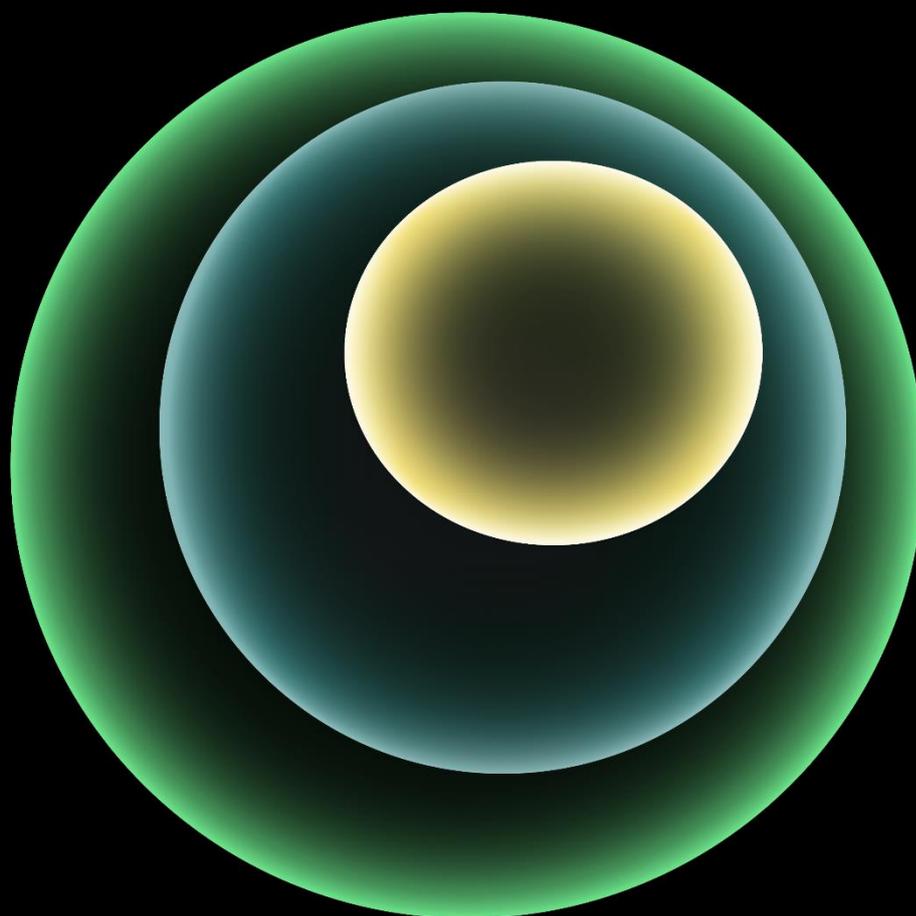


**Deloitte.**



**Deloitte Audit s.r.o.  
Transparency Report**

April 2018

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# Deloitte Audit s.r.o. Transparency Report

## Introduction

As an audit firm that carries out statutory audits of the annual accounts of public-interest entities, Deloitte Audit s.r.o. (hereinafter the "Company") is publishing this annual transparency report in compliance with Section 43 of Act No. 93/2009 Coll., on Auditors.

All information provided in this report relates to the situation of the Company as of 31 December 2017, except if indicated otherwise.

## 1 The Deloitte network and the legal and structural arrangements in the network

### About Deloitte

"Deloitte" is the brand under which tens of thousands of dedicated professionals in independent firms throughout the world collaborate to provide audit, consulting, financial advisory, risk management, tax and legal services to selected clients. These firms are members of Deloitte Touche Tohmatsu Limited ("DTTL") a UK private company limited by guarantee. Each member firm provides services in a particular geographic area and is subject to the laws and professional regulations of the particular country or countries in which it operates. DTTL does not itself provide services to clients. DTTL and DTTL member firms are separate and distinct legal entities, which cannot obligate the other entities. DTTL and each DTTL member firm are only liable for their own acts or omissions, and not those of each other. Each of the member firms operates under the names "Deloitte", "Deloitte & Touche", "Deloitte Touche Tohmatsu", or other related names. Each DTTL member firm is structured differently in accordance with national laws, regulations, customary practice and other factors, and may secure the provision of professional services in their territories through subsidiaries, affiliates and/or other entities.

See [www.deloitte.com/about](http://www.deloitte.com/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

### About Deloitte Central Europe

Deloitte Central Europe ("DCE") is a regional organisation of entities organised under the umbrella of Deloitte Central Europe Holdings Limited, the member firm in Central Europe of Deloitte Touche Tohmatsu Limited. Services are provided by the subsidiaries and affiliates of Deloitte Central Europe Holdings Limited, which are separate and independent legal entities.

**Audit firms operating as a member of Deloitte network – disclosure in accordance with Article 13.2 (b) (ii)-(iv) of the EU Audit Regulation**

<b>EU/EEA Member State</b>	<b>Name of audit firms carrying out statutory audits in each Member State</b>
Austria	Centro-Audit Wirtschaftsprüfungsgesellschaft mbH
	Deloitte Audit Wirtschaftsprüfungs GmbH
	Deloitte Burgenland Wirtschaftsprüfungs GmbH
	Deloitte Niederösterreich Wirtschaftsprüfungs GmbH
	Deloitte Oberösterreich Wirtschaftsprüfungs GmbH
	Deloitte Salzburg Wirtschaftsprüfungs GmbH
	Deloitte Schwarz & Schmid Wirtschaftsprüfungs GmbH
	Deloitte Tax Wirtschaftsprüfungs GmbH
	Deloitte Tirol Wirtschaftsprüfungs GmbH
	Deloitte Wirtschaftsprüfung Styria GmbH
	F.X. Priester GesmbH
	Kapferer Frei und Partner Wirtschaftsprüfungs- und Steuerberatungs GmbH
	MPD Wirtschaftsprüfungs-GmbH & Co KG
Belgium	Deloitte Bedrijfsrevisoren - Reviseurs d'Entreprises
Bulgaria	Deloitte Audit OOD
Croatia	Deloitte d.o.o.
Cyprus	Deloitte Limited
Czech Republic	Deloitte Audit s.r.o.
Denmark	Deloitte Statsautoriseret Revisionspartnerselskab
Estonia	Deloitte Audit Eesti AS
Finland	Deloitte Oy
France	Deloitte & Associés
	Deloitte Marque & Gendrot
	Deloitte Marque Gendrot
	Anne-Marie Torres Commissaires aux comptes
	Audalian Commissaire
	Audit Aquitaine Commissariat aux comptes SARL
	BEAS
	Cabinet FPM
	Cisane
	COGES
	Constantin Associés
	Constantin Entreprises
	Consultants Auditeurs Associés
	Davec SAS
	Durand & Associés
ECA Audit	
Fiduciaire Expertise Commissariat et Développement	

## Transparency Report

EU/EEA Member State	Name of audit firms carrying out statutory audits in each Member State
	IE IDF HAC (Holding Audit Consulting)
	In Extenso
	In Extenso Alsace Participations
	In Extenso Audit
	In Extenso Bretagne
	In Extenso Centre Est
	In Extenso Centre Ouest
	In Extenso Charente
	In Extenso Dordogne
	In Extenso Eure
	In Extenso IDF Audit
	In Extenso IDF EX&Com Audit
	In Extenso IDF Harl Lefort et Associés
	In Extenso Ile de France
	In Extenso Mont Blanc
	In Extenso Nord Audit
	In Extenso Nord de France
	In Extenso Orne
	In Extenso Picardie Ile de France
	In Extenso Provence
	In Extenso Rhône Alpes
	In Extenso Rhône Alpes Distribution
	In Extenso SECAG
	In Extenso Strasbourg Nord SA
	Jacques Serra et Associés
	Laurens Michel Audit
	MFG Audit
	Opus 3.14 Audit et Conseil
	Pierre-Henri Scacchi et Associés
	Revi Conseil
	SEREF
	Serge Kubryk
	Société d'expertise comptable d'Organisation et de Gestion
	Sterenn
Germany	Deloitte GmbH Wirtschaftsprüfungsgesellschaft
	Deutsche Baurevision GmbH Wirtschaftsprüfungsgesellschaft
	SüdTreu Süddeutsche Treuhand GmbH Wirtschaftsprüfungsgesellschaft
Gibraltar	Deloitte Limited
Greece	Deloitte Certified Public Accountants SA
Hungary	Deloitte Auditing and Consulting Ltd.

## Transparency Report

EU/EEA Member State	Name of audit firms carrying out statutory audits in each Member State
Iceland	Deloitte ehf.
Ireland	Deloitte
Italy	Deloitte & Touche S.p.A.
Latvia	Deloitte Audits Latvia SIA
Lithuania	Deloitte Lietuva, UAB
Luxembourg	Deloitte Audit
Malta	Deloitte Audit Limited
Netherlands	Deloitte Accountants B.V.
Norway	Deloitte AS
Poland	Deloitte Polska spółka z ograniczoną odpowiedzialnością Sp. k.
Portugal	Deloitte & Associados, SROC S.A.
Romania	Deloitte Audit S.R.L.
Slovakia	Deloitte Audit s.r.o.
Slovenia	Deloitte Revizija d.o.o.
Spain	Deloitte, S.L.
Sweden	Deloitte AB
United Kingdom	Deloitte LLP Deloitte NI Limited

Total turnover achieved by network's audit (resulting from the statutory audit of annual and consolidated financial statements in accordance with Article 13.2 (b)(iv) EU Audit Regulation) amounted to € 1,967 million <sup>1</sup>

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<sup>1</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 we have 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 2017, except for a limited number of instances where a Deloitte audit firm has a different financial year end or has not finalised its reporting for such a period. In these cases, the turnover amounts are for the relevant financial year or preceding financial year. Where currency other than Euros is used in the Member State, the amount in Euros was translated using an average exchange rate in effect for the period 1 June 2016 to 31 May 2017.

## **2 Legal, ownership and governance structure of the Company**

### **Legal and ownership structure:**

Deloitte Audit s.r.o. is a limited liability company. As of 31 December 2017 84% of its equity interest is held by Deloitte Central Europe Holdings Limited with its registered office at 1, Lampousas, 1095 Nicosia, Republic of Cyprus. Other owners (each holding a 2% equity interest) are: Václav Loubek, Martin Tesař, Petr Michalík, Frederic Maziere, Diana Rádl Rogerová, David Batal, Pavel Raštica (since 19 December 2016) and Ladislav Šauer (since 19 December 2016).

Václav Loubek, Martin Tesař, Petr Michalík, Diana Rádl Rogerová, David Batal, Pavel Raštica and Ladislav Šauer are statutory auditors.

The above-specified owners – statutory auditors hold the overall majority of votes of all owners at the General Meeting.

### **Governance Structure:**

Refer to the description below.

## **3 Description of the management structure of Company**

Statutory executives, Martin Tesař, Gerard Patrick Murray and Petr Michalík, form the Company's statutory body.

Martin Tesař and Petr Michalík are statutory auditors.

## **4 Internal quality control system**

The Company maintains policies and procedures to promote an internal culture based on the recognition that quality is our number one priority which the Company has agreed to adhere to.

The Company focuses on professional excellence as the foundation for achieving outstanding audit quality on a consistent basis. The Company policies and procedures addressing leadership responsibilities for the system of quality control within the audit firm, ethical requirements, client and engagement acceptance and continuance, human resources, engagement performance and monitoring.

This internal quality control system has two monitoring systems:

- The engagement quality control review, and
- The practice review.

### *Engagement quality control review*

Statutory audit reports on the annual accounts or consolidated accounts relating to a public interest entity, among others, are subject to an engagement quality control review by a partner with sufficient and appropriate experience and professional qualifications, prior to issuance of the report. The engagement quality control reviewer may be assigned to the Company from within DCE to work under the Company responsibility, but is not part of the engagement team and is not portrayed in fact or appearance as a member of the engagement team.

The reviewer is appropriately briefed by the engagement team and conducts the review in such a manner that sufficient knowledge and understanding is obtained in order to reach conclusions. The reviewer's responsibility is to perform an objective review of significant auditing, accounting, and financial reporting matters, to document the procedures the reviewer performed, and to conclude, based on all the relevant facts and circumstances of which the reviewer has knowledge, that no matters that have come to his or her attention would cause the reviewer to believe that the significant judgments made and the conclusions reached were not appropriate in the circumstances.

## Transparency Report

For engagements that have been identified as having a higher risk, a special review partner is assigned to provide an additional level of competence and objectivity in planning and performing the engagement. The special review partner may be assigned to the Company from within DCE to work under the Company responsibility, but is independent of the engagement. Normally this partner possesses specialised industry and technical skills applicable to the engagement and, in certain situations, is independent of the practice unit to enhance objectivity or to provide specialised resources.

The auditor's report may only be issued if the reviewer is satisfied that the audit engagement team has made appropriate judgments and conclusions, and has complied with applicable standards and regulations.

### *Practice Review*

The Company is subject to a quality assurance review, or "practice review" as it is commonly referred to, at intervals not to exceed three years.

Normally, the performance of every engagement partner is assessed during the three-year cycle, and at least one engagement for each partner is selected to achieve this goal. Consideration is also given to assessing the performance of directors, particularly those directors who are candidate for partner nomination.

The Company is responsible for the practice review. DCE provides guidance and oversight regarding the practice review plan and procedures. The general coordination and administration of the practice review program is the responsibility of the practice review director.

The practice review plan, process, and results are reviewed and concurred by a partner from another member firm (the "external partner") every year. The external partner who is assigned this responsibility works closely with the practice review director in overseeing the planning and performance of the practice review.

### Types of Engagements Reviewed

The engagements selected for review include public interest entities and a number of high risk engagements, as well as other national engagements and inbound/outbound transnational engagements (audits of financial statements that are or may be used across national borders). Some sensitive and complex engagements (e.g., first-year engagements, situations where there is a change in control, or deteriorating financial condition) are also selected. All major industries served are considered.

### Scope of Practice Reviews

The assignment of reviewers is based on skill level, industry knowledge, and experience on transnational engagements.

The reviews of individual engagements consist of discussions with the partner and/or manager responsible for the engagement and a review of related reports, working papers, and, where appropriate, correspondence files.

Engagements are reviewed to:

- Determine whether quality control procedures have been properly applied to such engagements,
- Assess the adequacy of implementation of the audit approach, including compliance with the Company's policies and procedures contained in the policy manuals,
- Monitor compliance with applicable local laws, and
- Assess the overall quality of service provided to clients.

The overall risk management and quality control policies and procedures of practice offices within the Company are also reviewed, including the following:

- Risk management program, including client and engagement acceptance and continuance

## Transparency Report

- Independence
- Recruitment and advancement
- Professional development
- Public filings in other countries
- Information technology specialist reviews
- Consultation with Company's experts
- Consultation with outside experts
- Engagement quality control reviews

The findings and recommendations resulting from the practice reviews are included in a Company's audit quality plan and presented to the Company's and DCE leadership. The purpose of the audit quality plan is to provide suggestions for improvement in response to findings noted. The Company addresses findings by conducting a root cause analysis and drawing up a detailed action plan setting out the action to be taken, the person(s) responsible, and the timing to implement the recommendations, where applicable.

In addition, the Company communicates to the relevant partner and other appropriate personnel deficiencies (if any) noted as a result of the practice review and recommendations for appropriate remedial action. The Company also communicates the results of the practice review and ongoing consideration and evaluation of its system of quality control to its partners and other appropriate individuals.

### *Management Statement*

The Management of the Company are satisfied that the internal control system, as described above, is effective in providing reasonable assurance that the audit firm and its personnel comply with applicable professional standards and regulatory and legal requirements and that audit reports issued are appropriate in the circumstances.

## 5 Date of the last quality assurance review

The last quality assurance review was conducted by the Audit Public Oversight Council in the period from 1 November to 30 November 2017; at the same time, an external inspection was conducted by the Czech Chamber of Statutory Auditors from 1 November 2017 to 23 November 2017.

## 6 List of public-interest entities audited during the last financial year

- ČEPS, a.s. (2016 audit, for the 2017 audit no longer our client)
- Česká exportní banka, a.s.
- Česká Zbrojovka a.s.
- Družstevní záložna Kredit
- Družstevní záložna PSD
- Fio banka, a.s.
- KB Penzijní společnost, a.s.
- Komerční banka, a.s.
- Modrá pyramida stavební spořitelna, a.s.
- Raiffeisenbank a.s.
- Severomoravské vodovody a kanalizace Ostrava a.s.
- UniCredit Bank Czech Republic and Slovakia, a.s.
- Leo Express a.s. (PIE until November 2017)
- Unipetrol, a.s.
- RSRE INVEST a.s.
- ZOOT a.s. (became a PIE in 2017)

## 7 Independence confirmation

The Company implemented written independence policies and procedures, which include the performing of certain independence compliance checks on an annual basis.

- Each professional should sign an individual independence confirmation each year. In addition, similar independence confirmations are obtained from new professionals and professionals leaving the Company.

## Transparency Report

- All managerial personnel and above should enter their financial interests to a global independence monitoring system. Each person's portfolio is checked against an electronic list of audit clients to check whether this ownership is allowed under the relevant independence rules;
- All professionals should complete an e-learning on independence rules and;
- Client and engagement acceptance processes are used to verify that independence is not impaired.

In addition to the continuous monitoring of compliance with independence policies, independence inspection and testing procedures are performed annually on a sample of professionals and senior officers.

An internal confirmation of independence compliance by professionals of the Company was performed as of 31 May 2017 and an internal independence compliance testing and inspection for selected professionals was finalised by 30 November 2017.

### 8 Continuing education

All registered auditors in the Company maintain their continuous professional qualification through a mixture of internal courses as well as educational courses.

Continuing education is a key policy of the Company, as this is an important means of developing knowledge and maintaining and improving the quality of our services. A learning intranet provides a starting point, including technical training, management and interpersonal skills, business economics and industry-specific courses.

The continuing education program is comprised of both within Deloitte network agreed training sessions and external training. Certain courses are mandatory and others are optional, such that each auditor or trainee auditor can personalise their learning programme.

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

More experienced auditors are expected to update and deepen their technical knowledge. Developing management and interpersonal skills are also very important for this group. There is also the possibility to follow longer term education, such as MBA programmes. There is also a system of accreditation whereby a training course needs to be completed before an auditor may perform certain tasks.

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

### 9 Partner remuneration

Partners are evaluated on a yearly basis and depending on the outcome of the evaluation the remuneration of partners may increase or decrease. Partner evaluation takes the following factors into account: quality, expertise, integrity, professionalism, entrepreneurship, independence and compliance.

### 10 Rotation policy of key audit partners and staff

The Company maintains policies and procedures requiring rotation of key audit partners and staff. These differ for a public interest entity as defined in Act on Accounting 563/1991 Coll. (the "EU PIE") or entities defined as a public interest entity by the Company ("other PIE"). Individuals responsible for carrying out a statutory audit should not serve an EU PIE for more than seven consecutive years in the position of a key audit partner. They shall not participate again in the statutory audit of the audited EU PIE entity before three years have elapsed following cessation of such service. In case of other PIE, individuals responsible for carrying out a statutory audit should not serve other PIE for more than seven consecutive years in the position of a key audit partner. They shall not participate again in the statutory audit of the audited other PIE entity before two years have elapsed following cessation of such service. During the cooling-off period of three (EU PIE) or two (other PIE)

years, the key audit partner should not participate in the audit of the audited entity, perform the engagement quality control review, consult with the engagement team or the audited entity regarding technical or industry-specific issues, transactions or events or otherwise directly influence the outcome of the statutory audit.

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

### 11 Financial information <sup>2</sup>

Given that the Company's financial statements for the year ended 31 December 2017 have not yet been finalised and audited, the below stated information may differ from that stated in the final version of the financial statements.

	CZK million
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 PIE	150
The statutory audit of annual and consolidated financial statements of other entities	295
Non-audit services provided to entities the audit firm audits	13
Non-audit services to other entities	62

### 12 Licensing requirement for statutory compliance

Employees of Deloitte Audit s.r.o. must comply with the provisions and requirements regarding professional licences in Czech Republic in the field of audit. Deloitte Audit s.r.o. ensures that employees performing audit services hold the necessary expertise and knowledge in the fields of audit and accounting, and are compliant with local and international standards and the Company's internal policies. Employees of Deloitte Audit s.r.o. working on projects are adequately trained, hold necessary knowledge and experience and dispose with necessary licences. Employees of Deloitte Audit s.r.o. must obtain and maintain necessary licences in accordance with applicable laws of the Czech Republic and professional standards.



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**Martin Tesař**  
Statutory Executive

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<sup>2</sup> The amount represents an estimate determined based upon best efforts to collect these data. The statutory financial statements for 2017 are not available yet.

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