloitte. Deloitte is focused on transforming the Audit & Assurance 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.

#### Diversity & Inclusion (D&I)

At Deloitte, we want everyone to feel they can be their true, authentic selves at work - in everything

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we do, every day. We know that this can only be achieved by providing a workplace culture characterised by inclusive everyday behaviours and built on a foundation of respect and appreciation for diversity in all its forms.

Our ALL *IN* diversity and inclusion strategy is focused not only on ensuring that all Deloitte people live the organisation's values and understand the importance of an inclusive culture empowered by inclusive leadership, but also on designing and implementing specific interventions designed to achieve Deloitte's diversity goals. We are focused on providing everyone with equal opportunities to grow, develop and succeed, in an environment where we hold each other accountable at all times. Through ALL *IN*, we focus on driving gender balance; advancing LGBT+ inclusion; enabling neurodivergent professionals' success in the workplace and supporting mental health.

#### Wellbeing

Employee wellbeing is at the heart of our talent strategy and we are committed to fostering an environment that supports the mental and physical well-being of our people. To this end, we offer a variety of programmes across our three wellbeing pillars of Mind, Body and Purpose, which are designed to provide the resources and tools for everyone at Deloitte to thrive. Some of our key programmes include:

- HybridWorks
- Flexible starting time
- Friday afternoon off throughout the year
- 34-hour week between July-September, including two afternoons off
- Working Mothers Scheme
- "Dress for your Day" flexible dress code
- Deloitte Employee Assistance Program (DEAP), which provides colleagues and their families with 24/7/365 access to specialist counselling support
- Give-up Smoking Scheme
- Medical & Life Insurance
- Health Check-Ups
- WorkWell Podcast Series
- Fitness challenges as part of our CR&S initiatives
- Male and female football teams
- "No public holiday lost": Any public holiday that falls on a weekend is granted as Wellbeing Day Off on the Friday before
- New Dad Leave
- Sports Leave
- Career Break Scheme

### Key Awards and Accolades

We truly believe our actions say it all. Guided by our purpose to make an impact that matters, we push ourselves to do best in all we do, and to leave the world better than we found it. Deloitte continues to receive global and local recognition and awards across the globe for its commitment to delivering an unrivalled talent experience for its people, as well the impact we make to our clients and our communities. Deloitte Limited leadership messages

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# **Our Diversity & Inclusion Pillars**





Making gender balance the norm, throughout the career lifecycle, and with a laser focus on female representation in leadership positions.

Providing an environment that allows our LGBT+ professionals to feel confident in being who they are and are empowered to thrive.



**Neurodiversity** Inclusion

Recognising that people who think in different ways bring strengths and advantages, focusing on enablers of neurodivergent professionals' success in the workplace.



Fostering a culture that not only supports, but enables good mental health for all, addressing the stigma that still exists and unlocking our people's full potential.

# Some of our key programmes/activities

- Womentor: Female practitioners mentoring programme
- SponsorME: Female leaders' sponsorship programme
- Agile Working Schemes: (e.g., Working Mothers Scheme, Career Break)
- International Women's **Day:** Targeted initiatives focusing on female empowerment, health, etc.
- She.Can.STEM Internship and Mentoring programmes

- LGBT+ Allies program: Be educated on LGBT+ inclusion; model inclusive behaviours: listen to LGBT+ colleagues; attend LGBT+ events
- Supporting ACCEPT LGBTI Cyprus and the 2024 Cyprus Pride initiatives, under the category "Proud Ally"
- LGBT+ Toolkit
- Can you see me? films

- Neurodiversity Toolkit
- Virtual workshops on understanding and supporting individuals on the Audit Spectrum, hosted by ICAS
- Co-funding the **Teenagers' group** programme of the **ADHD Cyprus** Association
- Deloitte Employee **Assistance Program:** Access to 24/7/365
- counselling support
- Wellbeing Days Off • No Public Holidays Lost
- Hybrid Works
- Special Types of Leave (e.g., New Dad, Sports Leave, Special Leave)
- **34-hour week** & 2 afternoons off during July-September
- Wellbeing & Mindfulness seminars
- Mental Health Podcasts
- Social events, football teams
- Can you see me? films

# **Ethnicity & Cultural Diversity**

Providing an environment that is deliberately and steadfastly anti-racist, where cultural diversity is celebrated, and our colleagues feel safe from racial discrimination.

• Cultureconnect: Celebrating our unique cultural diversity through storytelling • **Subsidising** Greek language courses to non-Greek speaking members • **Subsidising** English language courses for members who wish to improve their level of Business English language • "How to talk about race" Toolkit

• Can you see me? films

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# FY2024 | Key talent metrics (As at 31 May 2024)







Accountants 255





Gender composition **F**: 58% м:42%







### Worldwide awards in ACA/ACCA examinations

8

33 years old

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# Deloitte's priority focus on audit quality

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



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## Leadership commitment and tone at the top

Deloitte's culture of quality, integrity, and excellence begins with a strong tone from the top—from senior leadership through to the leaders in all our offices and audit and assurance engagements. This commitment is demonstrated through the direct involvement of leaders in initiatives emphasising that guality and professional behaviour is the highest priority for audit and assurance practitioners at all levels and consistent messaging that reinforces the importance placed on executing high-quality engagements. Deloitte sets high ethical standards for the conduct of all its professionals and embeds integrity expectations into the Deloitte Global Principles of Business Conduct. Deloitte's relentless pursuit of quality defines not just what we do, but who we are.

## System of quality management (SQM)

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

Regulators and standard setters in Cyprus and globally are also focused on the effectiveness and

continued improvements in firms' SQMs. Deloitte Cyprus complies with ISQM 1 which requires an annual evaluation of the SQM.

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

- The firm's risk assessment process;
- Governance and leadership;
- · Relevant ethical requirements;
- Acceptance and continuance of client relationships
   and specific engagements;
- Engagement performance;
- Resources;
- Information and communication; and
- Monitoring and remediation process.

The effective implementation of ISQM 1 has been and remains a key element of Deloitte's global audit and assurance quality strategy.

As part of the implementation of ISQM 1, quality objectives, quality risks and responses were formalised and brought together in a globally

consistent technology platform to facilitate the design and maintenance of the system, as well as the operation through tri-annual self-assessments by business process owners and reporting capabilities to support the required annual evaluation.

Deloitte Cyprus 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 quality and driving continued advancements in quality management processes serves 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, Deloitte Cyprus efforts relating to ISQM 1 and our SQM provide us the opportunity to continually challenge ourselves examining those areas where we can further enhance and transform our SQM. Quality always takes precedence and robust quality monitoring processes play an integral role in our ability to continually improve. ISQM 1 requires an annual evaluation of the SQM. Deloitte Cyprus performed its annual evaluation of its SQM as of 31 May 2024. Deloitte Limited leadership messages

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### Conclusion on the effectiveness of the SQM

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

- The firm and its personnel fulfil their responsibilities in accordance with professional standards and applicable legal and regulatory requirements, and conduct engagements in accordance with such standards and requirements; and
- Engagement reports issued by the firm or engagement partners are appropriate in the circumstances.
- Deloitte Cyprus conducted its evaluation in accordance with the ISQM 1.

Deloitte Cyprus concluded that the SQM provides the firm with reasonable assurance that objectives of the SQM are being achieved as of 31 May 2024.

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

# Independence, objectivity, and professional scepticism

The execution of high-quality audit and assurance engagements requires independence, objectivity, and professional scepticism. This means a continuous and tangible focus on Deloitte's critical role in serving the public interest, including creating a culture of quality where doing the right thing is of paramount importance. Deloitte consistently reinforces the important role of auditors as independent evaluators who must maintain a mindset of professional scepticism throughout the conduct of our work. This approach is reflected in Deloitte policies, methods, procedures, and learning, and is reinforced through quality management and accountability measures.

### Audit & Assurance approach

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

Deloitte's 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. Our methodology is also dynamic—it evolves continuously to keep pace with the changing demands of investors, companies, and other stakeholders. It recognises that advances in the availability and management of large data sets and in statistical science are relevant to continuing to enhance the quality of Deloitte engagements.

# Resources to support Deloitte practitioners in the execution of high-quality engagements

The resources applied by Deloitte practitioners in the performance of their work include the proprietary tools, guidance, materials, and practice aids used in conducting engagements, which are available to all our practitioners in the Deloitte Global Technical Library and the newly introduced Research Portal, an extensive online library, and in our audit execution platforms (such as EMS, Deloitte Omnia and Deloitte Levvia). These resources drive greater standardisation and consistency across Deloitte firms. Deloitte regularly issues guidance to our practitioners and communicates developments that should be factored into audit risk assessments and responses in order to maintain and drive quality execution.

### Consultation

Quality and risk management considerations are integral to Deloitte's audit and assurance business and to the performance of engagements. That is Deloitte Limited leadership messages

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why Deloitte views consultation as an essential, collaborative process—one that involves robust challenge and helps determine the most appropriate answers to complex questions. Deloitte has identified circumstances where consultation outside of the engagement team is required in order to demonstrate an appropriate level of professional judgment and the exercise of professional scepticism.

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

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 local or regional Audit Quality and Risk Offices, or others in the organisation with specialised knowledge. Achieving high quality in audit and assurance engagements necessitates both individual engagement quality and comprehensive portfolio management. Rigorous training, including both technical and soft skills, coupled with the use of advanced technologies such as data analytics, AI, and machine learning, enhances individual audit quality. Strong internal review processes, effective communication, and clear guidelines further ensure consistency and alignment. On a portfolio level, establishing a centralised quality management framework, standardised procedures, and continuous monitoring and reporting mechanisms is crucial. Adopting a risk-based approach to prioritize and allocate resources, fostering a quality-centric culture through leadership commitment and incentives, and leveraging client and internal feedback for continuous improvement are key initiatives. Additionally, using integrated audit management software and collaboration platforms streamlines processes and enhances coordination. This multifaceted strategy ensures high-quality audits and effective quality management across the entire engagement portfolio, mitigating risks, enhancing client satisfaction, and upholding the firm's credibility and reputation.



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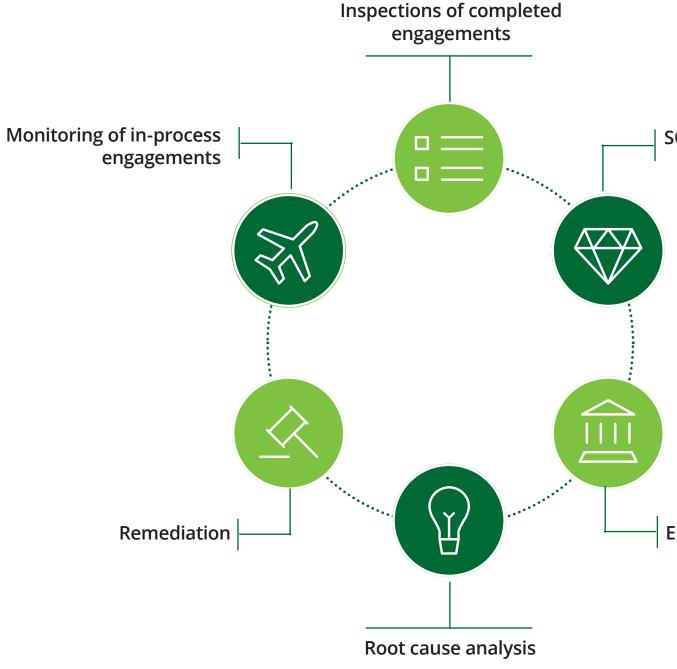


# External and internal quality monitoring

## Monitoring of quality

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

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



## SQM monitoring

## **External inspections**

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# SQM monitoring

SQM monitoring is an integral part of Deloitte Cyprus monitoring activities and considers relevant requirements in ISQM 1, as well as evaluating the design, implementation and operating effectiveness of responses that address the quality risks that have been identified for the firm.

Key components of SQM monitoring include:

- Risk-based approach to selecting business processes, quality risks and responses to monitor.
- Mandatory moderation panel to drive consistency in evaluating findings and deficiencies.
- Quality Management Observers and deputies, independent of Deloitte Cyprus, who drive global consistency by providing input and sharing best practices for monitoring programmes.
- Identifying appropriate resources (from within Deloitte Cyprus as well as from other Deloitte geographies or Deloitte Global) with the right experience.

Audit Quality Indicators (AQIs) are used in conjunction with other metrics to further assist Deloitte Cyprus in developing and monitoring quality action plans and reporting on the progress in its audit quality journey.

# Monitoring of in-process engagements

Continuous quality monitoring by Deloitte Cyprus involves the proactive identification of issues on in-process 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 Deloitte Cyprus audit and assurance quality leader(s) to continuously monitor quality and take immediate action.
- A programme of subject matter specific "health checks" to assist Deloitte Cyprus audit and assurance quality leader(s) in assessing progress and identifying potential issues on in-process engagements.
- Results of monitoring of in-progress engagements are evaluated overall to determine whether additional communication and support is needed for engagement teams with respect to adherence to the methodology or updates thereto.

# Inspections of completed engagements

At its core, our internal practice review programme determines whether we have complied, in all material respects, with the professional standards and the policies contained in the Deloitte Policies Manual (DPM) and Audit Approach Manual (AAM), as well as applicable professional standards and regulatory and legal requirements.

Wider than this however, it provides assurance over the level of quality delivered by a Deloitte audit and drives the culture of continuous improvement. In recognition of the importance of practice reviews, the firm has made a significant investment during recent years to implement and deliver a transformation programme.

Additional rigour and independence is brought through the oversight of an independent partner from another member firm within the Deloitte network. Our overall aim is that our internal inspection will have at least the same scrutiny and rigour as that applied by our external regulators. Key components of inspections of completed engagements include:

 Risk-based engagement selection and consideration of all major industries served by Deloitte Cyprus while selecting signing partners or partner equivalents on a cyclical basis.

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- Mandatory moderation panel to drive consistency in findings and engagement ratings.
- Quality Management Observers and deputies, independent of Deloitte Cyprus, who drive global consistency by providing input and sharing best practices for monitoring programmes.
- Identifying appropriate resources (from within Deloitte Cyprus as well as from other Deloitte geographies or Deloitte Global) with the right experience and industry knowledge.

Six (6) Deloitte Cyprus audit engagements were included in the FY24 practice review programme. By the date of releasing this report, four (4) reviews had been completed, one (1) review was still in-progress and one (1) review had not yet been initiated. As far as the significance of the findings is concerned, the four (4) reviews that have been concluded, had no significant findings, one (1) medium finding and eight (8) low findings. Additionally, one (1) assurance engagement was also included in the FY24 practice review programme. This review was concluded with no significant or medium findings and three (3) low findings. All audit and assurance engagements reviewed were assessed as Compliant.

The primary themes identified as a result of analysis of engagement review findings for FY2024 were the following:

- Planning
- Documentation considerations understand internal control - control activities
- Documentation considerations risk of management override of controls
- Direction, supervision and review
- Risk assessment
- · Conclusion and documentation for tests of details

# **External inspections**

In addition to Deloitte Cyprus own monitoring of quality, we are subject to external monitoring by the Cyprus Public Audit Oversight Board (CyPAOB) and the Institute of Certified Public Accountants of Cyprus (ICPAC).

The CyPAOB undertakes independent inspections of the overall quality of the auditing function in Cyprus in relation to listed and other public-interest entities (PIEs) as defined by the applicable law. No file reviews took place during FY2024. During FY2023 one engagement file was selected for review which was assessed under category 2A, which means limited improvements required. The main findings that arose from the engagement file review during FY2023 were in relation to the areas of:

- 1. Information produced by the entity
- 2. Reliance on work of specialists

- 3. Use of management and auditor experts for properties valuations
- 4. Financial statement disclosures

In addition to the engagement files, CyPAOB also performs annual reviews of our System of Quality Management (SQM). No such reviews took place during FY2023 whereas a review was initiated towards the end of FY2024 that is currently in progress at the date of issuance of this report.

We welcome the CyPAOB's increased focus on higher risk audits and their associated complexities. Our quality programmes focus on these audits and we consider our public interest role to be even greater here.

# Root cause analysis and remediation

Continuous improvement is essential to Deloitte's culture of quality and excellence. Understanding why engagement level findings and SOM deficiencies occur is critical to being able to design effective remedial actions. When engagement level findings or SQM deficiencies are identified, whether through internal or external monitoring activities, actions are taken to identify gaps and develop appropriate remediation activities. Remediation is imperative to drive continuous improvement in quality and avoid future similar findings. An audit quality plan is prepared and provides for effective implementation and monitoring of key audit quality priorities.

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# Independence, ethics and additional disclosures

### **Deloitte Global Independence**



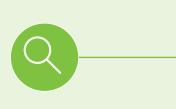
Sets independence policies and procedural expectations based upon the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and. where applicable, the independence standards of the US Securities and Exchange Commission and the Public Company Accounting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

Supports network services that a firm uses in the design, implementation, and operation of their system of quality management, including:

**Technical resources:** Global systems to provide its people with entity information to support compliance with personal and professional independence requirements, including financial interests and scope of service approvals.

Intellectual resources: Independence policy, e-learning, confirmation templates, monitoring instructions and other tools, templates, and guidance.

Human resources: Technical independence expertise, as required, which also informs potential enhancements to intellectual resources.



Participates in various elements of a firm's system of quality **management** monitoring and remediation process, as determined to be appropriate.



alerts.

Promotes **independence** awareness across the Deloitte network through active engagement with independence and business leadership groups and periodic communications and

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## **Deloitte Cyprus Independence**

Deloitte Cyprus has quality responses that address quality objectives and quality risks as they relate to the relevant ethical requirements for independence. These responses include policies and procedures that are based on expectations set out in Deloitte Global Independence policies, and which are supplemented, as appropriate, to reflect additional national or regional requirements that may be more restrictive than Deloitte Global policies.

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

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

- Implemented responses to address quality objectives and quality risks it has identified for its key independence areas;
- Performed appropriate monitoring activities over its key independence areas; 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 Management (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



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# DESC Deloitte Entity Search and Compliance

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



## Service Request Management

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



# Global Independence Monitoring System

Application that contains financial relationship data with relevant independence compliance indicators

# Long association requirements of audit partners and practitioners

The rotation of Key Audit Partners (KAPs) and Engagement Quality Reviewers (EQRs) is intended to safeguard against familiarity and self-interest threats, which may impact an individual's objectivity and professional scepticism. Our rotation policy requires the KAPs and the EQRs for all PIE audit clients to be rotated after seven (7) consecutive years of service, whereas the audit engagement managers should be rotated after ten (10) consecutive years of service.

Based on the rotation rules for EU PIE audit clients, the KAPs and the EQRs shall cease their participation in the statutory audit of the audited entity not later than seven (7) years from the date of their appointment and they shall not participate again in that audit before three (3) years have elapsed following that cessation (cooling-off period).

Additionally, based on our rotation policy for the non-PIE audit clients, KAPs should cease their participation in the audit of the non-PIE entity not later than ten (10) years of their appointment (including any years during which they have served as audit engagement managers) and they should not participate again in the audit of that entity before two (2) years have elapsed following that cessation (cooling-off period).

## Ethics

All Deloitte people are expected to act with integrity in accordance with high ethical standards as described in the Deloitte <u>Global Principles of</u> <u>Business Conduct</u> ("Global Code"). The Global Code is embedded into each member firm's Code of Conduct and defines the commitments that all Deloitte people make regarding ethical standards, as well as explaining each individual's responsibilities to their clients, colleagues, and society.

In addition to the Global Code, other foundational elements of Deloitte's ethics programme include global policies, a programme of training and communications, and established reporting channels supported by defined incident management protocols. For continuous improvement, regular programme assessments and reviews are conducted, and feedback is collected from Deloitte people through an annual ethics survey. Deloitte Limited leadership messages

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Ethics at Deloitte is led by the Deloitte Global Chief Ethics Officer at the global level, and by member firm Ethics Officers at the local level, all of whom are experienced partners with direct access to the member firm's CEO and governing bodies. Deloitte Global and member firm ethics leaders work together to continually monitor risk and to reinforce compliance with the Global Code.

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

The ethical requirements for audit and related assurance services provided by Deloitte Cyprus are in accordance with the CyPAOB requirements. Deloitte Cyprus also complies with Deloitte Global policies and procedures, which align with the requirements and guidance set out in the international Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, a standardsetting body of the International Federation of Accountants (IFAC). When the local laws (e.g. requirements imposed by the CyPAOB are more restrictive than the Deloitte Global policies and procedures, Deloitte Cyprus follows such applicable local laws and requirements accordingly.

Deloitte Cyprus reinforces its commitment to ethics and integrity through communication tools, learning programmes, compliance processes, and measurement systems for all people. Learning includes targeted content for onboarding, manager and senior manager promotion, partner admission, independent contractors, and refresher programmes every two years. Recent global training topics have included a focus on the importance of owning up to one's mistakes, being an active bystander, navigating personal relationships in the workplace, demonstrating respect, integrity and professionalism on social media, and ethical learning, and courses have included a confirmation that professionals are aware that answers should not be shared with others and doing so would constitute a violation of the Global Code.

In addition, Deloitte Cyprus conducts ethics reviews for senior leaders and requires all partners, other practitioners, and support staff to confirm annually that they have read and comprehended the member firm's Code of Conduct and understand that it is their responsibility to comply with it. Deloitte Limited leadership messages

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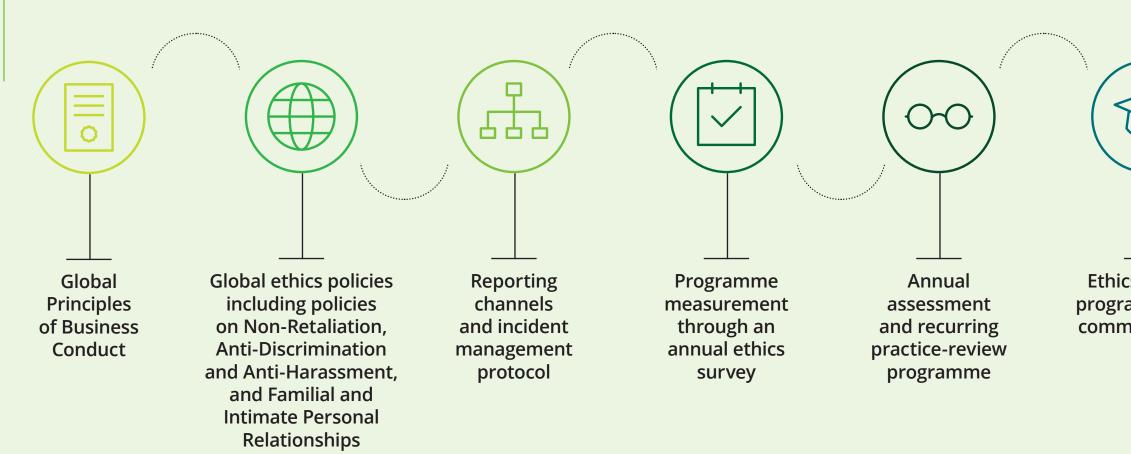
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# **Deloitte Global Ethics**

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

**Deloitte's Global Principles of Business Conduct ("Global Code")** outlines Deloitte's ethical commitments as a network and expectations for Deloitte's approximately 460,000 people, giving a strong, principled foundation. The foundations of the network's ethics programme are comprised of the following elements:



**A** 

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# 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.
	Deloitte Assurance s.r.o.
Denmark	Deloitte Statsautoriseret Revisionspartnerselskab
Estonia	AS Deloitte Audit Eesti

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EU/EEA member state	Name of audit firms carrying out statutory audits in each member state
Finland	Deloitte Oy
France	Deloitte & Associés
	Deloitte Marque & Gendrot
	Deloitte Audit Holding
	BEAS
	Constantin Associés
	Pierre-Henri Scacchi et Associés
	Revi Conseil
Germany	Deloitte GmbH Wirtschaftsprüfungsgesellschaft
	Deutsche Baurevision GmbH Wirtschaftsprüfungsgesellschaft
	SüdTreu Süddeutsche Treuhand GmbH Wirtschaftsprüfungsgesellschaft
Greece	Deloitte Certified Public Accountants 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

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EU/EEA member state	Name of audit firms carrying out statutory audits in each member state
Poland	Deloitte Audyt spółka z ograniczoną odpowiedzialnością spółka komandytowa
	Deloitte Audyt spółka z ograniczoną odpowiedzialnością
	Deloitte Assurance 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 Auditores, 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: €1,9 billion <sup>8</sup>

<sup>8</sup> Amount represents an estimate determined based upon best efforts to collect this data. Certain Deloitte audit firms registered to perform statutory audits in respective member states provide statutory audit services as well as other audit, assurance, and non-audit services. While Deloitte endeavoured to collect specific statutory audit turnover for each EU/ EEA Deloitte audit firm, in certain cases turnover from other services has been included. The turnover amounts included herein are as of 31 May 2024, except for a limited number of instances where a Deloitte audit firm has different financial year-end or has not finalised its reporting for such period. In these cases, turnover amounts are for the relevant financial year or preceding financial year. Where currency other than 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 2023 to 31 May 2024. Deloitte Limited leadership messages

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# Appendix B | Financial information<sup>9</sup>

## FY2024 Business performance

The financial information for fiscal year 2024, highlight a notable accomplishment. Our revenues have increased to €55.9 million from €51.1 million in the previous fiscal year, reflecting a robust growth trajectory. This impressive performance is a testament to our unwavering commitment to delivering exceptional value to our clients, our strategic investments in innovative technologies, and the continuous development of our talented professionals. Here are some of the major achievements that contributed to our success:

- Revenue Growth: Increased revenues to €55.9 million from €51.1 million, demonstrating strong financial performance and market expansion despite the challenging conditions of our economic environment.
- Client-Centric Approach: Enhanced client satisfaction and loyalty through exceptional service delivery and customised solutions.

- **Technological Advancements:** Invested in cutting-edge technologies to improve efficiency, accuracy, and insight in our audit processes.
- Talent Development: Implemented
   comprehensive training and development
   programmes to cultivate our professionals'
   skills and expertise.
- Market Presence: Expanded our market presence by entering new regions and sectors, broadening our client base.
- **Sustainability Initiatives:** Advanced our commitment to sustainability by integrating environmentally friendly practices and solutions.
- **Stakeholder Engagement:** Strengthened relationships with clients, regulators, and the broader community through proactive engagement and transparent communication.



<sup>9</sup> "Turnover" for some member firms may mean revenues, net sales, etc.

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As we look ahead, we remain very optimistic about the future. The financial gains of this year empower us to further invest in cutting-edge technologies, enhance our service offerings, and attract top talent. We are poised to capitalise on emerging opportunities and navigate the complexities of the evolving market landscape with agility and foresight. Our strategic vision and dedication to excellence, position us well to drive sustained growth and deliver outstanding results for our stakeholders in the coming years and further support us as we strive to be the undisputed leader in professional services and make an impact that matters.

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

The breakdown of the Deloitte Limited's turnover for the year ended 31 M as follows. The turnover includes expenses billed to clients and the turnov billings by other Deloitte member firms:

## Turnover<sup>10</sup>

Statutory Audit (PIEs or PIE subsidiaries) Statutory Audit (non-PIEs or non-PIE subsidiaries) Non-Audit Services (audited PIEs or PIE subsidiaries) Non-Audit Services (audited non-PIEs or non-PIE subsidiaries) Non-Audit Services (other entities)

## Total Revenues related to Deloitte Limited

Non-Audit Services provided (\*) by other Deloitte Network entities in Cyprus (Deloitte Actuarial Services Limited, Hadjianastassiou, Ioannides LLC and DTME Services Limited)

## Total Revenue of all entities in Cyprus

(\*) of which €0.7 million for non-audit services provided to companies audited by

k)(i)-(i∨)
ay 2024 is er related to
€m
1.1
17.3
0.2
8.4
18.2
45.2
10.7
55.9
<sup>,</sup> Deloitte Limiteo

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<sup>&</sup>lt;sup>10</sup> EU transparency reporting requirement: information about the total turnover of the audit firm, divided into the following categories:

<sup>2(</sup>k)(i). Revenues from the statutory audit of annual and consolidated financial statements of public-interest entities and entities belonging to a group of undertakings whose parent undertaking is a public-interest entity; 2(k)(ii). Revenues from the statutory audit of annual and consolidated financial statements of other entities;

<sup>2(</sup>k)(iii). Revenues from permitted non-audit services to entities that are audited by the audit firm; and

<sup>2(</sup>k)(iv). Revenues from non-audit services to other entities.

# 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 Limited in the financial year 2024:

Name	<b>FYE</b> <sup>11</sup>
ALPHA BANK CYPRUS LIMITED	31/12/2023
BANK OF BEIRUT S.A.L. (Cyprus Branch)	31/12/2022
BANQUE SBA (Cyprus Branch)	31/12/2023
COMMERCIAL GENERAL INSURANCE LIMITED	31/12/2023
CPLP SHIPPING HOLDINGS PLC	31/12/2023
JORDAN AHLI BANK (Cyprus Branch)	31/12/2023
JORDAN KUWAIT BANK (Cyprus Branch)	31/12/2023

Name	FYE <sup>1</sup>
KEO PLC	31/12/2023
LOUIS PLC	31/12/2023
PHILOKTIMATIKI PUBLIC LTD	31/12/2023
SAFE BULKERS PARTICIPATIONS PLC	31/12/2023
THE CYPRUS DEVELOPMENT BANK PUBLIC COMPANY LIMITED	31/12/2023
THE LONDON P&I INSURANCE COMPANY (EUROPE) LIMITED	20/02/2024

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