

Deloitte.



2023 Transparency Report

Deloitte Audit
September 2023

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Leadership message

On behalf of Deloitte Audit, société à responsabilité limitée, an approved audit firm in Luxembourg (*cabinet de révision agréé*), we present our 14th annual Audit Transparency Report. This report covers the financial year that ended on 31 May 2023 and was prepared pursuant to Article 13 of the Regulation (EU) N° 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public interest entities (the EU Audit Regulation) and in accordance with the Luxembourg Law of 23 July 2016 concerning the audit profession, as amended.

In the face of constant transformation, the dedication of Deloitte Audit & Assurance services lies in contributing to the confidence, stability and trust in the financial system and safeguarding the public interest. To do so, we rely on our long-standing and unwavering commitment to quality, integrity, and transparency. This commitment is pivotal to instilling trust among capital markets, policy makers, regulators, and the general public.

We also resolutely build upon our talent, reinforcing our diverse and inclusive teams. We equip them with advanced skills, including in areas that are shaping the future of our profession, like technology, data as well as continuous professional development and training. Our goal is to empower our talent to harness the full potential of these new tools to elevate quality standards and to support adaptation to emerging economic, business, and regulatory dynamics.

Aligned with the imperative to foster sustainable economies, Deloitte is actively developing its Assurance services and supports ongoing collaboration across all participants in the financial reporting ecosystem – which pertains not only to financial data but also, increasingly, to non-financial data. Together, we strive to formulate and implement shared standards for measuring, disclosing, and ultimately ensuring the reliability of ESG information, particularly those linked to the Corporate Sustainability Reporting Directive (CSRD). Such information is paramount for both capital markets and broader society, as it facilitates transformation and fosters positive impact within our communities. Additionally, we are prepared to address geopolitical issues and risks that may impact our clients and their operations, including crises, sanctions, cyber threats, inflation concerns, and environmental constraints.

As the *Réviseurs d'entreprises'* roles and responsibilities rapidly evolve, we are aware of the necessity to embrace these new mandates. This is essential in effectively discerning risks, helping clients to navigate through intricate business landscapes, and contributing to a more robust and resilient economy. The recent updates in the legislative and regulatory framework, particularly the introduction of the International Standard of Quality Management ISQM1 on 15 December 2022, featuring a risk-based approach, demand our unwavering commitment to compliance and professional duties.

Deloitte's reputation is anchored in the excellence of the audit and assurance services we provide and our steadfast commitment to continual enhancement. Our 2023 Audit Transparency Report distinctly showcases this commitment across all dimensions of our work, reaffirming our aspiration and pride in being trusted partners to build better futures.

The present Transparency Report is issued in Luxembourg on 28 September 2023.

John Psaila

Chief Executive Officer, Managing Partner
Deloitte Luxembourg Group

Christiane Chadoeuf

Audit & Assurance Leader
Deloitte Audit



Deloitte network

Deloitte Audit: legal structure and ownership

Deloitte Audit, *société à responsabilité limitée* is a private limited liability company under Luxembourg laws having its registered office at 20, Boulevard de Kockelscheuer, L-1821 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register under number B 67895. Deloitte Audit, *société à responsabilité limitée* is connected to the Deloitte network through DELOITTE TOUCHE TOHMATSU, *société à responsabilité limitée*, abbreviated “DTT”, a company having its registered office at 20, Boulevard de Kockelscheuer, L-1821 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register under number B 60927, a member firm of Deloitte Touche Tohmatsu Limited. Deloitte Audit, *société à responsabilité limitée* is referred to throughout this report as “Deloitte Audit”, and DELOITTE TOUCHE TOHMATSU, *société à responsabilité limitée* is referred to throughout this report as “DTT”.

DTT together with Deloitte GmbH Wirtschaftsprüfungsgesellschaft (Deloitte Germany), Deloitte Audit Wirtschaftsprüfung GmbH (Deloitte Austria), Deloitte Central Europe Holdings Limited (Deloitte Central Europe), Deloitte SAS (Deloitte France), Deloitte Central Services, S.A. (Deloitte Portugal) and Horizon TR Limited Liability Partnership (Deloitte Turkey) is a shareholder in Deloitte DCE GmbH (“DCE”).

The object of DCE is the fostering of collaboration among its shareholders as members of the global Deloitte network. DCE neither provides any professional services nor engages in commercial activities.

DTT holds practice rights to provide professional services using the “Deloitte” name which it extends to Deloitte entities within Luxembourg, including Deloitte Audit. Deloitte Audit is approved to serve as an audit firm for companies in Luxembourg and abroad.

Deloitte Audit is an approved audit firm (*cabinet de révision agréé*) under the supervision of the *Commission de Surveillance du Secteur Financier*. Deloitte Audit is also registered with the Financial Reporting Council as third country auditor in the United Kingdom, with the PCAOB (the Public Company Accounting Oversight Board) and with the JFSA (the Japan Financial Services Authority). The share capital of Deloitte Audit amounts to €360,000. 51,28% of the voting rights and 5% of the share capital of Deloitte Audit is held by approved statutory auditors (*réviseurs d'entreprises agréés*) and 48,72% of the voting rights and 95% of the share capital of Deloitte Audit is held by DTT.

Within Deloitte Audit, Partners are natural persons employed by Deloitte Audit with the grade of Partner (“Partners”) and Managing Directors are natural persons employed by Deloitte Audit with the grade

of Managing Director (“Managing Directors”). Equity Partners of Deloitte Audit are those Partners who are furthermore shareholders of DTT (“Equity Partners”).

Network description

The Deloitte network

The Deloitte network (also known as the Deloitte organization) is a globally connected network of member firms and their respective related entities operating in more than 150 countries and territories across the world. These separate and independent member firms operate under a common brand.



Professional standards



Shared values



Methodologies



Systems of quality control & risk management



Common technologies/platforms

Deloitte Touche Tohmatsu Limited (DTTL or Deloitte Global)

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

"Deloitte" is the brand under which approximately 457,000 dedicated professionals and practitioners in independent firms throughout the world collaborate to provide audit and assurance, consulting, financial advisory, risk advisory, tax, and related services to select clients. These firms are members of DTTL.

DTTL, these member firms and each of their respective related entities form the Deloitte organization. Each DTTL member firm and/or its related entities provides

services in particular geographic areas and is subject to the laws and professional regulations of the particular country or countries in which it operates. Each DTTL member firm is structured in accordance with national laws, regulations, customary practice, and other factors, and may secure the provision of professional services in its respective territories through related entities. Not every DTTL member firm or its related entities provides all services, and certain services may not be available to attest clients under the rules and regulations of public accounting.

DTTL, and each DTTL member firm and each of its related entities, are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties.

DTTL and each DTTL member firm, and their respective related entities, are liable only for their own acts and omissions, and not those of each other. The Deloitte organization is a global network of independent firms and not a partnership or a single firm. DTTL does not provide services to clients.



Deloitte Audit: governance – leadership in action

Deloitte Audit is part of the Deloitte Luxembourg Group (hereinafter referred to as “the Deloitte Luxembourg Group” or the “Firm”) which refers to the group of operational subsidiaries of DTT. Deloitte Audit *Société à responsabilité limitée* provides Audit & Assurance services.

DTT is exclusively owned by shareholders who are individuals. The Deloitte Luxembourg Group is managed by a Chief Executive Officer elected by the Equity Partners for a term of four years supported by an Executive Committee composed of Equity Partners representing the main functions and enabling areas existing within the Deloitte Luxembourg Group.

The following are the members of the Deloitte Luxembourg Group Executive Committee:


Deloitte Luxembourg Group – Executive Committee:



John PSAILA
Chief Executive Officer




Christiane CHADOEUF
Audit & Assurance
Leader




Bernard DAVID
Tax
Leader



Patrick LAURENT
Advisory & Consulting
Leader and
Innovation Leader



Pierre MASSET
Operations
Leader



Laurent BERLINER
International Relations
Leader



Vincent GOUVERNEUR
Financial Services
Industry Leader




Jérôme LECOQ
Reputation &
Risk Leader



Nick TABONE
Clients & Industries
Leader



Dany TEILLANT
Quality & Excellence
Leader



Stephan TILQUIN
Talent &
People Leader

The Deloitte Luxembourg Group provides a range of services, including audit, assurance, tax, financial advisory, risk advisory, and consulting services.

The Deloitte Luxembourg Group also has an oversight body (the Supervisory Board). The Supervisory Board can have a maximum of eight members and is currently composed of six members

electd among and by the Equity Partners. The primary role of the Supervisory Board is to act as the primary policy and oversight body of the Firm. The Supervisory Board also serves as a counterweight to the executive bodies of the Firm (Executive Committee, Chief Executive Officer) in matters of long-term business and financial strategy.

The Firm has a Chair who is elected among and by the Equity Partners for a term not exceeding four years. The Chair is ex-officio a member of the Supervisory Board. The Chair also chairs the general meetings of the Equity Partners and attends the meetings of the Executive Committee upon invitation of the Chief Executive Officer.

The following are the members of the Supervisory Board:

Deloitte Luxembourg Group – Supervisory Board

Basil SOMMERFELD
Chair

Raphael GLOHR
Joachim HEUKMES
Emmanuelle MIETTE

Stéphane TILKIN
Jan VAN DELDEN



Deloitte Audit is governed by a Board of Managers appointed by the shareholders' meeting and composed of approved statutory auditors (*réviseurs d'entreprises agréés*) and supported by the Audit & Assurance Executive Committee

that consists of Partners representing key streams necessary for the robust functioning of the Audit & Assurance practice, Clients & Industries, Purpose, Talent & People, Technology and Innovation, Risk and Quality.

The Board of Managers is responsible for the governance and oversight of the Audit & Assurance practice. The Board of Managers prepares the annual accounts of Deloitte Audit.

The following are the members of the Deloitte Audit Board of Managers who were appointed by the shareholders for an indefinite period of time:

Deloitte Audit – Board of Managers

Christiane CHADOEUF
Jérôme LECOQ
Nick TABONE

Christiane CHADOEUF, Audit & Assurance Leader, is appointed by the Chief Executive Officer of the Deloitte Luxembourg Group.

The Board of Managers with the support of the Audit Executive Committee develops and implements the strategy of the Deloitte Audit & Assurance practice, including the related policies and procedures.

In all of their activities, Deloitte Audit Partners are responsible for the overarching objective of audit quality, including compliance with applicable professional standards and regulatory requirements.

Deloitte Audit's strategy is developed in alignment with the overall strategic direction established for the Deloitte network and for the Firm.

Deloitte Audit Partners participate in Deloitte network groups that set and monitor quality standards, and from which a number of audit quality initiatives emanate.

Approved audit firm of Deloitte Audit
The approved audit firm auditing Deloitte Audit is BDO Audit, *société anonyme*, with its registered office at 1, rue Jean Piret, L-2350 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register under number B 147570.

Our purpose and commitment: instilling trust and confidence.

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

Deloitte Audit

Audit & Assurance Services: Our commitment to serving the public interest

A focus on audit quality

Deloitte's commitment to audit 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. Deloitte is keenly aware of our obligation to deliver audit services that meet the challenges and complexities of the current environment, while complying with professional and regulatory standards. For the corporate reporting ecosystem to function as intended, it is vital that the auditor's role is executed effectively.

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

Deloitte Global leadership

The Deloitte Global Audit & Assurance Executive, which includes the Audit & Assurance Business Leaders from the member firms is led by Jean-Marc Mickeler, the Deloitte Global Audit & Assurance Business Leader, whose responsibilities include defining and driving the Deloitte 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 stakeholders.

Entities Deloitte audits

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

The company we keep is a critical foundational aspect of our Audit & Assurance strategy and global shared values that guide our behavior to lead the way, serve with integrity, take care of each other, foster inclusion, and collaborate for measurable impact. The question we ask ourselves is: what type of entities do we, as a global network, want to be associated with? In order to answer this question, an audit and assurance risk appetite statement has been developed to serve as the foundation for the company we want to keep. The risk appetite statement can be used as a tool to promote robust discussion of risk, and as a basis upon which acceptance and continuance decisions can be debated and challenged effectively and credibly. The statement, as shown below sets the tone for our risk culture and aims to drive global consistency in the engagement acceptance and continuance decision making process:

"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 recognize 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, recognizes emerging issues and societal responsibilities, and is committed to providing transparency to stakeholders in the corporate reporting ecosystem. We endeavor 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 Audit 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 Audit will only accept or continue with engagements where it:

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

Delivering audit excellence through process, people, and technology transformation¹

With The Deloitte Way, Deloitte is bringing standardization, consistency, and efficiency to drive quality into the core of how our audits are executed: with automation that improves routine tasks and analytics that support audit execution—yielding a deeper and more insightful view into the available data. As a result, we are improving the quality of the audits we deliver while also creating a richer talent experience for our people and clients, providing a streamlined, digital audit experience, that provides greater transparency and insights.

Innovation and technology enablement are an expectation in today’s fast-changing business environment, and this expectation holds true for the audit profession as well. Today’s complex business environment requires that the audit be dynamic, multidimensional, and insightful. There is a demand for real-time, relevant information, and we need to evolve our audits as the entities we audit innovate their businesses and processes. Leveraging evolving technology and data, a Deloitte audit delivers deeper insights to

At Deloitte, meeting expectations is where our Audit & Assurance services begin. Our people’s commitment to integrity, to serve the public interest, and to deliver high-quality assurance over the areas that matter most to our stakeholders is at the core of everything we do.

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 not only meets expectations but goes beyond them.

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

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

The Deloitte Way: standardization of audit processes supported by our global technology suite	Real-time audit quality monitoring
Enhanced talent model which includes learning, rewards and recognition, centers of excellence, and delivery centers	Agile deployment of technology solutions to respond to changing environments

create more consistent and transparent audit and assurance for our stakeholders. Deloitte brings bright minds, effective processes, and world-class technologies from across the global organization to deliver an impact beyond expectations.

At Deloitte Audit, auditors are enhancing the way they work by making more use of data-driven analytics, as well as cognitive and cloud-based technologies. This is due, in part, to the increased automation and effectiveness these provide, but also the need for Deloitte Audit to stay abreast of technological advances used by the entities that we audit.

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 audits of all sizes and levels of complexity. Deloitte Omnia is our cloud-based, end-to-end audit delivery platform for larger and complex audits, while Deloitte Levvia delivers a streamlined, right-sized digital audit experience for low risk and less complex entities. Development, enhancement, and deployment of both platforms will continue over the next few years. Deloitte is also developing and implementing innovative global data and analytics solutions, and our integrated suite of enabling innovation technologies which are all connected in the cloud.

¹ For more information about Deloitte audit innovation, please refer to Deloitte [Global Impact Report](#) and [Audit innovation](#) and [Audit & Assurance: the Deloitte way](#) pages on [Deloitte.com](#).

Locally we use enabling tools such as:

- **Document AI (Argus)** – Client document interrogation and analysis
- **Omnia Connect** – Online communication, information sharing, and progress tracking
- **Asset Count (Icount)** – Mobile-enabled inventory counts
- **Digital Confirmation (Iconfirm)** – Automated management of the audit confirmation process
- **Reveal Analytics** – Sophisticated regression analysis
- **Power BI** – visualization tool
- **Spotlight** – analytics and journal entry testing tool
- **DNav** – dynamic workflow management tool to enhance efficiency on the audits of investment funds
- **Pricing application** – provides independent valuation of securities portfolio

By growing a dedicated local audit IT team and by including mixed profiles with audit, IT as well as project management skills in our audit teams, we are more and more in a position to carry out projects in all industries and to leverage the skills of our talented people to pursue a threefold objective of quality, value added for our clients and efficiency.

As a complement to the above enabling tools, Deloitte Audit professionals use in-house developed automated solutions aiming at:

- Capturing and augmenting the client data in order to deliver it according to our strategical priorities.
- Assisting the professionals in their management of audit engagements and resources enhancing their monitoring capabilities in terms of compliance, operations, staff scheduling, financial economics and/or workload.

The audit of the future is not only about tools but mainly about our people. We want to foster an innovative culture by engaging auditors within:

- **Labs:** to create, elaborate and prototype solutions to challenge and complement our Audit and Assurance services.
- **Workshops** to find concrete and innovative ideas and develop initial concepts tailored to specific needs.
- **Training offering** to develop skills and methodologies.
- **Creation of synergies** with internal and external stakeholders.
- **Knowledge** building activities.
- **Discussions and debates** to identify new and disruptive ideas.

All these efforts and investments have led to measurable positive results which impact our clients perception as well as the daily activities of our audit professionals.



Auditing in disruptive times

In the wake of tremendous global disruption marked by public health, political, and social uncertainties over the past few years, the profession, along with all corporate reporting ecosystem stakeholders, has been affected. Deloitte's response to the uncertainties and disruptions has included efforts to continue advancing the profession, while prioritizing the wellbeing of its people.

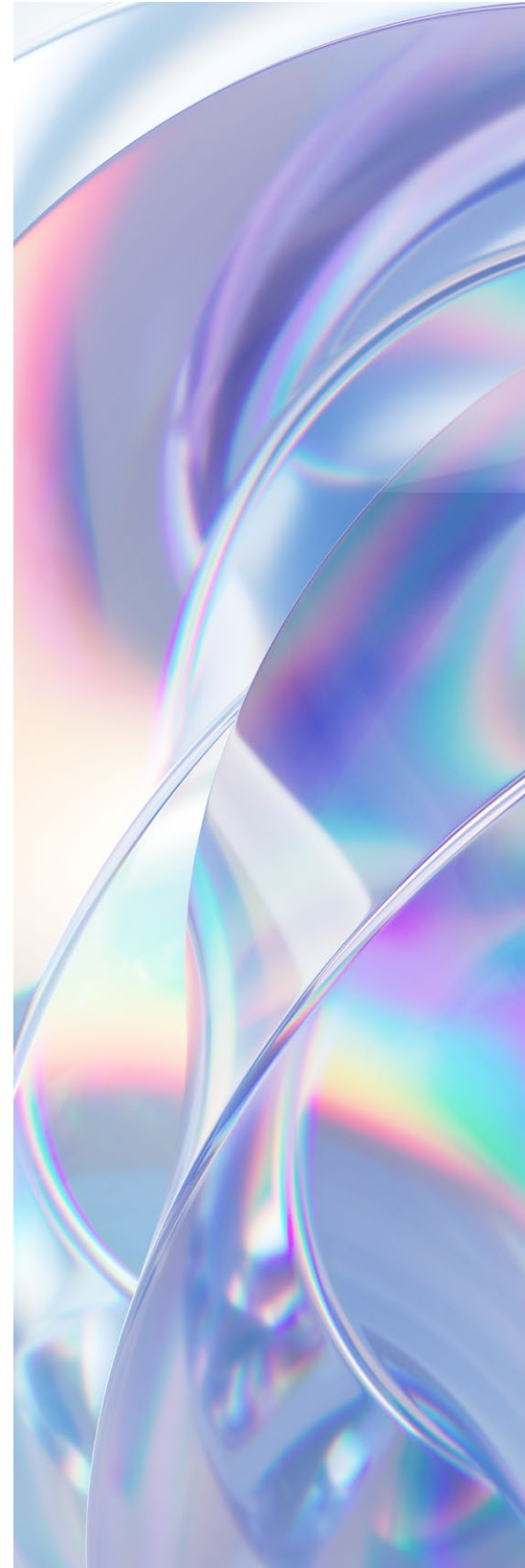
Particularly in the current environment, a sharpened awareness regarding the heightened risk of fraud, the presence of emerging or evolving risk factors, and the need for effective internal control environments remains critical. Although the existing accounting frameworks have provisions for uncertainties,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

Deloitte has consistently welcomed public statements and guidance issued by regulators that recognize uncertainties and emphasize the importance of high-quality, forward-looking corporate disclosures. 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 these 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 Audit's 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 skepticism 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 behavior, including compliance with regulatory and professional obligations.
- Stay connected and support one another.





Multidisciplinary model (MDM)

Deloitte's robust multidisciplinary business model comprises audit and assurance, tax, consulting, and risk and financial advisory practices and is an important contributor to the organization's ability to deliver high-quality audit and assurance services. Specifically, the scope of corporate reporting has begun to expand and it is expected to transform drastically in the near future; Financial statements and corporate disclosures will continue to become more complex due to ESG considerations and other matters (cyber, AI, data privacy, etc.). In addition, as big data and other digital advances become routine, the demand for data analysts and IT specialists will grow accordingly.

The MDM remains foundational to Deloitte's cross-disciplinary services globally. Deloitte prides itself on having a deep bench of independent specialists who can be deployed around the world on engagements to provide subject matter expertise and new, insightful perspectives. Deloitte believes that the current MDM helps the organization deliver high-quality audits and assurance engagements in the public interest and reinforces the resilience of the audit and assurance practice. The 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 audits.

- The MDM enables access to functional specialists and industry experts who are independent, and who provide audit support helping to deliver high-quality audits. This will become more important as we move towards broader corporate reporting.
- The breadth of the MDM is attractive to candidates who may not want to limit their career options to providing audit and assurance services only.
- The 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 services.

Deloitte leadership recognizes that each Deloitte business line is important and critical to the organization'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.

Environmental, social, and governance (ESG) reporting²

The foundations of business are changing rapidly—long-term resilience 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 organizations are building, protecting, and enhancing enterprise value over time, and are specifically demanding enhanced transparency around climate-related and broader ESG impacts and the dependencies of an entity's business model and strategy.

Specifically, Deloitte recognizes 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 is taking strategic actions to educate our people on climate change and the potential impact on audited entities to support the execution of high-quality audits, thereby giving appropriate consideration to climate-related risks and opportunities. This includes the deployment of materials such as a climate learning curriculum, as well as a framework and related guidance to consider climate-related matters as part of the audit.

Broader corporate reporting

Traditional financial reporting is beginning to evolve into broader corporate reporting. To support this evolution, there are standard setting and rulemaking efforts regarding sustainability by the International Sustainability Standards Board (ISSB) and others around the world.

These standards emphasize the need for better connectivity between financial and non-financial reporting and will help users of corporate disclosures better understand and compare information about entities. Further, these standards will enable greater transparency, consistency, and comparability globally, as well as shift the

requirements for climate-related reporting from being voluntary to mandatory.

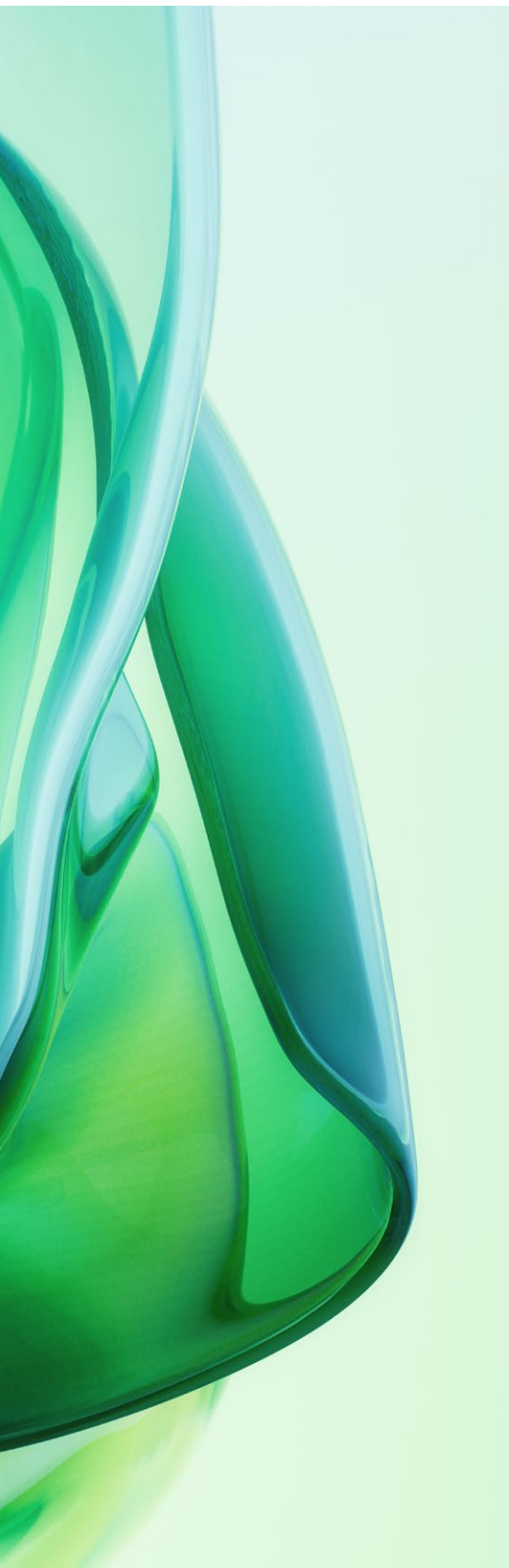
To be effective, the standards need to be adopted globally in a consistent manner to deliver corporate reporting which is comparable, based on the global baseline, and supplemented by local considerations where warranted. These standards will also need to be brought into regulation around the world, together with associated enforcement, monitoring, governance and controls, assurance, and training. The developments in standard-setting and rulemaking are intended not only to create transparency and consistency in global baseline reporting, but also to make clear that information in financial reporting and information contained in sustainability reporting together are essential inputs to inform a 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. As a result, those charged with governance (e.g., audit committees, boards) are increasingly incorporating ESG considerations in their oversight responsibilities of an organization'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 in order to develop robust standards applied



² For more information about Deloitte's alignment with ESG, please refer to Deloitte [Global Impact Report](#) and our local 2022 [Luxembourg Impact Report | Deloitte Luxembourg](#).



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 also look forward to supporting reduced standard and regulatory fragmentation and to greater market confidence as consistency in standards is realized globally.

In Luxembourg, disclosures on sustainability have increased in 2023 with, among others, (i) the amendments brought by the Taxonomy Regulation to the EU's Non-Financial Reporting Directive (NFRD) requiring to report quantitative information related to EU Taxonomy non-eligible, eligible and aligned-activities, and (ii) the introduction of the EU's Sustainable Finance Disclosure Regulation (SFDR) requiring the Financial Market Participants and financial advisors to evaluate and disclose sustainability-related data and policies at entity, service and product level. This is to better address the risk of greenwashing and ensure a systematic transparent and comparable approach to sustainability within financial markets.

Moreover, on 5 January 2023, the EU's Corporate Sustainability Reporting Directive (CSRD) entered into force: the first companies will have to apply the new disclosures requirements for the first time in the 2024 financial year, for reports published in 2025.

Deloitte remains committed to continue to support financial and non-financial actors in their journey to (i) comply with sustainability disclosures as well as (ii) contribute to evaluating their sustainability performance and in fostering the transition to a fully sustainable and inclusive economic and financial system in Europe.

Assurance

With the increased focus and scrutiny of ESG reporting also comes the increased need for confidence over the quality of disclosures and increasing calls for assurance requirements. Individual jurisdictions, such as the European Union and the United States, are moving to introduce or strengthen regulation around sustainability reporting. Assurance requirements are increasingly becoming mandatory.

Providing assurance on ESG information is expected to follow a professional framework including competence, independence, a system of quality management, and be 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 address ESG voluntary reporting and regulatory requirements:

- Engaging in shaping the capital market infrastructure for sustainability reporting tied to enterprise value through collaboration on climate and ESG standard setting reporting, and assurance initiatives, such as the IFRS Foundation, the International Auditing and Assurance Standards Board, and the International Ethics Standards Board for Accountants. In Luxembourg, this is also achieved by closely collaborating and actively participating to various working groups, together with other audit professionals as part of the IRE (*Institut des Réviseurs d'Entreprises*) and the CNC (*Commission des Normes Comptables*) as well as 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.

- Actively participating in various global platforms such as the World Economic Forum and the 2022 UN Framework Convention on Climate Change (COP27).
- Deployment of enhanced guidance to deliver limited and reasonable ESG assurance through Deloitte’s global sustainability assurance methodology. Building capacity through global and localized learning focused on ESG.
- Developing technology-enabled tools, including a tool to evaluate a company’s sustainability disclosures against common ESG standards and a tool to assess the transition risk on a credit portfolio.

Deloitte’s commitment

Further, to help the world achieve the goals of the Paris Agreement³, Deloitte has launched [WorldClimate](#), a strategy to drive responsible climate choices within the Deloitte network and beyond.

Deloitte initiatives

Further, to help the world achieve the goals of the Paris Agreement and contribute to Society, Deloitte has launched several initiatives to make an impact that matters, including the following:

Environment

As part of the [WorldClimate](#) — our strategy to drive responsible climate choices within our organization and beyond — Deloitte has continued to translate its ambition — to help lead the world’s transition to a lower-carbon future — into meaningful, measurable actions.

Deloitte leaders, including the Deloitte Global Executive, committed to align with the 1.5°C decarbonization pathway because anything less ambitious will not have the necessary impact.

Deloitte has committed to achieving science-based net-zero emissions and we currently have a 1.5° C near-term (2030) goal in place, validated by the Science Based Targets initiative. We are embedding sustainability into policies and practices throughout the organization and measuring performance against our goals.

Social

Deloitte is committed to making an impact that matters to society. Through Deloitte’s **WorldClass** ambition, we are focusing on developing job skills, improving educational outcomes and expanding opportunities for 100 million people worldwide by 2030.

Through our **Impact Every Day** initiatives, we have provided and promoted much needed health, economic and livelihood support to communities to respond to various needs: from the COVID-19 pandemic to the war in Ukraine and its social and economic reverberations, this has been a year of global challenges with a deeply human impact.

Deloitte Luxembourg Group’s labels

Since 2011, Deloitte Luxembourg Group is Awarded with the label *Entreprise Socialement Responsable* (socially responsible Company and the Responsibility Europe label). The ESR label was created to assist companies in their development of CSR. With this distinction, INDR provides a tool for

companies wishing to structure and formalize their efforts in this area, share experiences, evolve in the community, and communicate their achievements to their employees, customers, suppliers and other stakeholders. The ESR label has three pillars of the CSR model “social”, “governance” and “environment”.

³ The [Paris Agreement](#) 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, non-financial 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.

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 address the challenges of efficiency and 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.



Professional development and performance management

Deloitte’s culture of excellence and the design of learning programs place people at the forefront⁴. Deloitte practitioners are technically proficient with high levels of ethics, integrity, professional skepticism, and objectivity, applying their judgment and experience with passion and commitment. We are continuously enhancing our skillsets, knowledge, and experience to go beyond the expected and deliver meaningful impact.

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

Deloitte practitioners bring diverse backgrounds, knowledge, and skills that enhance capabilities as an organization in delivering the highest quality audits. We support and empower our people to achieve their full potential by valuing and demonstrating diversity, equity, inclusion, and wellbeing. In addition, operational discipline, effective management of the business, and our singular approach to doing audits known as The Deloitte Way provide global consistency to our audits.

Deloitte recognizes and rewards its Audit & Assurance practitioners and professionals and makes meaningful investments in their future.

⁴For more information about Deloitte’s commitment to its people, please refer to [Audit & Assurance People page](#) on [Deloitte.com](#).

Learning and development initiatives

Deloitte's transformed approach to audit delivery is changing the audit experience for practitioners. Audit & Assurance 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 ever—enhanced data analytics, project management, critical thinking, communication, professional judgment, and the application of accounting and auditing principles to work more effectively and deliver high-quality engagements. As capabilities and skillsets are enhanced, we build greater confidence and become ever-better evaluators of risk.

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

- At the core, Deloitte has a single, global mandatory audit technical learning curriculum, tailored for learners by level, using a dynamic blend of live instructor-led, digital on-demand courses, and on-the-job activities.
- All client service practitioners are required to follow the firm's learning requirements for their roles and complete sufficient continuing professional education (CPE) each year and over a cyclical three-year period to ensure both compliance with regulatory standards and Deloitte internal policies (minimum of 120 hours over 3 years). This is achieved through structured, formal

learning programs, such as internal or external courses, seminars, or e-learning covering all areas of the competency model (e.g., shared competencies, function-specific technical competencies, and competencies in areas of specialization).

- All client service practitioners have clearly defined role expectations and global Talent Standards which outline the capabilities that are required of practitioners at each level.

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

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

Certain courses are mandatory (as established by Deloitte Global Audit & Assurance Curriculum or by member firm requirements) and others are optional (leadership skills, additional industry trainings, etc). Through a learning monitoring system, each professional follows the status of his/her learning and takes the responsibility to ensure own continuing professional development. In addition to this possibility to individually follow the learning plan, the Audit Learning Team monitors the completion of mandatory trainings via the central learning platform.

Our statutory auditors, approved statutory auditors and professional trainees follow the trainings as required by the CSSF according to the Law of July 23rd, 2016 on the audit profession and the CSSF Regulation n°16-10 organizing the continuing education of approved statutory auditors as further explained by the CSSF Circular 19/717.

- All practitioners are encouraged to undertake the Luxembourg qualification leading to *réviseur d'entreprises* title.

Deloitte University

Deloitte actively cultivates the collective knowledge and skills of Deloitte people globally through continued investment in Deloitte Universities (DU). These are state-of-the-art learning and development centers focused on Deloitte culture and founded in the principles of connectedness and leadership in a highly inclusive learning environment⁵. Last year, in-person programming returned to Deloitte Universities, providing opportunities for our people to reconnect with each other after several years of remote learning.

Deloitte. University

⁵For more information about Deloitte Universities, please refer to Deloitte [Global Impact Report](#).



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.

Partner remuneration

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

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

The compensation practices of Deloitte Audit are designed to comply with applicable independence requirements; to emphasize the shared values of quality, integrity, and technical excellence; and to assess the characteristics and skills outlined in our human resources competency model.

- For Equity Partners, the system is an earnings allocation process. Typically, each Equity Partner is allocated interests in the Deloitte Luxembourg Group, known as units, under recommended guidelines related to their level, role and responsibilities in the Deloitte Luxembourg Group and overall performance appraisal, which is linked to a goal-setting process. At the end of the financial year, units are valued based on the performance of the Deloitte Luxembourg Group. The earnings of Equity Partners are determined by their number of units at the applicable unit value.
- Salaried Partners' and Managing Directors' remuneration comprises a fixed salary and a variable performance related component determined upon overall performance appraisal geared to a goal-setting process and taking into account their roles and responsibilities, and the performance of the Firm.

To ensure that Partners and Managing Directors of Deloitte Audit focus on their primary responsibility to provide audit services of the highest quality, the policies of Deloitte Audit, which are consistent with the applicable regulations in Luxembourg, forbid them from receiving compensation, bonuses, or other direct financial incentives for selling products or services, other than audits, reviews, or assurance-related services, to the clients they serve. Moreover, in determining the remuneration of Deloitte Audit Partners and Managing Directors, due consideration is given in their performance evaluations to the results of practice reviews and external inspections of their engagements.

Attraction and retention

The current environment for talent is extremely competitive and attraction and retention of our people is a strategic priority for Deloitte. We acknowledge the challenges our people are facing and recognize our part to re-establish the connections. 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 audits.

Deloitte continues to receive recognition and awards across the globe for its commitment to delivering an unrivalled talent experience for its people. For more information, please refer to [Awards and recognition | Deloitte Global](#).

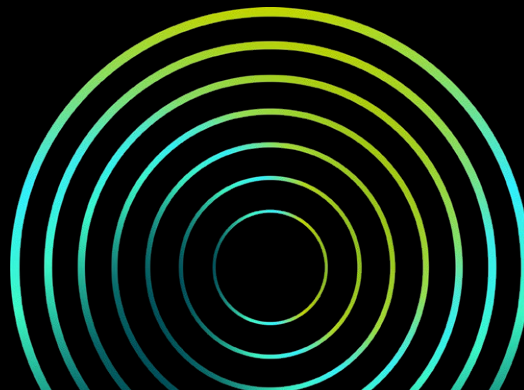
Deloitte Luxembourg Group was awarded the label *Entreprise Socialement Responsable* (socially responsible company) – ESR 2020-2023.



Social Impact

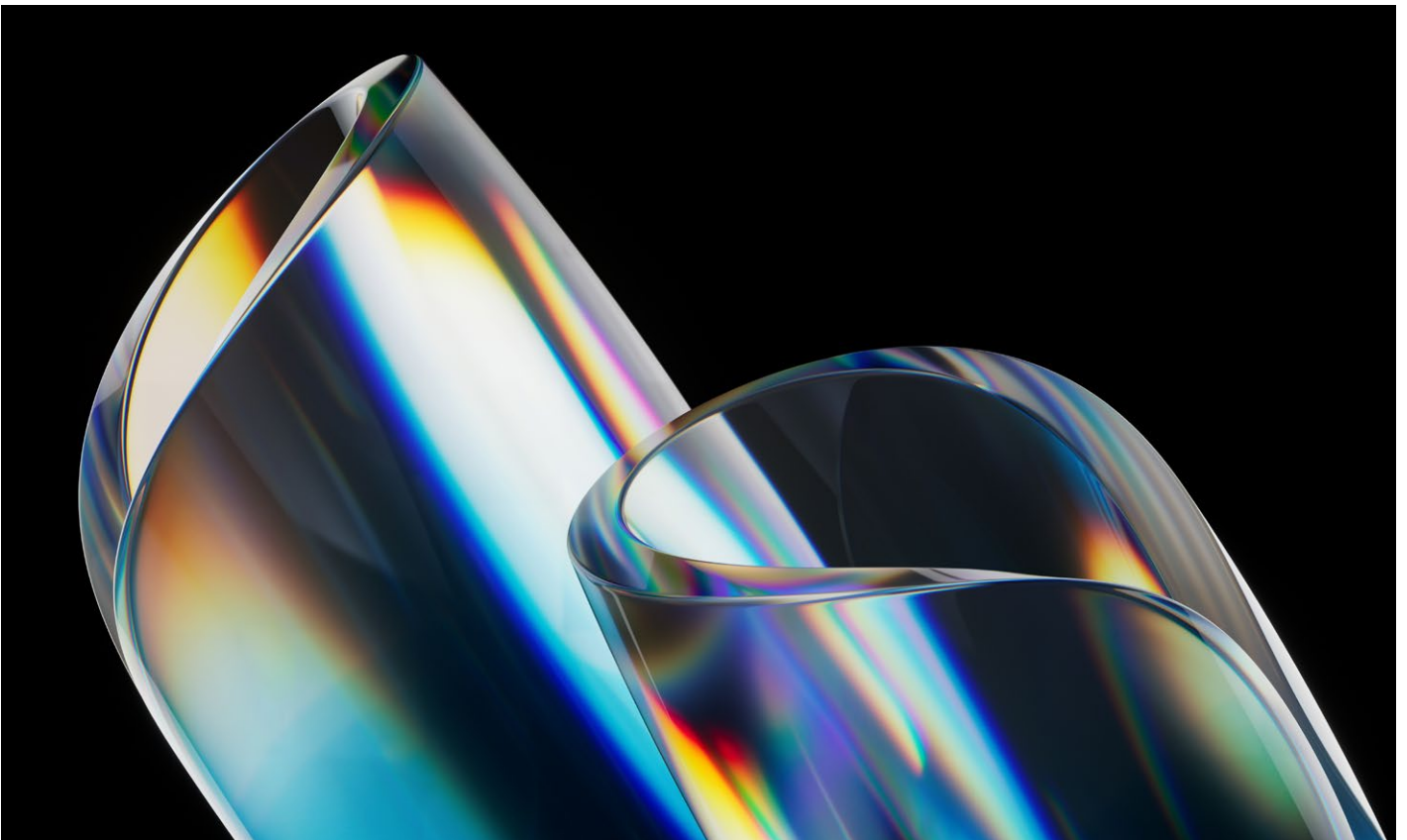
Making an Impact Every Day

We believe human connection can help create innovative solutions and lasting impact on pressing issues of our time. By harnessing the collective power of Deloitte's network of people, clients, nonprofits, and communities, we aim to achieve lasting social impact for the greater good.



Deloitte's priority focus on audit quality.

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



Leadership commitment and tone at the top

Deloitte's culture of quality and excellence begins with strong tone from the top, starting with senior leadership through to the leaders in all our offices and audit and assurance engagements. Deloitte's focus on audit quality is evident through the direct involvement of leaders in initiatives emphasizing that quality is the highest priority for audit and assurance practitioners at all levels and consistent messaging that reinforces the importance placed on executing high-quality audit and assurance engagements. 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 system of quality management is crucial for the consistent performance of high-quality audit 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 Luxembourg and globally are also focused on driving further improvements in firms' system of quality management. In December 2020, the IAASB released its new, revised suite of quality management standards, including International Standard on Quality Management 1 (ISQM 1). Systems of quality management in compliance with ISQM 1 were required to be designed and implemented by 15 December 2022.

ISQM 1 introduced 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
- The monitoring and remediation process.

The effective implementation of ISQM 1 has been and remains a key element of Deloitte's global audit quality strategy. Deloitte Audit's ISQM 1 implementation activities were completed by 15 December 2022, building on the multi-year investments and commitment already delivered to go beyond the requirements of the existing professional standards.

As part of the implementation of ISQM 1, quality objectives, quality risks and responses were formalized 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 Audit continues to work with leaders across the firm, as well as the broader network, to further enhance our proactive approach to managing the quality of engagements performed—identifying and addressing risks to audit quality and driving continued advancements in quality 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 Audit's ISQM 1 implementation efforts have provided us the opportunity to challenge ourselves—examining those areas where we can further enhance and transform our system of quality management. Audit quality is always front and center, and robust audit quality monitoring processes play an integral role in our ability to continually improve.

The first annual evaluation of the systems of quality management are required to be performed within one year following 15 December 2022. Deloitte Audit performed its first evaluation of its SQM as of 31 May 2023.

Conclusion on the effectiveness of the system of quality management

Deloitte Audit is responsible for designing, implementing, and operating a system of quality management (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 fulfill 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 Audit conducted its evaluation in accordance with the International Standard on Quality Management ⁶.

Deloitte Audit concluded that the SQM provides the firm with reasonable assurance that objectives of the SQM are being achieved as of 31 May 2023.

Reasonable assurance is obtained when the system of quality management 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 skepticism

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

Audit approach

Deloitte's approach to performing a high-quality audit involves the use of an audit methodology, common across the Deloitte network, supplemented by audit tools for use by our practitioners to plan, perform, supervise, review, document, conclude, and communicate the results of each audit. Deloitte's audit approach is underpinned by professional standards, as well as 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 audit methodology is also dynamic—it evolves continuously to keep pace with the changing demands of investors, companies, and other stakeholders. It recognizes that advances in the availability and management of large data sets and in statistical science are relevant to continuing to enhance the quality of Deloitte audits.

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

The resources applied by Deloitte practitioners in the performance of their audits include the proprietary tools, guidance, materials, and practice aids used in conducting audits, which are available to all our practitioners in the Deloitte Global Technical Library, an extensive online library, and in our audit execution platforms (EMS, Deloitte Omnia, and Deloitte Levvia). Deloitte regularly issues accounting and auditing guidance to our practitioners and communicates developments that should be factored into audit risk assessments and responses in order to maintain and drive quality audit execution.

Consultation

Quality and risk management considerations are integral to Deloitte's audit business and to the performance of audit & assurance engagements. That is 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 skepticism. Deloitte consultation policies require that conclusions are documented, understood, and implemented. Foundational to the effectiveness of the consultation process is Deloitte's investment in consultation resources who have the appropriate skills and expertise. In addition to formal consultations, whenever engagement partners and teams need additional information or perspectives, they are encouraged to seek assistance from the Audit and Assurance Quality team, or others in the organization with specialized knowledge.

⁶In January 2022, *Commission de Surveillance du Secteur Financier* ("CSSF") adopted International Standard on Quality Management 1, together with a Supplement applicable in Luxembourg. Deloitte Audit system of quality management was required to be designed and implemented by 15 December 2022 and to be operated in compliance with International Standard on Quality Management 1 as adopted by the CSSF.



External and internal audit quality monitoring

Monitoring of audit quality

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

The objective of monitoring and remediation processes are to provide relevant, reliable, and timely information about the design, implementation, and operation of the system of quality management 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 system of quality management and the assessment of the effectiveness of remedial actions in driving improvements in audit quality.

System of quality management (SQM) monitoring

SQM monitoring is an integral part of Deloitte Audit’s 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.

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

Monitoring of in-process engagements

Continuous audit quality monitoring by Deloitte Audit involves the proactive identification of audit 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 Audit quality leader(s) to continuously monitor audit quality and take immediate action.
- A program of subject matter specific “health checks” to assist Deloitte Audit quality leader(s) in assessing progress and identifying potential issues on in-process engagements.
- Inspections of in-process engagements which allows Deloitte Audit to proactively identify and remediate any quality issues throughout the audit.
- Results of monitoring of in-process engagements are evaluated overall to determine whether additional communication and support is needed for audit engagement teams with respect to adherence to the audit methodology or updates thereto.

Inspections of completed engagements

Key components of inspections of completed engagements include:

- Risk-based engagement selection and consideration of all major industries served by Deloitte Audit.
- Mandatory moderation panel to drive consistency in findings and engagement ratings.
- Network monitoring with external partners and deputies, independent of Deloitte Audit, who drive global consistency by providing input and sharing best practices for monitoring programs.
- Identifying appropriate resources (from within Deloitte Audit as well as from other Deloitte geographies) with the right experience and industry knowledge, including establishing central review teams.

External inspections

In addition to Deloitte Audit’s own monitoring of audit quality, we are subject to external monitoring by the *Commission de Surveillance du Secteur Financier* (“CSSF”) that covers a selected sample of engagements and the system of quality management.

Internal monitoring	External monitoring
Last internal inspection process started in January 2023 and covers the year 2022.	CSSF is currently in the process of conducting its annual inspection that started in April 2023 and covers the year 2022

Root cause analysis and remediation

Continuous improvement is essential to Deloitte’s culture of quality and excellence. Understanding why engagement level findings and SQM 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 audit quality and avoid future similar findings. An audit quality plan is prepared by Deloitte Audit and provides for effective implementation and monitoring of key audit quality priorities.

Independence, ethics, and additional disclosures

Deloitte Global Independence



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



Supports firms, as needed, with their ongoing SQM monitoring activities and gives insights into global areas of focus. On a three-year cycle, performs **network monitoring activities** through its monitoring program, providing recommendations and observations for consideration as part of firms' Monitoring & Remediation activities. In-depth follow-up reviews are conducted as needed.



Provides firms with **technical independence expertise**, as required, which also informs potential enhancements to global policies, procedural expectations, tools, and practice support activities.



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



Promotes **independence awareness** across the Deloitte network through active engagement with independence and business leadership groups, periodic communications and alerts, and development of guidance, learning, and instructions.

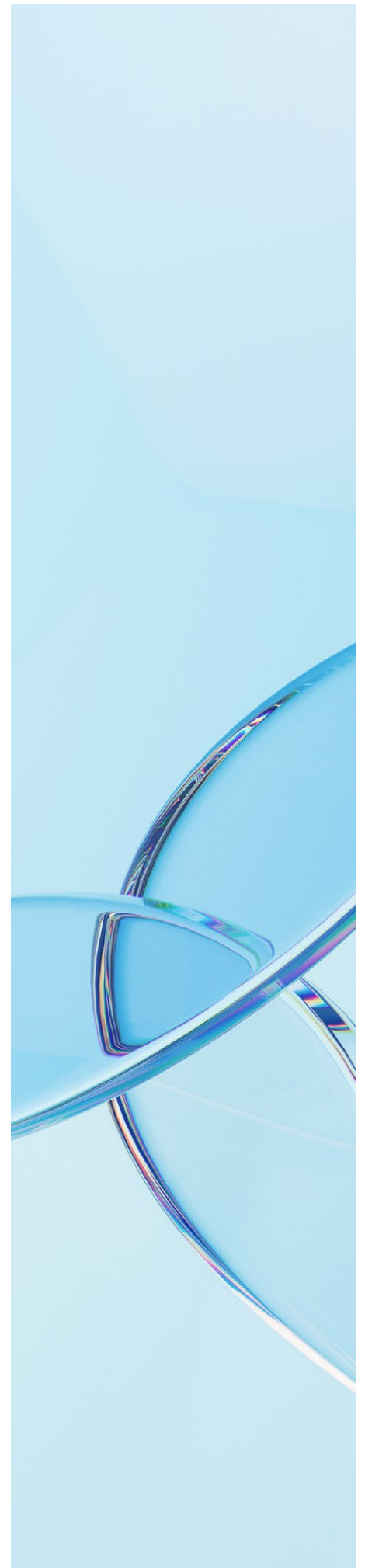
Deloitte Audit Independence

Deloitte Audit 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 Audit 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 Audit. Strategies and procedures to communicate the importance of

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

- Implemented responses (policies, procedures, and controls) 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:

- Clients, engagements, and business relationships, including use of the independence business process tools, the Deloitte Entity Search and Compliance (DESC) system, and the Service Request Monitoring (SRM) application
- Firm and personal financial relationships, including the use of the Global Independence Monitoring System (GIMS)
- Employment and other relationships
- Independence confirmations
- Independence consultations
- Independence-related policies, communications, and learning
- Breaches of independence requirements
- Disciplinary measures for failures to adhere to applicable independence requirements

 **DESC**
Deloitte Entity Search and Compliance

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

 **SRM**
Service Request Monitoring

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

 **GIMS**
Global Independence Monitoring System

Application that contains financial relationship data with relevant independence compliance indicators

Long association requirements of audit partners and practitioners

Deloitte Audit has monitoring procedures in place to ensure compliance with mandatory rotation/tendering of audit firms, mandatory rotation of Key Audit Partners (KAP) and mandatory rotation of managerial personnel as follows:

A. For rotation of key audit partners

IESBA: No Key Audit Partner shall serve an audit client which is a Public Interest Entity (DPM-PIE) for more than seven consecutive years. Up to five further years must elapse before resuming an engagement audit Partner role for the same client and three years for Engagement Quality Control Reviewer (EQCR) and other KAP role. Key Audit Partner rotation shall also be considered for non-PIE clients where certain criteria are met, such as those which are designated as (Much) Greater than Normal Risk.

SEC: In the case of an audit client which is an SEC Registrant (Issuer), the maximum number of consecutive years shall be five. In the case of a significant subsidiary of an SEC Registrant (Issuer), (as advised by the LCSP), the maximum number of consecutive years shall be seven. The cooling-off period constitutes two years.

EU-PIE: In the case of an audit client which is an EU Public Interest Entity, as defined in that legislation, the maximum number of consecutive years served by a Key Audit Partner shall be seven, with a cooling-off period of three years. In the case of all other audit clients, a reasonable effort shall be made to comply with the principles set out above and, in particular, minimize the number and duration of cases where key audit partners serve a client for more than seven consecutive years.

B. Routine Monitoring – Rotation Panel

As appropriate, the Rotation Panel reviews those client situations where the issue of Key Audit Partner rotation requires attention.

C. For Rotation of managerial personnel (IESBA)

The wide variety in the composition of audit teams and the authority placed in the person of the key audit partners is such that a mechanical approach to mitigating familiarity risk at manager level is not appropriate. Instead, the Director of Independence is working with the audit risk function to establish and maintain a Watch-List of audit engagements where a Manager, Senior Manager or Director has served for ten years continuously or more.

D. Appropriate gradual rotation mechanism

for the most senior personnel on audits of EU-PIEs Reference is made to Article 17(7) of Regulation (EU) 537/2014.

Ethics

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

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

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

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

The ethical requirements for audit and related assurance services provided by Deloitte Luxembourg Group are in accordance with Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, a standard-setting body of the International Federation of Accountants (IFAC) as approved by the *Commission de Surveillance du Secteur Financier*.

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

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

Deloitte's Global Principles of Business Conduct ("Global Code") outlines Deloitte's ethical commitments as a network and expectations for Deloitte's approximately 457,000 people, giving a strong, principled foundation. The foundations of the network's ethics program is comprised of the following elements:



Appendices



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
Finland	Deloitte Oy
France	Deloitte & Associés
	Deloitte Marque & Gendrot
	Deloitte Audit Holding
	BEAS
	Cisane
	Constantin Associés
	D. Associations
	DB Consultant
	ECA Audit
	Opus 3.14 Audit et Conseil
	Pierre-Henri Scacchi et Associés
	Revi Conseil

EU/EEA member state	Name of audit firms carrying out statutory audits in each member state
Germany	Deloitte GmbH Wirtschaftsprüfungsgesellschaft
	Deutsche Baurevision GmbH Wirtschaftsprüfungsgesellschaft
	SüdTreu Süddeutsche Treuhand GmbH Wirtschaftsprüfungsgesellschaft
Greece	Deloitte Certified Public Accountants S.A.
Hungary	Deloitte Könyvvizsgáló és Tanácsadó Kft.
Iceland	Deloitte ehf.
Ireland	Deloitte Ireland LLP
Italy	Deloitte & Touche S.p.A.
Latvia	Deloitte Audits Latvia SIA
Liechtenstein	Deloitte (Liechtenstein) AG
Lithuania	Deloitte Lietuva UAB
Luxembourg	Deloitte Audit
Malta	Deloitte Audit Limited
Netherlands	Deloitte Accountants B.V.
Norway	Deloitte AS
Poland	Deloitte Audyt spółka z ograniczoną odpowiedzialnością spółka komandytowa
	Deloitte Audyt spółka z ograniczoną odpowiedzialnością
	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, S.L.
Sweden	Deloitte AB

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

The total turnover achieved by the audit firms that are members of the network, resulting from the statutory audit of annual and consolidated financial statements: **€2.3 billion**⁷

⁷ Amount represents an estimate determined based upon best efforts to collect this data. Certain Deloitte audit firms registered to perform statutory audits in respective member states provide statutory audit services as well as other audit, assurance, and non-audit services. While Deloitte endeavored to collect specific statutory audit turnover for each EU/EEA Deloitte audit firm, in certain cases turnover from other services has been included. The turnover amounts included herein are as of 31 May 2023, except for a limited number of instances where a Deloitte audit firm has different financial year-end or has not finalized its reporting for such period. In these cases, turnover amounts are for the relevant financial year or preceding financial year. Where currency other than the Euro is used in the member state, the amount in Euros was translated using an average exchange rate in effect for the period 1 June 2022 to 31 May 2023.

Appendix B | Financial information

Disclosure in accordance with Article 13.2 (k)(i)-(iv) of the EU Audit Regulation

The breakdown of the Deloitte Audit's net turnover for the year ended on 31 May 2023:

Net turnover	(in million EUR)
Statutory audit (PIEs or PIE subsidiaries)	12
Statutory audit (non-PIEs or non-PIE subsidiaries)	73
Non-audit services (audited entities)	18
Non-audit services (other entities) ⁸	44
Total	147

⁸ Non audit services to other entities included contractual audits

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 Audit in the Financial Year 2023:

Name
abc SME Lease Germany S.A.
Allspring (Lux) Worldwide Fund
Alvotech
Andbank Luxembourg
B&S Group S.A.
Banque Havilland S.A.
BGL BNP Paribas
BlueRe m.a.
BNP Paribas Fortis Funding
BNP Paribas S.B. Ré
BPER Bank Luxembourg S.A.
CANAL RE S.A.
Cardif Lux Vie
CARRARO FINANCE S.A.
Cartesian Residential Mortgages 3 S.A.
Cartesian Residential Mortgages 4 S.A.
Cartesian Residential Mortgages 5 S.A.
Cartesian Residential Mortgages 6 S.A.
Cartesian Residential Mortgages Blue S.A.
China Merchants Bank (Europe) S.A.
CNA Insurance Company (Europe) S.A.
Codeis Securities S.A.
DEMERGON FUNDS
Diversified European Credit S.A.
Euroclear Investments
EUROFINS SCIENTIFIC SE
European Depository Bank S.A.
Exane Solutions (Luxembourg) S.A.
Eyquem Fund
Foyer Assurances S.A.
FOYER LUXEMBOURG RE S.A.
Foyer Santé S.A.
Foyer Vie S.A.

Name
Foyer-Arag S.A.
GreenStars BNP Paribas
Industrial and Commercial Bank of China (Europe) S.A.
International Shipowners Reinsurance Company S.A.
IsDB Trust Services No.2 SARL
John Deere Bank S.A.
John Deere Cash Management
LCM Partners CO III SLP
Le Sphinx Assurances Luxembourg S.A.
Lyxor Index Fund
Monceau Euro Risk, Société Anonyme de Réassurance
Nuclear Industry Reinsurance Association
Ossiam Lux
Prudentia S.à r.l.
RAIFFEISEN VIE S.A.
ROOF AT S.A.
ROOF Leasing Austria AG
Scottish Widows Europe
SPANDILUX S.A.
Stadhold Reinsurances (Luxembourg) S.A.
SURASSUR
The Britannia Steam Ship Insurance Association Europe
THE GENESIS EMERGING MARKETS INVESTMENT COMPANY
The OneLife Company S.A.
The Shipowners' Mutual Protection and Indemnity Association (Luxembourg)
The West of England Ship Owners Mutual Insurance Association (Luxembourg)
ThomasLloyd SICAV
Universal Credit S.A.
Versito International S.A.
VITIS LIFE S.A.
WEALINS



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