

Integrated Annual Report
Coöperatief Deloitte U.A.

2022 / 2023

Key numbers of value creation

Key financial indicators

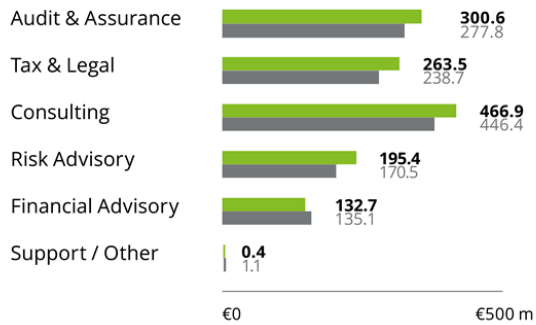
Revenue

■ 2022/2023

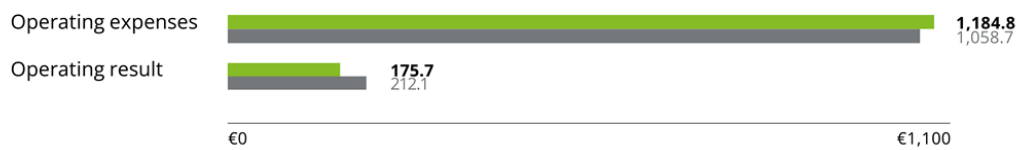
■ 2021/2022

€1,359.5m

€1,269.6 m



Expenses/result



Total FTEs	7,707	6,769
Partners	267	256
Employees	7,440	6,540
Average headcount	8,180	7,191

Key non-financial indicators

Client satisfaction (engagements)

FY22A 8.3 | **FY23A 8.5** | T2023 >8.0

Regulatory quality

FY22A 100% | **FY23A 100%** | T2023 >90%

Carbon emission reduction (Base FY19)

FY22A -64.2% | **FY23A -40.7%** | T2023 -25%

NPS at C-level among strategic clients

FY22A 63 | **FY23A 75** | T2023 >40

Talent engagement score

FY22A 7.7 | **FY23A 7.4**** | T2023 >8

Employer of choice in relevant ranking

FY22A #5 | **FY23 #2** | T2023 Top 10

Employer of choice among STEM students

FY22A #19 | **FY23A #11** | T2023 Top 15

Female positions in leadership roles*

FY22A 26% | **FY23A 26%** | T2023 >30%

Female partners as % of total partners

FY22A 21% | **FY23A 22%** | T2023 22%

* Female representation in Supervisory Board 40% and in Executive Board 33%

** Due to a change in methodology, this number cannot be compared to previous years

'FY' refers to our Financial Year (from June 1st – May 31st)

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About this Report

This is our eighth Integrated Annual Report. It contains information on the impact we make, how we create value, our strategy and our related performance for the financial year that started on June 1, 2022 and ended on May 31, 2023. It builds on our previous IAR, published on September 19, 2022.

In line with our ambition to be the undisputed leader in professional services, we have started to implement our roadmap towards full compliance with the requirements of the EU Corporate Sustainability Reporting Directive (CSRD) and the EU Taxonomy. For the sake of transparency, we have included a CSRD reference table in Annex 3. We expect full implementation of the CSRD requirements in our Report for 2023/2024.

The management report zooms in on our strategy, our (business) performance and value creation. The detailed financial performance can be found in the financial statements in Annex 1. In the non-financial statements in Annex 2, we detail our approach towards, and progress on, the non-financial topics that we deem material to our business.

We believe in an open and transparent dialogue and relationship with our stakeholders. By sharing this Report, we want to inform you on how we create stakeholder value through the execution of our strategy and fulfillment of our purpose – to make an impact that matters. As always, we appreciate and welcome your feedback: it enables us to further improve our impact and related reporting in the years ahead. Please send your comments, questions or observations to NLBrandandCommunications@deloitte.nl.

Highlights from the Executive Board

Executive Board highlights, lessons learned and outlook

The past few years have been characterised by navigating unexpected crises, operating in an uncertain environment and finding solutions to major societal challenges. This year was no exception and the situation will most likely remain unchanged in the years to come. The need for transformation is more urgent than ever before, both for society at large and for our clients. Effectively bringing about impact and change demands a clear sense of purpose, leadership and collaboration. This is reflected in the way we operate, the decisions we make and the work we do for our clients.

We are making progress in terms of our impact on society. It is our solid conviction that the largest impact we make is through the work we do for clients, both in Audit - providing trust and transparency to capital markets - and in Advisory.



A perfect example is our Future of Energy initiative, where we support our clients in demystifying their net-zero targets with a decarbonisation strategy, and help society transition toward renewable energy sources. We introduced the Deloitte Global Hydrogen Excellence Centre (H2X) to strengthen our hydrogen-related offerings and initiatives, while sharing experience and expertise with markets and clients. Moreover, together with Delft University of Technology, we introduced a Future of Energy Business Course to support the next generation in their development on e.g. decarbonisation and new energy solutions. As part of our Future of Food initiative, we started the 'dining to net-positive' movement together with over 25 partners from corporates and start-ups to NGOs across the food ecosystem, to make our food supply chain more sustainable.

In addition to the work we do for and with our clients, we make an impact on society through employee-led initiatives and Deloitte-wide priority programmes of our Deloitte Impact Foundation. We further intensified our focus on financial health. With a large number of households in the Netherlands being financially unhealthy or vulnerable, the urgency to take collective action is greater than it has ever been. We have set up the National Coalition Financial Health together with ING, SchuldenLabNL and many other employers in the public and private sector. The aim of the coalition is clear: to halve the Dutch households that are less financially healthy or vulnerable by 2030.

This past year, we have made progress in many areas of our strategy. Overall, our results show a modest, positive growth of 7.1%. This reflects the performance of our advisory practice as well as significant investments at the start of the year. Our Audit, Tax and Risk Advisory businesses showed robust growth while our Consulting and Financial Advisory businesses contracted slightly (partially driven by the conclusion of large transformation projects for a number of clients). The additional investments in our employee value proposition, our workforce and our capabilities around sustainability and digital put some pressure on our profitability when demand fell short of our plan. We are cautiously optimistic that these investments will pay off in the medium term.

Fiscal year 2022/2023 marked the end of our Strategy 2019-2023. We have become a more purpose driven, sustainable and inclusive organisation with an engaged workforce, making an impact on our clients and creating a clear gap with our main competitors in terms of revenue growth. We are confident about the choice to support our clients' transition to more responsible and sustainable business models, to contribute to challenges in society and to focus on our people. We feel especially proud of our track record in audit quality. For the third year in a row, we have scored 100% on regulatory quality with positive reviews from regulators.

We have raised the bar in many dimensions of our business. We have strengthened our focus on purpose, for example by setting up the Responsible Business Committee. The Responsible Business Committee plays a pivotal role in determining which clients and engagements we believe to be in line with our purpose and ethical standards. Another example of how we embed purpose is our approach to reducing our own carbon emissions. The introduction of a Sustainable Delivery Framework has empowered our people to deliver our services in an energy-efficient way, and the launch of the GiKi Zero app helps them make more sustainable choices in their personal lives too.

We have stepped up to market leadership, strengthened our network and relationships and improved our Net Promoter Score throughout the years. On top of that, we have grown our cross-business growth platforms by investing in digitalisation and sustainability. We have also stepped up the application of Global Delivery Models, enabling us to use of the full depth of knowledge and capabilities Deloitte has to offer on a global scale.

Considering the challenges ahead for our people, we are very proud of the progress made on talent engagement. The investments in our employee value proposition and creation of a culture of recognition with fair and transparent total reward translated into an increase in our talent engagement score from 7.5 in 2020/2021 to 7.7 in 2021/2022. In 2022/2023, a new methodology was introduced to align and measure our employee engagement scores across NSE.

We have made several changes to become a more inclusive and diverse firm. On the back of a holistic programme driven by active communities (focused on gender, cultural background, neurodiversity and LGBTQ+), we introduced new policies to support Rainbow Families and provide additional support to people in a gender transition process. We also introduced a Reverse Mentoring Programme in which Deloitte leaders are mentored by a colleague with a diverse background to improve their knowledge and sensitivity to challenges related to inclusion and diversity. And, last but not least, we take pride in the increase in the number of female partners from 10% in 2018/2019 up to 22% in 2022/2023. We will continue to invest in the pipeline for more diversity in leadership. We are not yet where we want to be, while at the same time we notice that we are reaching a plateau. This means that it will remain an important focus in the upcoming years.

The composition of the Executive Board and the Executive Committee changed on 1 June 2023. Dagmar Enklaar succeeded Oscar Snijders on the Executive Board. Oscar remains a partner in the Dutch firm and will focus on sustainable transformations at our clients. Rob Bergmans succeeded Liesbeth Mol, who was appointed chair of the Deloitte NSE board. We warmly thank Liesbeth and Oscar for their impact as Executive Board members over the past few years. Their drive, commitment and leadership were essential in the progress we have made, and we wish them all the best in their new roles within Deloitte.

With a new composition of the Executive Committee, we believe that the diversity of perspective increased due to more varied mix of expertise, gender, age and leadership styles. Find the new composition in the About Deloitte section of the report.

Lessons Learned

To fulfil our ambition to be a learning organisation, we reflected on our experience of the past year.

We notice that our clients increasingly work across value chains with multiple partners. This presents both challenges, such as managing the independence between audit and advisory, and opportunities for real impact using our multidisciplinary model. To solve critical challenges in society, such as creating sustainable food chains, we need to work across ecosystems and as Deloitte, we have a clear ambition to be the orchestrator in these ecosystems.

This past year, as in the years before, the audit profession predominantly focused on quality, regulations and the relevance of audits, and rightly so. However, our concern is that the attractiveness of the audit profession is not prominent enough on the agenda. Though we have been very successful in attracting talent, declining inflows of students requires enhancing the profession's attractiveness to the next generation of auditors. We value the sector initiatives exploring for example how educational programmes to become a Dutch certified Registered Auditor are organised. We have the responsibility to play a role in this respect and will substantially step up our efforts. As Deloitte, we aim to sustain the relevance of audits by focusing on key topics such as ESG, fraud and continuity, as well as by investing in continuous innovation, expanding the use of analytics and automating the more basic, compliance related tasks. Also, our growing Assurance and Audit Advisory practice provides opportunities to develop broader skillsets.

We have made significant steps in using Global Delivery Models in line with our strategy and to address labour market shortages. However, we recognise that significant change and effort is still required and we should be bolder in our ambition. This will make us strategically more flexible, offer a more competitive price point and will enable us to improve the quality of our services due to the depth and breadth of the capabilities of our Global Delivery Centers.

The same is true for the impact of generative artificial intelligence. We already support our clients with the deep capabilities we have, and invest in tooling to change the way we deliver our services. In line with our long-term focus on innovation and technology, we aim to step up our ambition - given the transformational impact AI has on many of our clients and our own profession.

Outlook

Considering the underlying long-term trends supporting our business and the new opportunities for our services, we are cautiously optimistic about the future yet realistic about the uncertain times still ahead of us.

Our new strategy builds on the foundations we have laid in the past few years and focuses on the big shifts we see as the signposts for the future. These shifts will take us towards a future in which Deloitte is the preferred employer for all, and purpose and profitable growth are an evident combination. We will continue to build trusted relationships with our clients and to be their long-term partner for complex transformations. We will win because of our multidisciplinary model using integrated solutions and by offering innovative, asset-powered services through our Global Delivery Centers. We will further invest in generative artificial intelligence as it will have a transformational impact on our clients and on our service delivery.

Strengthening our collaboration with our global and EMEA network will provide us with new opportunities to increase quality and add value for our clients based in the Netherlands. It will create more possibilities for our Dutch firm to work abroad, while offering impactful work and development opportunities to our people. For us as Executive Board it remains an important matter to make the most of the benefits of our global scale while maintaining our local strength.

We strongly believe that our new strategy 2024-2027 will, once again, provide a platform for growth and impact, and make our business model more future-proof while having purpose at the heart of it.

Rotterdam, July 18, 2023



Hans Honig

Chief Executive Officer
Chairman of the Executive Board



Rob Bergmans

Chief People & Quality Officer



Dagmar Enklaar

Chief Operations Officer

Our purpose and strategy

Our Purpose and Strategy

Our purpose is to make an impact that matters on people, clients and society.

What drives us as an organisation is making an impact, one that matters to our people, our clients, and the world around us. It is at the heart of all we do.

It influences the way we make our decisions, the way we work and run our organization. We believe it is how we deliver the best work for our clients, keep our people engaged and motivated, foster growth of our organization and add value to society.

How do we make an impact on clients?

We connect our skills and services to work on our clients' most critical, complex challenges and deliver consistent high quality, every single day. They face major transformations where we bring in capabilities from across our businesses and industries.

We want to contribute actively through client work to a more responsible and resilient society by applying our Global Responsible Business Practices commitments, and our Purpose and our Shared Values in our decision-making processes. The Responsible Business Committee (RBC) is established to provide an extra layer of cross-business dialogue in cases where client or engagement acceptance matters carry a significant public interest or purpose factor.

How do we make an impact on society?

We want to play an active role in building a more responsible and resilient society in the Netherlands, with the client projects we engage in, through the initiatives within our 'Future of' themes, and through the Deloitte Impact Foundation.

How do we make an impact on people?

We continue to provide our people with opportunities for personal growth and development. Our Employee Value Proposition is designed to provide a career that is personalised and meaningful; to enable our people to excel and be happy in their profession, contribute to their communities, and become the next generation of leaders in and outside Deloitte.

We will step up our approach to provide an inclusive workplace and leverage the diversity of our talent. Different people, different skills, and different perspectives combined to create value through the diversity of thought.

Our strategy 2019-2023

Our purpose, our values and international approach are rooted in our strategy, and give us direction in a constantly changing world.

The aspiration of our Strategy 2019-2023 was to be the leader in professional services in the Netherlands: in terms of market position and quality and, most importantly, in the minds of our clients, stakeholders and talent. The double interview with Peter Sanders and Emeric van Waes talks about the progress and achievements of our Strategy 2019-2023.

Our strategic imperatives

To become the undisputed leader in professional services, we built our strategy on five strategic imperatives where we aimed to make purposeful step changes.

1. Embrace quality and responsible business

We live up to our values, creating impact for our clients, our people and for society in areas where we can make a difference and lead on quality. We therefore want to embed our purpose in the core of our business and in everything we do, prioritizing key societal challenges. We keep on strengthening our robust quality programs both in Audit and in our Advisory businesses.

2. Step up to market leadership

Market leadership is not only about size, but about the impact we make. Apart from occupying a leading market position in our chosen markets, we want to be the leader in the minds of our clients and other stakeholders, including our people. That is why we aim to strengthen our C-level network and profile in the public domain. In Advisory, our target is to secure our leading position; in Audit, we aim to lead on quality and innovation and establish a fair market share in the upcoming mandatory auditor rotations.

3. Invest in profitable growth

We look to continue our profitable growth in the coming years to enable us to further invest in our talent and innovation. To realise profitable growth throughout our client portfolio, we will leverage our multi-disciplinary growth platforms in North South Europe (NSE) and global (Sustainability, Cloud, M&A and SAP S/4HANA®) to grow our core, export our unique capabilities and leverage our assets. Our objective is to achieve a balanced portfolio, which allows for growth across all client segments.

4. Accelerate innovation

Leveraging our international cooperation, we want to expand our business model through the development of innovative software assets, shifting from a time-based model to a model where software assets play a key role in our delivery. We have prioritised our assets and are gearing up for further roll-out. In addition, we are digitising our own infrastructure by implementing cutting-edge ERM and CRM platforms – supporting our global Deloitte collaboration - as well as business specific digital platforms that we deploy for the execution of our engagements, automated controls, and communication and collaboration with our clients.

5. Strengthen engagement and inclusiveness

Our people determine the impact we have on clients and society. We believe in the power of diversity and recognise that this starts with an inclusive culture that allows every individual to grow in line with their personal needs and capabilities. We will therefore open up different career paths and embed inclusive leadership as the driving force of an inclusive culture. This will also be the foundation for significant improvements in diversity. We have redesigned our employee value proposition and implemented terms of employment that are up-to-date and offer the flexibility to cater to individual employees' needs. In addition, we stimulate entrepreneurship related to our markets by involving our partners and Young Deloitte in shaping the future of our firm.

During the Summer of 2023, we will finalise our Strategy for 2023-2027 and its content will be shared with relevant stakeholders.

Our progress

As our four-year strategy cycle drew to a close in 2023, Emeric van Waes passed over the Chief Strategy Officer reins to Peter Sanders. The two strategists reflect on our progress to date and the opportunities ahead.



Emeric van Waes

Former Corporate Strategy Officer

Emeric van Waes: 'The final year of the strategy, from June 2022 to May 2023, was very challenging. The continuing war in Ukraine, the geopolitical tensions, rising energy prices and inflation brought uncertainty and volatility at all levels - political, economic and social. We saw this reflected in our markets too.'

The Future of Energy, Food and Financial health are very relevant topics that we were investing in long before the Ukraine war started. It gained us a solid position with evidence- and fact-based content to help our clients explore possible scenarios going forward. So, while it was a difficult year, I also look back with pride that we came prepared for the situation based on the choices we made four years ago.'

What achievements are you most proud of over the four-year strategy cycle?

'There has been significant acceleration in the Future of Energy. Starting with small projects in the Netherlands three years ago, there's now real demand in many countries around the world. We've built a centre of competence for Carbon Emission Reduction and Hydrogen in the Netherlands, which now supports our broader European and global practice. We're seeing a lot of activity, not only in Europe but also in the Middle East, and we're also working closely with the World Economic Forum on this topic.'

I'm also very proud of how our Public Sector practice has evolved over the past four years and certainly in the past year. We're now helping NATO and the Ministry of Defence to improving their operability in order to work more efficiently together in military operations. We are partnering with the municipality of Rotterdam to lead them become an insights and AI-driven organisation to improve safety en equality for people in Rotterdam.'

Where do we stand on achieving our strategic imperatives?

'If I think about the last year, I think our 'embrace purpose' pillar is really pulling ahead. The investments, for example around sustainability and ESG advisory, and choices we made four years ago are really becoming visible and accelerating. For example, through our Future of Food dining to net positive movement, the Financial Health coalition and collaboration with SchuldenLabNL, and the focus on inclusive society, sustainability and WorldClass of our Deloitte Impact Foundation projects. I think this is where we've made the biggest difference.'

On market leadership, again we pulled ahead of the other Big 4. There's been a real step change in our market visibility, our relationships with key stakeholders, and our broader presence in these important ecosystems compared to four years ago. The Public Sector, for example, has been one of those key areas.'

Looking at our profitable growth imperative, we've grown significantly since 2019 both in terms of absolute revenue and profitability. The past year was challenging due to the market uncertainty on the one hand and the fact that we invested more in growth than in profitability on the other. But the long-term view shows a significant change from four years ago.'

We made good progress on our innovation pillar but halfway into the strategy cycle we decided to take a more global perspective to strengthen both investments and scalability. This international collaboration led to the development of a software asset, Converge, for financial services organisations which is now a lighthouse example supporting transaction monitoring in the Netherlands. We started developing that asset in the Netherlands and we pooled our resources with the US and other member firms to put much more weight behind it.'

We've made really big steps on inclusion and diversity in the people pillar compared to four years ago, with a more holistic approach looking at diversity from a much broader perspective including cultural background, neurodiversity, gender, LGBTQ+ and personalities. At the same time, I believe we can still make significant improvements, and this includes our male-female diversity ratios, where we need a more solid pipeline of future leaders to be able to reach a 50-50 target.'

What are you most proud of personally?

'We really put purpose at the heart of our strategy and the core of our business. I strongly believe it was the right choice because despite two-and-a-half years of COVID-19, we were still able to get to where we wanted to be, not only from a financial perspective but especially from the perspective of our purpose, our people and our micro-leadership. That's something I'm really proud of. In an increasingly uncertain world, we can really benefit from a strong moral compass to provide guidance on the choices we have to make.'

And a final question to Emeric: What advice would you give to your successor? 'The internationalisation of how we work is a key change ahead. Moving from a federated firm that collaborates quite well across borders to a more integrated firm that really collaborates seamlessly across borders. And also, to have fun and enjoy the ride. I certainly did!'

What does the strategy development process look like?

'Purpose will still be at the heart of the strategy moving forward,' confirms Peter Sanders, who is responsible for developing the strategy for Deloitte in the Netherlands for the next four years. We believe we have made the right choices, so instead of taking a completely different strategic direction, we are building on the current strategy. 'With my team I'm revisiting the current strategy to make it fit for the future, incorporating the impacts of some major changes in our context in the past five years, such as the increasing market competition, technological developments and the accelerated international integration of our member firms. We want to bring those into the strategy in a smart way.'



Peters Sanders
Corporate Strategy Officer

As in the previous strategy cycle, the strategy is being developed in a process of co-creation, listening to different voices from inside and outside the organisation. We believe that this process leads to even more commitment on the part of the partners and the leaders of Deloitte to the strategy and to our purpose.

Of course, we're talking to the Executive Board and Executive Committee since they're responsible for strategy execution with the partners in the Dutch firm. But we are also giving a prominent platform to younger talents, senior managers and purpose champions, people who inject and infuse fresh ideas on new topics - who may be the future leaders who drive the strategy trajectory forward.'

'Naturally, we're also introducing external perspectives, through extensive input from clients and rigorous fact-based analyses of market trends and our competitive environment. We expect to roll out our new strategy from the end of September 2023 onwards.'

Will this be a new strategy?

'I prefer to call it a sharpened strategic plan to make us more future proof. Moving forward we're introducing two new concepts. Firstly, to be more explicit about the "strong beliefs" underpinning the sharpened strategy. Secondly, we're identifying the "big shifts" which we see as the signposts to the future.'

Many of the beliefs we held four years ago still hold true. Now we're being more explicit about their interpretation. One of our strong beliefs is to be a purpose-led organisation, which is more important now than ever because it is going to be crucial to the way we serve our clients, the kinds of topics we can help them with, and how they view us. It's also vital to ensure that talents want to work for Deloitte. Having said that, we also believe we can do an even better job of concentrating our efforts to be purpose-led, channelling and mobilizing them to make an even greater impact.

One of the “big shifts” that we’re seeing is increasing internationalisation, as Emeric already mentioned. Until recently, we primarily focussed on the Dutch market for growth. We now see opportunities to broaden our horizon to the rest of Europe, in collaboration with other NSE member firms.

Another “big shift” is to increase the use of global shared delivery centres, where we can complement our teams and deliver services to clients in the Netherlands more efficiently. We see opportunities to bring our capabilities to clients outside the Netherlands and benefit from our global delivery capabilities in the Dutch marketplace. It works both ways. I think it’s also going to be a lot of fun, collaborating with different cultures and nationalities, and creating an even bigger platform for our talent.’

Value creation

Business model

Our business brings together people, technology, knowledge and relationships. Where these meet, we help our clients with meaningful high-quality solutions to their complex needs and challenges to further propel their businesses. We do this through the expertise of our people (often supported by our highly specialised international delivery centres), by implementing assets that we have developed, or by assuming control over a designated part of our clients' processes.

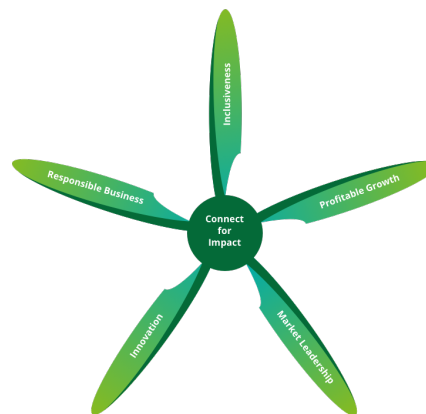
Our people are highly trained, skilled and motivated. Through extensive learning programmes (classroom, online and on-the-job), we accelerate the development of our people and increase their ability to further advance in their chosen area of expertise and within the industry they feel most connected with.

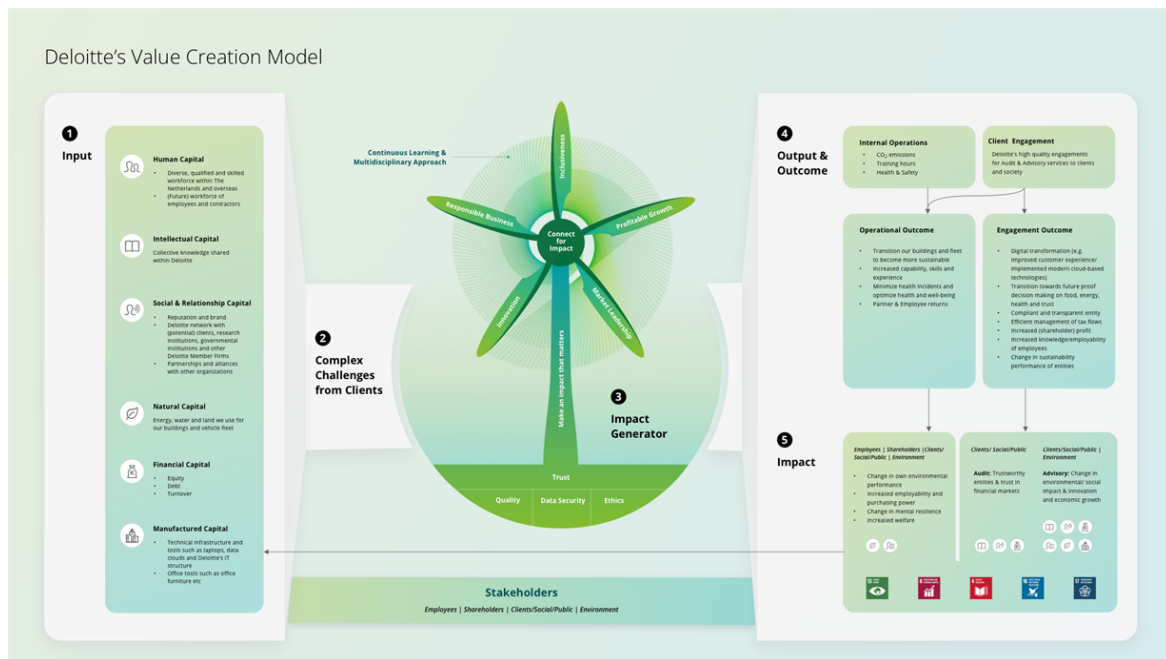
Technology is an important element of our services. In all our services we use technology to obtain the best result as efficiently as possible. Moreover, we are helping our clients facing their digital challenges, for example in the areas of cyber security, and software and systems implementation.

We make sure that our knowledge remains up to date. We partner with important knowledge institutes such as Center for the Edge to be able to tap into state-of-the-art insights from the academic world. In addition, we are organised in cross functional industries' groups, ensuring the availability of industry-wide insights across businesses.

Finally, we maintain relationships with our clients and potential clients to become their trusted advisor in our areas of expertise. In addition, we are an active participant in many professional organisations and contribute to social debates and challenges around pressing social issues, among others through our Future of agenda.

Our business model is based on our purpose, informed by our Shared values, and powered by our Connect for Impact strategy.





Value creation model

Deloitte's purpose is to make an impact that matters for our clients, our people and the society we operate in. Our purpose is the driving force behind our strategy and our everyday actions.

Our business model springs from the six 'capitals' (human, intellectual, natural, financial, social and manufactured) as defined by the International Integrated Reporting Council (IIRC). Having a strong foundation is core to perform our services and execute our strategy. The foundation of our business model is built upon three pillars: quality, ethics and data security. Our strategy and everything we do as a firm, is rooted in trust. Trust allows us to build meaningful relationships and foster partnerships with our stakeholders.

Our impacts stem from both the way we support our clients, and how we operate our business through our services: Advisory, Audit & Assurance, Internal support, and Deloitte Impact Foundation (DIF). At Deloitte, we address complex and challenging issues that our clients face and provide them with innovative solutions that allow them to grow in a responsible manner. Within our firm, we have established a collaborative multidisciplinary network of professionals with various backgrounds and international and cross-industrial experiences, creating a unique blend of capabilities to holistically respond to our clients' needs.

We are mindful of the consequences our activities have on our stakeholders. Being a responsible business, we try to understand the positive and negative impacts our firm has and aim to address the major societal and environmental issues.

We create value for different stakeholder groups in a variety of ways. The value we generate for our clients arises from the services we provide and the ecosystems we develop. For the broader society, we add value through our client work, the training we provide to our talent, the taxes we pay, and the communities we support during our corporate responsibility and sustainability initiatives.

We build value for our employees through creating an environment where equity, purpose and belonging, and experience are at the core. We develop our employees' skills through training, as well as through the engagements they work on, to address efficiently our clients' demands. Our people are the firm's major asset and therefore we focus on the continuous enhancement of our people's capabilities.

Through internal dashboards, we track and manage how our business activities can impact the planet. We support our clients in recognizing their reliance and impacts on natural resources to minimise the environmental impacts across their value chains.

We constantly drive and embrace innovation and digital transformation. It helps us to maintain leadership in the services we offer, and provides our clients and society with tailored and cutting-edge solutions that improve the overall ecosystem Deloitte operates in.

The impact we create is shaped by external factors such as the social, political and economic challenges of a constantly changing world. At Deloitte, we proactively respond to these challenges, and we address them in collaboration with our stakeholders, which in return contributes to the continuity and enhancement of our business.

We strive to continuously improve our practices and adapt to changing circumstances to become a more responsible business, contributing to a better and more sustainable future.

Connect for Impact and our 'Future of' themes

Rooted in our strategy are 'connect' and 'impact'. We believe that collaboration creates the most impact; whether that's working together with clients and partners or connecting colleagues internally. It enables us to combine different perspectives, skills and expertise, and that (we believe) leads to breakthrough outcomes for today's most complex challenges.

Connect

Proactively connecting our clients, partners, suppliers, people and ecosystems; supporting our clients' transitions to becoming more sustainable and responsible businesses.

Impact

Driving tangible, measurable improvements to amplify our impact on our clients, our people and society. By focusing on long-term sustainability in the Netherlands, via key societal challenges.

Our world is ever-changing. As we want to make an impact on society, we closely monitor the latest and future developments and arising challenges in the health, food, mobility and energy sectors. This enables us to share our expertise with our partners in the ecosystems and contribute to the necessary transformations to ensure sustainable growth.

We focus our voice in the market through four societal challenges: our **'Future of' themes**. These themes - Health, Mobility, Energy and Food - are the underlying drivers for creating a more sustainable society and help society achieve the Sustainable Development Goals (SDGs).

These four challenges are also characterised by having cross-business and cross-industry impact. By setting-up and collaborating in ecosystems, we respond to our call-to-action: **Connect for Impact**.

Future of Health

How can we prevent rocketing healthcare costs by means of early presentation and diagnosis? Which technological and behavioural measures lead to overall health, happiness and well-being?

With the Healthcare sector facing many challenges, such as escalating care costs due to an ageing population and pressure on budgets and the workforce, a new mindset is needed. We need to move from healthcare to health, with more focus on prevention, and an improved health consumer journey, with new health players entering the ecosystem.



Future of Mobility

How can we ensure that transport of people and goods is emission and accident free, cheap, seamless and easy? What's the role of innovations like autonomous vehicles, green hydrogen airplanes and people movers?

As the way we travel is changing, we need to keep the Netherlands moving and enable seamless travel for people and goods in a sustainable way by using technology and 'as-a-service' solutions.



Future of Energy

How can we transition to a clean and green energy system? What's the role of electricity, hydrogen and our behaviour in this changeover?

Energy will change drastically. It is going to be more sustainable, with renewable sources and less or zero carbon emissions to meet the Paris 1.5° climate goals. Connecting the ecosystem with traditional parties, but also with start-ups and public institutions is key.



Future of Food

How can we create a food system without compromise that is sustainable, healthy, and even-handed? Which innovations can bring about this food consumption, production and waste?

With sustainability and planetary boundaries and shifting nutritional needs, the food ecosystem will change, creating space for new players. For instance, personalised nutrition and responsible production and waste are important in this new world.



Learn more about the Future of Food



Deloitte Impact Foundation

Via the Deloitte Impact Foundation, Deloitte is committed to performing pro bono work and giving back to society via a large variety of societal initiatives for NGOs, non-profits and start-ups. We believe that we can make the most difference by sharing our employees' core competences, knowledge and network in societal initiatives to make an impact.

To amplify the impact of our Deloitte Impact Foundation, we concentrate our efforts on three key areas and are working together with partners in ecosystems that we create around three key themes:

- **WorldClass**, a Deloitte global initiative with the ambition of supporting 100 million people worldwide by 2030. Our NL *WorldClass* programme focuses on improving the equality of opportunity for vulnerable young people in education, especially in primary, secondary, and middle-level vocational education in the Netherlands.
- **Sustainability**, through our sustainability-related initiatives, we protect our natural environment by addressing the root causes and effects of global warming and degradation of land, water, and air. This focus area aims to support future generations on our planet to live in a healthy and sustainable environment.
- **Inclusive society**, this final theme allows colleagues to start employee-led initiatives that are close to their hearts and contributes to an inclusive and diverse society. These initiatives provide support for challenges related to the quality of life in the Netherlands such as concerning poverty, safety, health, loneliness, and/or happiness of Dutch inhabitants.

Impact story: Financial Health

Inclusive society

The Financial Health programme aims to raise awareness and improve the financial health of households in the Netherlands. Financial health has a tremendous impact on people's lives, their families, their physical and mental health, and also their performance at work or school. The aim is that by 2030 the number of people who experience financial stress is reduced by 50% and people are in control of their finances, now and in the future. To achieve this, current initiatives are:

National Coalitie Financiële Gezondheid (NCFG)

Deloitte, ING and SchuldenlabNL have taken the lead in forming a broad coalition ([NCFG](#)) of employers to tackle financial problems and debt in the workplace. Our CEO Hans Honig is chair of the NCFG during 2022/2023 and within the programme we run project management, participate and lead in working groups focusing on measuring financial health of employees, improve awareness and create an action plan with interventions for employers.

Annual research

Together with our partners, NIBUD and Leiden University, we provide insight into the financial health of Dutch households. We developed a methodology for measuring financial health to score Dutch households on a financial health scale. With 5,000 households participating in the survey, we provide a snapshot of the current situation and we monitor the development of financial health in the Netherlands.

Our firm

About Deloitte

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and legal and related services. We have been providing professional services to clients, developing our talent and engaging with society for over 175 years.

Deloitte Netherlands is the Dutch firm of Deloitte North and South Europe (NSE) and as such is a separate and independent legal entity. Deloitte Netherlands operates in the Netherlands and in the Dutch Caribbean. For a full list of subsidiaries, please see our financial statements.

In the Netherlands, we employ over 8,000 people (excluding contractors) in 16 different offices around the country. This makes us one of the leading Dutch professional services providers in the areas of audit, tax and legal advisory, consultancy, risk advisory and financial advisory. Our practitioners work in multidisciplinary teams applying a broad vision and in-depth approach to help resolve our clients challenges and realise opportunities.

In December 2022, Deloitte acquired PACER, a leading engineering and consulting firm that operates both nationally and internationally in the fields of infrastructure and investment projects. PACER provides services in all disciplines within a project: project management, project management, contract management, technical management (systems engineering) and environmental management. PACER was founded in 2007 and is now part of Deloitte's Responsible Infrastructure & Capital Projects team within Risk Advisory.

Deloitte NSE

Deloitte NSE brings together around 50,000 professionals. Together, we make an even greater impact in each of our markets. By working as a unified firm and leveraging our network, we can achieve more – for our clients, our people and the communities we work in.

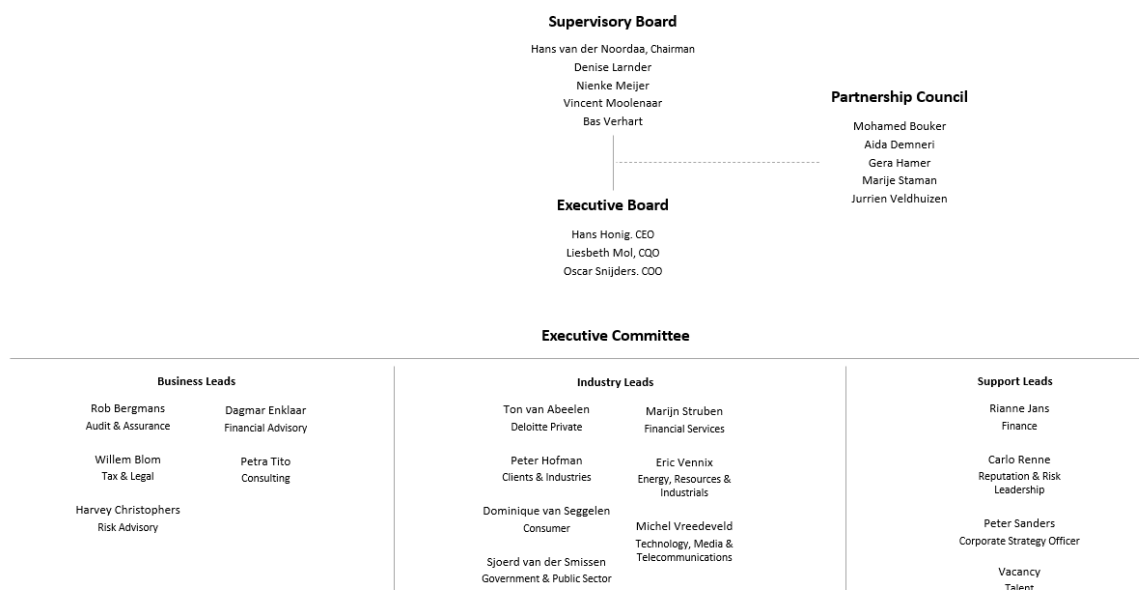
Deloitte NSE comprises the following countries: the Netherlands (incl. Deloitte Dutch Caribbean), the UK & Switzerland, Ireland, Belgium, Finland, Denmark, Sweden, Norway, Iceland, Italy, Greece, Malta, Libya, Palestinian ruled territories, Cyprus, Lebanon, Jordan, Iraq, Egypt, Saudi Arabia, Kuwait, Bahrain, Qatar, the Republic of the Sudan, the United Arab Emirates, Oman and Yemen.

Deloitte Global

Building on over 175 years of experience, our global organisation has grown in scale and diversity and now comprises approximately 415,000 people in more than 150 countries and territories, serving 90% of Fortune Global 500® companies and almost all the Amsterdam Exchange Index companies, providing assurance services or, to non-audit clients, advisory services. Our professionals deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way towards a stronger economy, a more equitable society and a more sustainable world.

Our leadership in 2022/2023 (per May 31, 2023)

Our leadership structure consists of a Supervisory Board, Executive Board and Executive Committee. Please see below an overview of the members.

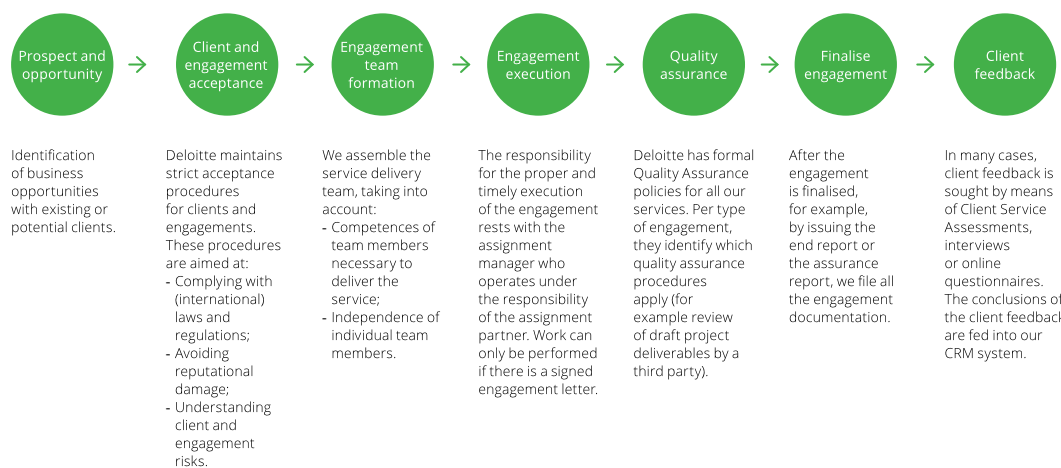


Per June 1, 2023, the following changes have taken place:

- Rob Bergmans has been appointed Chief People & Quality Officer succeeding Liesbeth Mol. Rob will also lead Group Support Center;
- Dagmar Enklaar has been appointed Chief Operations Officer succeeding Oscar Snijders;
- Gera Hamer has been appointed Business Lead Audit & Assurance succeeding Rob Bergmans;
- Petra Tito has been appointed Business Lead Consulting succeeding Erik Nanninga;
- Baldwin Kramer has been appointed Business Lead Financial Advisory succeeding Dagmar Enklaar;
- Willem Gooskens has been appointed Business Lead Tax & Legal succeeding Willem Blom;
- Marije Staman has been appointed Industry Lead Deloitte Private succeeding Ton van Abeelen;
- Roën Blom has been appointed Industry Lead Technology, Media & Telecommunications succeeding Michel Vreedevelde;
- Marike Maas and Bas Savert have been appointed as members of the Partnership Council to replace Gera Hamer and Marije Staman;
- Mariëtte Los has been appointed as Talent Lead (CHRO) per August 1, 2023.

Our engagement approach

To consistently deliver high-quality services to our clients, we maintain a common engagement approach.



Financial performance

Business results

Our revenues 2022/2023 have grown moderately compared to last year and reached €1,359 million. The growth rate was 7.1% (2021/2022: €1,270 million). Growth is primarily impacted by a slow-down in demand following clients postponing decisions, while overall demand is still high. The slow-down is driven by increased uncertainty caused by the conflict between Russia and Ukraine, which fueled inflation and specifically energy prices despite increasing interest rates.

While the availability of resources was still an issue in 2021/2022, this was not a major challenge in 2022/2023. We were able to attract many new colleagues in The Netherlands and our vision remains to make more intensive use of our Global Delivery Network (GDN), which consists of selected strategic delivery centres.

Solid growth has been realised in most Businesses given the economic environment. Tax & Legal and Risk Advisory showed performance with double digit revenue growth. Given the increase in client serving staff and the removal of COVID restrictions, the demand from our businesses increased. As a consequence training costs increased, which has the support of management, while other costs required proper management attention to contain overhead costs. Our result before tax and management fees amounted to €164.8 million (2021/2022: €201.6 million).

As a percentage of revenues, our result before tax and management fees decreased to 12.1% from 15.9% in 2021/2022. This result is amongst others a consequence of a strong increase in local resources and related salary costs. In addition, we continued to invest in our employees, and the terms of employment benefitted from changes as a result of our Employee Value Proposition, also affecting salary costs. The result is also impacted by lower productivity levels following a slow-down in demand combined with increasing costs, which amongst others relates to training and travelling to our clients and offices as well as continued investments in technology at both global, NSE and local level. Whereas last year, variable compensation benefitted from our performance, this year the variable pay is adversely impacted by the lower margins realised and consequently impacting our employees. The variable compensation decreases from €79.2 million in 2021/2022 to €31.6 million in 2022/2023.

Solvency and liquidity

Solvency based on equity, membership capital and subordinated loans (group's capital base) is 20.6% (19.0%). Our year-end cash balance decreased to €7.6 million following an adverse net cash flow. Our working capital, defined as the sum of unbilled services, advanced billings and accounts receivable, remained stable at €341.7 million, which is €0.4 million lower than last year. With management's focus on improving working capital despite the increasing complexity following large international projects and growing revenues, keeping our working capital stable is a positive development which we aim to maintain.

For a full overview of and detailed notes to our financial performance, please see the Financial Statements, which are annexed to this report.

Taxation

As a responsible business, our policy is to comply fully with the spirit and the letter of Dutch tax legislation. To enhance our transparency on this topic, we have adopted a Tax policy, that can be found in the Annexes of this report.

Our Tax policy addresses the three main types of national taxation that are applicable to us: corporate tax, tax on wages and value added tax.

Corporate tax

Deloitte's partners/owners charge Deloitte a management fee through a personal management company. These management fees are fully taxable at the level of the individual management company, in accordance with the regular Dutch corporate income tax rates. Deloitte's remaining profit is taxable at Deloitte level, subject to the regular Dutch corporate income tax rates.

All filings for corporate income tax returns from Deloitte and the individual management companies of the partners/owners are prepared centrally by Deloitte in line with the guidelines agreed with the Dutch Tax Authority (DTA). Cross-border projects or other international services are agreed with Chief Tax Officers in other countries to ensure Deloitte meets local rules and regulations.

Wage tax

All relevant filings are carried out in a timely manner and in accordance with local rules and regulations. Meetings are held regularly with specialists from the DTA to discuss pending and new tax issues, such as charging travel expenses, cost reimbursements and the so-called free space in the wage tax declaration.

All cross-border work situations (including secondments, projects and expatriates) are handled by a dedicated group of specialists to ensure that Deloitte and its employees meet all Dutch and local requirements.

Value added tax

On all incoming and outgoing transactions, we follow the rules and guidelines for value added tax (VAT). Specific transactions are subject to strict protocols to ascertain that VAT is reported correctly. VAT is also subject to the self-initiated sample as described above, and findings are reported to the DTA in full transparency.

Material impacts

Each year, we evaluate the topics that we believe are material to Deloitte. This year, we have changed the approach to our evaluation to align it with both the principle of impact materiality (GRI) and 'double materiality' (impact and financial materiality) as defined by the (draft) European Sustainability Reporting Standards. An explanation of our approach can be found on pages 124-130 of this report. Following our materiality assessment, we have identified the following material topics for our 2022/2023 reporting:

Area	Topic	Links to strategic imperative	Pages
1. Quality	- Quality of services	Embrace quality and responsible business	155-156
	- Data security	Embrace quality and responsible business	159-160
2. Ethics & integrity	- Ethics & integrity	Embrace quality and responsible business	156-159
3. Talent	- Employee value proposition	Strengthen engagement and inclusiveness	138-144
	- Inclusion and diversity	Strengthen engagement and inclusiveness	144-147
	- Learning and development	Strengthen engagement and inclusiveness	147-149
	- Wellbeing	Strengthen engagement and inclusiveness	149-150
4. Innovation	- Innovation	Accelerate innovation	160-161
5. Impact on society	- Climate & CO2 emissions	Embrace quality and responsible business	132-137
	- Social impact (a.o. DIF)	Embrace quality and responsible business	151-154

For a comparison of the material impacts included in this report compared to those in our previous one, please see page 130.

Our businesses and industries

Deloitte is organised in five businesses: Audit & Assurance, Consulting, Tax & Legal, Risk Advisory and Financial Advisory. These businesses all work across various economic sectors that we consider as six industry groups: consumer; energy, resources and industrials; financial services; government and the public sector; technology, media and telecommunications; and the private sector. Our Support Organisation serves both the businesses and the industries. Working with a matrix of businesses and industries that is identical in every geography where Deloitte operates, allows us to meet the needs of our clients by combining expertise with experience.

In this section, we provide the 2022/2023 financial results and market developments of our five businesses and our Support Organisation, and explore their key challenges and opportunities. In addition, we discuss the main developments and activities within our industries.

Our strategic objectives are cascaded down to our businesses, which have plans in place to put our strategy into action by adding context and content to our five strategic pillars. The results of their activities feed back into our strategic dashboard.



Hear from our Business & Industry Leaders



Gera Hamer

Audit & Assurance Business Lead

Turnover in € million

300,6

+8,2%

Employees

1,768

+6%

Partners

52

-5%

Amidst all kinds of turbulence in the world, we pride ourselves on the adaptability of our professionals and clients in managing disruption and it resulted in a solid performance. It has been extraordinary to see how committed and resourceful people are. Two aspects that excite me, are the possibilities of generative AI to innovate, and our scale-up in the ESG domain servicing clients towards audit readiness. These are both of pivotal importance to the future of us all. Both clients and ourselves are now stepping up ESG efforts. It serves as a prime example of how we are making an impact by broadening the skillset of our professionals and increasing the attractiveness of the audit profession, while adding value to our clients and society on these highly pressing themes.

We add integrity and trust to society by attesting to both financial and non-financial information for a wide range of market leading organisations. Over the past year, we have made our mark on Sustainability, Digital, Trust and Transformation. An excellent example is our annual Stakeholder Dialogue. This event brings together leading organisations, regulators, scientists, and stakeholder representatives, for which we facilitate dialogue on topics that require us to connect for impact. This year's central theme was Sustainability, with the aim to stretch ambitions and overcome challenges together.

More and more we see the added value of our multidisciplinary model, also in client feedback. The value of collaboration and integration has proven to be crucial towards our people and clients, also internationally. The ESG space is one example of where we bring knowledge and expertise to our Audit & Advisory services, specialist knowledge on fraud, continuity and the digital space are others. For the upcoming year, our top priority is to continue to engage with our stakeholders, whether it be with our valued clients, our current and future talent, or society at large. We want to lead the debate on societal challenges, both in the media and on a wide range of platforms and events.

Consulting



Petra Tito

Consulting Business Lead

Turnover in € million

466.9

+5%

Employees (FTE)

2026

+17%

Partners

85

+15%

Reflecting on 2022/2023, I am very proud of the continued focus on our people. We have put a lot of effort in enhancing our coaching skills. Our summer school on this topic was sold out within two days and was rated as the best training ever. We prioritise and develop our people, even amidst market volatility. At Deloitte Netherlands, we have unique capabilities and through effective cross-business collaboration we were still able to make an important impact on the market. Our increased collaboration across Europe facilitates this, allowing us to better serve our clients from strategy to execution.

At Consulting, we aim to lead the way in technology-enabled business transformations, enabling our clients to move the needle on big societal issues. The 'Future of' themes Food, Mobility, Health, and Energy are highly relevant to our clients, and we see major opportunities for leveraging our distinct innovation, analytical and data skills, our ability to orchestrate ecosystems and our execution power. For example, through our Future of Food initiative we orchestrate the ecosystem from field to plate, aiming to make our future food 'net zero'.

Generative AI will heavily influence our profession going forward. By using AI as a co-pilot for our people, we can further modernise our delivery methods. It also opens a whole new world of opportunities for our clients. Substantial joint investments are being made to harvest this opportunity in the coming year.



Baldwin Kramer

Financial Advisory Business Lead

Turnover in € million

132,7

-2%

Employees (FTE)

516

+12%

Partners

36

+3%

Compared to last year, we are dealing with a less confident market. The ongoing war in Ukraine and associated geopolitical events have dampened the total volume of the Dutch M&A market by about 30 per cent. At the same time there are sectors, such as life sciences, healthcare, technology, and energy, that remain vibrant. At Financial Advisory, we aim to be the undisputed leader in orchestrating financial events that have a substantial impact on both our clients and society at large. We are making a solid contribution to big societal challenges in these sectors including the energy transition, housing, financial crime, the healthcare system, and sustainability.

There are many projects I am proud of, such as our project in Suriname, where we helped the banking industry with an asset quality review. In nine months, we conducted a solvency survey at all banks in Suriname. Additionally, we successfully helped raise debt financing for vertical farming and battery technology, which perfectly aligns with our Future of Food and Future of Energy themes. And we supported the Dutch government on major societal issues, such as WoonNL.

The events of the past year have made me realise once again that our business is extremely agile, and that we are able to quickly respond to questions that arise in the market. With high-quality expertise, we will continue to help our clients prepare for the future, especially in the field of energy transition and sustainability. The best way to do this is a holistic approach, powerfully combining all our areas of expertise within the firm to deliver impactful results.



Harvey Christophers

Risk Advisory Business Lead

Turnover in € million

195,4

+15%

Employees (FTE)

1092

+24%

Partners

35

+9%

Over the past year, we made extensive progress in helping our clients with their sustainability transformation. Our Risk Advisory clients in particular, are dealing with ESG reporting, climate, and nature risks, in response to EU legislation. We help them to take the next step, become more resilient and make a real impact on a more sustainable future, which is important for all of us.

We are especially proud to have worked together as a team to build Africa Talent, an offshore centre in Africa dedicated to identifying, training, and developing local talent. The centre helps us secure the right talent for our clients and provide global solutions. In turn, we create new jobs for local people. It is an important initiative with impact and a heart.

Our clients increasingly expect us to be more than advisors, and to also help them implement solutions and operate processes for them. This challenges us to develop new business models. We need to scale up to meet our clients' demand, which will be our strategy for the next four years. We will continue to have a strong voice and focus on the regulatory challenges our clients face around sustainability and digitalisation, helping them become more responsible businesses.



Willem Gooskens

Tax & Legal Business Lead

Turnover in € million

263,5

+10.3%

Employees (FTE)

1059

+13.2%

Partners

55

0%

To be a transformation partner for our clients is at the heart of our strategy. Over the past year, we have demonstrated our value by helping our clients navigate digitalisation and increasingly complex international regulations such as ESG, Pillar 2 and CESOP. Our strength lies in our multi-disciplined approach, combining our extensive knowledge in tax and legal with data and technology. We have continued to invest in our technology and transformation capabilities, expanding the depth and breadth of our services.

I am very proud of our strong people-first focus. Despite the challenges we faced, we successfully attracted new talent. We fostered an inclusive and diverse culture, stimulated personal development, and generated meaningful jobs. Our practice continues to internationalise, offering plenty of exciting opportunities for our talent.

Next to our dedication to contribute to a better society by using the collective expertise and capabilities of our people in areas like the future of Energy and Food, we continue to invest in our Legal, Tax, Transformation and Technology capabilities to meet the evolving demands of our clients. We will focus on further internationalisation by leveraging the benefits of our large firm and deploying scale in key investments. Together, we are leading our clients through a sustainable and successful transformation.

Support organisation



Rob Bergmans

Group Support Center Lead

Turnover in € million

0,4

-64%

Employees (FTE)

979

+13%

Partners

4

-20%

The environment we work in and the services we offer have become more complex. Therefore it is more important than ever to collaborate across teams and departments. This enables us to take end-to-end responsibility and advise practitioners with the broad range of expertise our Support organisation offers. This is where we have seen a step change: our Support organisation has become more united. From the way we work and collaborate across teams to the positive culture that has emerged from it. The record-high turnout at our community events demonstrates this enthusiasm of our colleagues to get together, connect and learn from each other.

This past year we had a strong focus on improving opportunities for personal growth and career development. We achieved this by enriching our learning curriculum, providing more clarity regarding potential career paths, and transparency in the talent standards. This has been a successful next step in our GSC 2.0 programme. We are confident that our focus on development has enabled us to live up to our ambition of being professionals for professionals.

This year, our focus will remain on our multiyear GSC 2.0 programme. At the same time, the NSE and Global organisations are investing in the centralisation of processes, and it is up to us to strike the right balance between better utilisation of our global network and what we do in the Netherlands and the support we offer locally. And of course, it will continue to be our priority to foster the pride and engagement that has grown these past years.

Consumer Industry

Automotive

Transportation, Hospitality & Services

Consumer Products

Retail, Wholesale & Distribution



Dominique van Seggelen

Consumer Industry Lead

With economic and geopolitical developments constantly affecting consumer behaviour, we continued to help our clients navigate the everchanging consumer market landscape. We supported them in digitalising their business processes and personalised consumer interaction.

Our focus has been on integrating our services across businesses. We create value combining our capabilities around cloud, digital, privacy, cyber and tax, enabling us to provide our clients with market differentiating quality and tailor-made solutions. And by looking at our diverse capabilities from the perspective of our clients, we can effectively support them around digital transformations, supply chain, and customer- and employee relations. It is always with a long-term perspective, because becoming a more responsible and sustainable business is moving to the forefront of the decision-making process of our clients, shifting to intrinsic values and being drivers of a successful business. The balance between 'profit only' versus 'profit and being responsible' is clearly tipping to the latter.

I'm also proud of the progress around the Future of Food, bringing together the players in the food ecosystem through our Dining to Net positive movement around topics such as generative agriculture, alternative protein, food labels and healthy nutrition. Our ambition is to make a difference by accelerating the transition to a more sustainable food system, increasing the impact by orchestrating the ecosystem and driving common goals. Continuing to invest in this will remain a key priority for us in Consumer in the coming years.

Energy, Resources & Industrials

Energy & Chemicals

Industrial Products & Construction

Future of Energy

Retail, Wholesale & Distribution

Mining & Metals

Power, Utilities & Renewables



Eric Vennix

Energy, Resources & Industrials Industry Leads

Through the Future of Energy, we help our clients deal with the massive challenge of energy transition. In 2022/2023, we further solidified our position as the leading service provider in this domain. We published market-leading eminence about decarbonising hard-to-abate sectors and collaborated with Delft University of Technology to organise the Future of Energy Business Course for a group of 40 high-potential technical students.

I am proud to say that many organisations asked us to help them with projects that will ultimately lead to lower emissions. For instance, we are supporting our clients with iconic projects such as the NorthH2 green hydrogen project and the Aqua Sector project. To help our clients further on their path to lower emissions, we are establishing a global Hydrogen Center of Excellence in the Netherlands where our brightest minds will work on scale hydrogen deployment. With our efforts in the Future of Energy we make a profound impact on the energy transition.

Developments in the past year have made it clear that it is essential that sustainability, affordability, and security of energy supply remain in balance. Our clients are facing very volatile economic and political developments, causing supply chain issues, high energy prices and manufacturing cost, and record inflation rates. We will continue to help them navigate these challenges, and even come out on top, with valuable insights into the likely scenarios for their company, to advise on solid financial and asset planning and to provide support on technological innovations.

Financial Services Industry

Insurance

Banking & Capital Markets

Real Estate

Pensions

Investment Management



Marijn Struben

Financial Services Industry Lead

Also in the coming years, the Financial Services sector will continue to face a substantial need to adapt, driven by increasing regulatory and societal pressure (e.g., AML, ESG, CESOP, DORA, etc.) and changing customer demand for frictionless, tailor-made, and relevant solutions. To address this effectively and efficiently, new technological developments must be embraced to benefit, for example, from the innovation and delivery power of the global hyper scaler platforms. In many of our engagements we have closely collaborated with alliance partners, which enabled us to rapidly create new market-ready technology solutions. Combined with our in-depth market expertise and content knowledge, this effectively accelerated the transformation of many of our clients' primary processes.

To address Financial Health-related challenges in society, we launched a nationwide coalition together with partners from the FSI industry. This coalition aims to improve the financial health of employees across various sectors. We have already reached over 600,000 employees. The coalition was launched by Queen Máxima, and our CEO Hans Honig is the first chairman. Working alongside our key clients, we are making an impact that matters, especially in these times of high inflation and energy prices

Government & Public Services

Defence, Security & Justice

Health & Human Services

Infrastructure, Transport & Regional Government



Sjoerd van der Smissen

Government & Public Services Industry Lead

Together with our clients, we are committed to making the Netherlands a better place for its people. Through our focus on 'Future of' themes like Health, we help improve public services to create and maintain a healthy and safe country. We will continue to do this in an open, honest, and transparent way, shoulder to shoulder with our clients.

Our assignments have increasingly focused on the primary processes and most pressing topics, such as the scale-up of vaccination coverage, facilitating COVID-19 support payments, and important product procurement. With our extensive experience, knowledge, and skills, we are working on complex cases to help the public sector address their biggest issues. Last November, a team of Deloitte public sector experts enabled the Dutch government to design and deliver a comprehensive national energy price ceiling. In a remarkable 16-week period, The Netherlands became the first European nation to mitigate the effects of extreme gas price fluctuations for all households and small businesses.

It makes me proud to see our people making a positive impact on society every day, driven by an unwavering motivation and commitment. Our workload can be substantial, but we are intrinsically motivated and living our purpose. In the upcoming year, our number one priority will therefore remain to improve outcomes that have a meaningful impact on society.



Marije Staman

Deloitte Private Lead

The true value of Deloitte Private resides in our relational approach. We build long-term relationships with leading private companies and their owners, based on empathy, trust and loyalty. And we deeply understand the complexity and dynamics of shareholder structures and company life stages and all related challenges. A study we conducted last year to gain insights from our clients confirmed that this unique combination of expertise and relational approach is an even bigger differentiator than we thought.

Next year's client-related challenge I am most excited about to tackle is Sustainability. There are so many sustainability challenges to solve that it can feel overwhelming, leaving clients unsure of where to begin. As Deloitte Private, we can make it easier for our clients to make the right choices. We believe that participating in meaningful, effective, and commercially attractive ecosystems is one of the biggest solutions. This needs a shift in mindset, from traditional structures to ecosystem thinking. We can take on the role of orchestrator, as we already do in Brainport, collaborating and co-creating with all participants, not just our clients, to solve societal challenges.

I am looking forward to continuing to grow Deloitte Private based on collaboration with our clients, the other industries, and other Deloitte Private geographies. Doing things together, that is what I like the most.

Technology, Media & Telecommunications

Technology

Telecommunications, Media & Entertainment



Roën Blom

Technology, Media & Telecommunications Industry Lead

The energy crisis, high inflation and challenging geopolitical developments further exacerbated existing supply chain shortages for many companies in the TMT market, especially the semiconductor industry. However, the resilience of our TMT industry is very powerful, and by providing innovative responses, as always, we aim to help our clients thrive within their ecosystem.

As the industry faces supply chain shortages, we continue to play an important role in sharing industry insights and thinking with clients to find a long-term solution to operate independently of supply chain disruptions. As AI, robotics and virtual reality will increasingly impact our society because consumers progressively adopt and accept these technologies, we will guide our clients in understanding and using exciting new technologies, such as generative AI like ChatGPT.

Even in these difficult times, our industry is taking important steps in implementing an ESG strategy. Sustainability is here to stay. While this is partly regulation-driven, the vast majority demonstrated that they are intrinsically motivated and truly committed to sustainability. As are we. In the coming years, we want to continue being the driving force behind the digital transformation of our clients in a purpose-led way.

Roles and Responsibilities

Deloitte NSE LLP (Deloitte NSE) is a member firm of Deloitte Touche Tohmatsu Limited (DTTL), a United Kingdom (UK) private company limited by guarantee. Deloitte NSE, with affiliates in 28 countries across Europe and the Middle East, is not engaged in professional practice itself. All trading continues through local country practices, including the practices of Deloitte Netherlands.

Deloitte Netherlands is the Dutch Affiliate of Deloitte NSE and Deloitte NSE No2 CLG, a legal entity according to Irish law. Both are members of Coöperatief Deloitte U.A. ('the Cooperative'), Deloitte NSE No2 CLG having a two thirds majority of the voting rights in the General Meeting. Deloitte Holding B.V. (Deloitte Holding), a 100% subsidiary of the Cooperative, is the centre of the governance structure of Deloitte Netherlands.

The Board of Deloitte NSE is primarily responsible for ensuring high-quality governance and stewardship of Deloitte NSE. The elected NSE Chief Executive Officer (CEO) leads the NSE Executive. The NSE CEO is accountable to the NSE Board to deliver on the agreed long-term strategy of Deloitte NSE. Deloitte Netherlands, as well as the other national practices within NSE, maintains a significant degree of marketplace, talent and operating independence. Importantly, our Strategy is also fully aligned with the overall NSE Strategy.

The Dutch Corporate Governance Code and Audit legislation

Deloitte, as a non-listed company, is different from the companies for which the Dutch Corporate Governance Code ('the Code') is intended. However, on a voluntary basis and in addition to applicable Dutch civil law, Deloitte applies the principles of the Code where relevant and acts in the spirit of the Code. Some of the best practices mentioned in the Code either may not be applied in identical form within Deloitte, or are not suited to being applied, such as protective measures against takeovers, the certification of shares, the publication of price-sensitive information and the information supplied to and discussions held with parties in the financial markets. Furthermore, neither the Executive Board nor the Supervisory Board members are granted share options.

Deloitte's Articles of Association and rules and regulations contain the best practices of the Code where relevant and are fully in line with the applicable Audit legislation, such as the Wta and Bta. Following the publication of the new Code, Deloitte Netherlands currently assesses and will amend its Articles of Associations and rules and regulations where necessary.

General Meeting

The General Meeting of the Cooperative brings together all members: the entire partner community, Deloitte NSE and Deloitte NSE No2 CLG. The members of the Supervisory Board are also invited to attend the General Meeting. The company's annual results, long-term policy and certain other matters referred to in the Articles of Association require the approval of the General Meeting.

Supervisory Board composition

The Supervisory Board is composed of five members: Hans van der Noordaa (Chair), Nienke Meijer (Vice-Chair), Bas Verhart, Vincent Moolenaar and Denise Larnder. All members are independent. The Supervisory Board has drawn up guidelines for its size and composition, considering the nature of the firm and the expertise and experience required of Supervisory Board members. This information, including information regarding the selection and nomination process, is available on [our website](#).

Hans van der Noordaa, Chair of the Supervisory Board of Deloitte Netherlands is a (non-voting) Independent Non-Executive member of the NSE Board. The Independent Non-Executive members of the NSE Board are remunerated for their role by Deloitte NSE.

Supervisory Board tasks and responsibilities

The Supervisory Board oversees and advises the daily policymakers of the Cooperative and Deloitte Accountants B.V., and supervises all general developments at Deloitte. The Supervisory Board is collectively responsible for the execution of its tasks and reports to the General Meeting. In fulfilling its duties, the Supervisory Board focuses on, among other things, the interests of the Audit firm and the public interest in ensuring the quality of statutory audits. The Supervisory Board always acts in the company's best interests, taking account of the relevant interests of all stakeholders.

The Supervisory Board is entrusted with the supervision of the policies and activities of the Executive Board and the daily policymakers of the Audit firm, inter alia in relation to the following: (i) Realisation of the company's objectives, including with regard to Environmental, Social and Governmental goals; (ii) Strategies pursued by the company and the risks involved, including with regard to people and sustainability; (iii) Design and implementation of internal risk management, quality and control systems; (iv) Quality, independence, integrity, ethics and other matters of public interest; (v) Deloitte's financial reporting process; and (vi) Deloitte's compliance with laws and regulations.

Supervisory Board committees

The Supervisory Board has formed three committees, each with its own rules of procedure: (i) Audit & Finance Committee; (ii) Quality, Integrity & Risk Committee and (iii) the Remuneration & Nomination Committee. The committees prepare the decision-making of, and frequently report to, the Supervisory Board.

Executive Board composition

During 2022/2023, the Executive Board was composed of three members: Hans Honig (CEO and Chair, 1966), Oscar Snijders (Chief Operating Officer, 1967) and Liesbeth Mol (Chief Quality Officer, 1973). The term of both Liesbeth Mol and Oscar Snijders ended on June 1, 2023. After having followed a thorough selection and nomination process and on a binding nomination of the Supervisory Board, Dagmar Enklaar (1972) and Rob Bergmans (1969) were appointed by the General meeting as new Executive Board members and COO and CPQO respectively. They both started on June 1, 2023. Executive Board members are appointed for a period of four years and are eligible for re-appointment for a further period of no more than four years.

Executive Board tasks and responsibilities

The Executive Board is responsible for, among other things, creating a strategic and policy framework and objectives, including with regard to ESG's, People, Quality and other impacts, monitoring the implementation of policies and maintaining cohesion between the company's various businesses and service lines. The Executive Board reports to the Supervisory Board and to the General Meeting.

Executive Board members are collectively responsible for leading and managing the company. The Executive Board acts in the company's best interest at all times when fulfilling its duties, considering the relevant interests of all stakeholders. It is responsible for observing relevant laws and regulations, implementation and the execution of the Deloitte NL group strategy, managing the risks involved in the company's activities and overseeing its financial affairs.

Avoiding conflicts of interest

No member of the Executive Board takes part in discussions or decision-making processes that may give rise to a conflict of interest between the Board member and Deloitte. In such cases, Deloitte is normally represented by another person, who is appointed specifically for this purpose by the Supervisory Board. To our knowledge, no transactions involving any potential or real conflict of interest, as defined by the Code, took place in 2022/2023.

Executive Committee

The Executive Committee (ExCo) supports the Executive Board and has a role in the preparation, implementation of decisions taken and execution of the strategy by the Executive Board. Decision-making always takes place in the Executive Board. However, broad commitment is of crucial importance in a Partnership. By having a broader ExCo with representation from the different focus areas, (i) there is a strong connection between the EB and the various businesses and industries and (ii) enhances commitment and involvement of the partners. The ExCo structure is flexible in order to meet the changing needs of the organisation. On May 31, 2023, the Executive Committee consisted of 17 members (4 women, 13 men), reflecting our present operating structure.

Partnership Council

The Executive Board, with the approval of the Supervisory Board, has appointed a Partnership Council that consists of five partners. The Partnership Council is charged with giving support and advice to the Supervisory Board in the broadest sense of the word. The Partnership Council can give solicited and unsolicited advice in support of the Supervisory Board. The Chair of the Supervisory Board can decide to invite (a delegation of) the Partnership Council to (partially) attend meetings and other discussions of the Supervisory Board.

Report of the Supervisory Board

The Supervisory Board (SB) is pleased to present its report for the Financial Year 2022/2023. In this report you will find more information about the SB, its composition, the organisation and overview of its most important activities. It also contains the SB's Committee reports.

Financial Year 2022/2023 has been another year characterised by global turmoil, the ongoing war in Ukraine, rising inflation and challenges with regard to climate change requiring the firm to step up as a responsible business and proactively take the lead as transformation partner of clients. We believe that our largest impact is through the work we do for clients both in audit and advisory, alongside the actions we take within our own organization to become a more sustainable firm.

Despite these challenges, Financial Year 2022/2023 turned out to be a successful year. It makes us proud that clients continue to put their trust in Deloitte. That is a big compliment to all Deloitte's, who have been and continue to be committed to helping clients in challenging circumstances. The SB is grateful for their flexibility, resilience and dedication.

As of June 1, 2023, the composition of the Executive Board (EB) has changed. Dagmar Enklaar succeeded Oscar Snijders and Rob Bergmans succeeded Liesbeth Mol. The SB would like to thank Liesbeth and Oscar for their contribution to the ongoing success of Deloitte and their open and constructive relationship with the SB members, a big thank you! We wish Dagmar and Rob every success in their new roles.

About the Supervisory Board

The Supervisory Board supervises and advises the daily policymakers of the Cooperative and Deloitte Accountants B.V., and supervises all current affairs at Deloitte. The Supervisory Board is collectively responsible for the execution of its tasks and reports to the General Meeting. The Supervisory Board acts in the firm's, including the Audit firm's, best interests, taking account of the relevant interests of all stakeholders, and the public interest in ensuring the quality of statutory audits. For more information on the responsibilities of the Supervisory Board, reference is made to the Supervisory Board regulations, including Committee charters, which are published on the [Deloitte website](#) and the chapter 'Roles & responsibilities' that is included in this report.

Composition of the Supervisory Board

The SB of Deloitte NL comprises five external members. All members of the SB are independent within the meaning of paragraph 2.1.8 of the Corporate Governance Code and article 22a.4 of the Wta. All independence requirements of paragraphs 2.1.8 till 2.1.10 of the Code and the Wta/Bta were met during Financial Year 2022/2023.

	Date of appointment	End of present term
Hans (H.) van der Noordaa (Chair)	April 2020	April 2024
Nienke (E.C.) Meijer (Vice-Chair)	July 2017	July 2025
Vincent (V.G.) Moolenaar	November 2016	November 2024
Bas (S.E.) Verhart	October 2021	October 2025
Denise (D.J.) Larnder	October 2021	October 2025

The SB's profile is available on the [Deloitte website](#) .

Committees

The SB has assigned, under its responsibility, a number of its specific tasks to three committees, that are comprised of the following SB members:

Audit & Finance Committee	Remuneration & Nomination Committee	Quality, Integrity & Risk Committee
Denise Larnder (Chair)	Nienke Meijer (Chair)	Vincent Moolenaar (Chair)
Vincent Moolenaar	Hans van der Noordaa	Hans van der Noordaa
	Bas Verhart	Nienke Meijer
		Denise Larnder
		Bas Verhart

Notable conclusions and recommendations of Committee meetings are reported to the SB during the regular meetings of the Board.

Supervisory Board meetings

In the Financial Year 2022/2023, the SB held the following meetings:

- 13 SB meetings, divided into 5 regular meetings that were focused on strategic themes and industry and business updates, 4 meetings that were focused on current affairs, compliance related matters and committee reports, and 3 extra meetings as part of the succession and nomination processes.
- 2 strategy meetings
- 1 education meeting
- 3 General meetings chaired
- 22 Committee meetings
- Attendance rate 96%

*The annual meeting between the SB and the AFM took place in July 2022.

** 3 General meetings have been chaired

In addition, the SB held regular meetings in a private setting, and various meetings were held between individual SB members and individual EB members, Executive Committee members, the Compliance Officer Wta, the Chief Audit Executive (head Internal Audit Function), the external auditor, individual partners and professionals, the Works Council and Young professionals. All regular (Committee) meetings, that are held in presence of the SB and EB members and – in principle – two members of the Partnership Council and other invitees, are preceded by preparatory meetings with the appropriate executives, and the CEO and Chair of the SB frequently interact. The SB members are invited to join the monthly partner update calls, which are used by the EB to inform the partners on amongst others strategic developments, and the SB members regularly attend. From time to time SB members join client events, too.

Examples of Supervisory Board items on the agenda

Strategy execution and refresh | During Financial Year 2022/2023, the SB monitored the execution of strategy 2020/2023 by tracking the progress based on the strategic KPI dashboard and by discussing challenges and key themes, such as operate, assets, collaboration and people leadership. The SB also frequently interacted with Industry and Business Leads to monitor the execution of business and market strategies. During the course of Financial Year 2022/2023, the SB, in the presence of the EB, PC and Deloitte's strategy team, looked back on the current strategy, and additionally held two strategy dedicated meetings to discuss and provide input on the 2023-2027 strategy.

NSE | International collaboration has been an important item on the agenda, and the SB had an extensive dialogue with the NSE CEO Richard Houston, on the strategy, opportunities and challenges with regard to the further development of NSE.

Audit Quality | The SB has continued consistent and frequent interaction with Audit leadership and the business on, for example, initiatives to further enhance quality, the System of Quality Control, client acceptance and continuance, implementation of the global risk based audit standards (ISQM1), the company culture, and interaction with external regulators and stakeholders. Reference is also made to the report from the Quality, Integrity & Risk Committee.

Succession management | The SB has regularly discussed succession management, evaluated the current governance model, updated relevant profiles and procedures and directed the nomination process for the re-appointment of Hans Honig as CEO. The SB also designed and conducted the selection and nomination processes, including interviewing candidates, for the appointment of Dagmar Enklaar as COO and Rob Bergmans as CPQO of Deloitte Netherlands, and the appointment of Gera Hamer as Business Lead Audit & Assurance (BL A&A). The SB has also been consulted on changes to the firm's Executive Committee, the members of which are appointed by the EB. And two PC members are appointed by the General Meeting.

Other important agenda items of the Supervisory Board | Besides recurring corporate topics such as the approval of Deloitte's Financial Plan and the Plan for Deloitte Accountants B.V., the Integrated Annual Report and financial/business and industry updates, other important agenda items for the SB included: (i) Ethics & integrity, (ii) independence, (iii) cyber security, (iv) sustainability, and (v) external reporting, including the Transparency Report of Deloitte Accountants.

Recurring and key Supervisory Board decisions

In addition to the decision to nominate the new COO, CPQO and BL A&A, the most important decisions of the SB were to:

- Approve Deloitte's Integrated Annual report, which also contains the financial statements, and the profit appropriation to the partners;
- Nominate BDO for re-appointment as external auditor;
- Approve the Internal Audit Plan for Financial Year 2022/2023;
- Approve the financial plan of Deloitte NL group for 2023/2024, and approval of the budget of Deloitte Accountants B.V.;
- Determine the remuneration of the BL A&A and NPPD Audit;
- Approve the decision of the EB regarding the year end assessment of the Compliance officer Wta.
- Approve the resolution of the EB regarding PIE accreditations and the decision to appoint 1 audit partner and 8 candidates as director with authority to sign off on (statutory) audit engagements;
- Determine the EB members' goalsetting;
- Increase in the fixed remuneration and annual determination of the variable remuneration within the bandwidth as prescribed by the Audit regulatory framework.

Supervisory Board teaming meeting and performance review

In September 2022, a team meeting took place for the SB that was facilitated by internal support, with the aim to refine the collaboration. The SB members talked about, for example, the SB composition, profile(s), and lessons learned, and they identified preferred styles and selected priorities for its oversight. In line with the Dutch Corporate Governance Code and audit legislation, the SB conducted a supervisory board assessment, with the support of an external party, to review the SB's effectiveness and to identify areas for improvement. In total 11 interviews have taken place with all members of the SB, the EB and several other key stakeholders. A Board Review Questionnaire was also part of the process. A feedback session with the members of the SB has taken place, facilitated by the external party, as well as a similar session for the EB. A joint session between the SB and EB has taken place.

The themes drawn out included the interaction between SB and EB, the composition and board dynamics within the SB, the role of the Chair, the role and mandate of the SB in a changing partner organisation, the role of the Partner Council, developments at NSE level, balancing the interests of both Audit and Consulting and last but not least, the potential tension between purpose and performance, with observations the SB might wish to consider further within each theme. The SB will, in a dialogue with the EB and partners, define its priorities for the coming years and further enhance the board's effectiveness and focus.

Annual performance evaluation Executive Board and Audit management

In accordance with relevant legislation, the SB has also evaluated the performance of the EB and the daily policymakers of Deloitte Accountants B.V. in Financial Year 2022/2023. The Remuneration & Nomination Committee of the SB held two sessions i.e. mid-term and year-end with each member of the EB regarding their individual performance and long term and short-term objectives. The SB also evaluated the performance of the Business Lead Audit & Assurance and NPPD Audit and provided feedback.

Highlights of the work of the Audit & Finance Committee during 2022/2023

The Audit & Finance Committee (A&FC) assists the SB in fulfilling its oversight responsibilities regarding the quality of internal and external financial reporting, financial risk management, the control framework, internal audit, engagement with the external auditor, financing and tax. In doing so, it considers the outcome of internal audits, the audit report of the external auditor, the in control work, and assessments of compliance with applicable laws and regulations.

The A&FC held six meetings during Financial Year 2022/2023, in the presence of the A&FC members, the COO and CFO, the partner and a senior manager of BDO, the Risk & Reputation Lead, the Chief Audit Executive, one member of the Partnership Council and various members of Deloitte's Finance team. The A&FC Chair had additional informal and preparatory meetings with the COO and CFO, the Chief Audit Executive and BDO. The A&FC also met in a private setting with (i) the Chief Audit Executive and (ii) the external auditor.

In addition to the above, the work of the A&FC was focused on, among other things:

- ESG/CSRD, including a gap analysis and ambitions;
- The materiality assessment of the Integrated Annual Report;
- Spotlight sessions on Work in Progress, tax, liquidity management, cryptocurrencies from a Deloitte financial perspective and a review of Deloitte's capital position;
- Execution of this year's Internal Audit plan, discussions about and monitoring of internal audit report findings, recommendations and management's responses, including their implementation;
- Regular updates on the In Control statement;
- Review of any litigation or other financially contentious matters;
- Consideration of reliance on and assurance over NSE and Global systems.

Highlights of the work of the Quality, Integrity & Risk Committee during 2022/2023

The Quality, Integrity & Risk Committee (QIRC) assists the Board in fulfilling its oversight responsibilities regarding quality, integrity and risk management of the EB. Within this scope, the QIRC discusses the principal strategic, operational, financial and compliance risks that the firm expects to be exposed to and the steps taken by management to mitigate those risks. It does so, based on reports of, among others, the Risk and Reputation Lead, key risk owners, the Compliance Officer Wta, the Director of Independence, the Ethics officer and General Counsel. Furthermore the Committee monitors initiatives to enhance the quality of the services provided by each of the businesses and the Audit business in particular.

In Financial Year 2022/2023 the QIRC, in presence of the QIRC members, the Chief Quality Officer, Risk & Reputation Lead, the Business Lead Audit and NPPD Audit for Audit related topics, two members of the Partnership Council and other invitees, held five regular meetings. Key topics include the following:

- Besides a regular update on Audit initiatives and progress on the Audit Quality Plan, the QIRC thoroughly discussed, among other matters, the Audit Quality Plan, the Culture programme, the ISQM1 implementation, Deloitte's client continuance process and portfolio risk review, the annual audit of the System of Quality Control, evaluation of the conditional malus policy, and the outcome of Partner and Director Year End evaluations;
- The Committee had an extensive dialogue with NSE's Audit & Assurance Head of Quality & Risk on, inter alia, NSE's perspective on the Quality & Risk Function and the ISQM1 implementation;
- Members of the Young Audit Board joined a meeting of the QIRC and shared their reflections on the profession and the future of Audit;
- The QIRC held a meeting in the presence of all Advisory Business Leads and Business Risk leads to discuss the advisory risk landscape, the most important advisory risks, examples of high risk engagements, challenges and dilemmas and lessons learned;
- The Committee discussed litigation and risk management cases;
- The QIRC assessed the process and monitored developments regarding Deloitte's Enterprise Risk Framework. Risks that are associated with the following topics were reviewed in more detail: Conduct and purpose, economic and political & competitor shifts. Moreover, an Internal Audit report regarding risk governance was reviewed. Portfolio management, including client acceptance and portfolio risk review of the Deloitte NL group, and management of high risk engagements were important agenda items, too;
- The QIRC also reviewed briefings on compliance, confidentiality, privacy, security, business continuity management, ethics and independence.

Highlights of the work of the Remuneration & Nomination Committee during 2022/2023

The Remuneration & Nomination Committee (RNC) oversees the remuneration policy for partners and employees of Deloitte Netherlands, and prepares the SB's decision making on amendments to the remuneration policy of partners and employees of the Audit firm. The RNC also supports the SB in decisions regarding the remuneration of the EB members, including an assessment of their individual performance. Based on Audit legislation, decisions of the EB regarding the remuneration of daily policymakers of the Audit firm are subject to approval of the SB as well. In addition to the three EB members, who are also daily policymaker of Deloitte Accountants B.V., this concerns the two other statutory board members of Deloitte Accountants B.V.: the BL Audit & Assurance and the NPPD Audit. The RNC is furthermore responsible for preparing the selection and nomination by the SB of new members of the EB, daily policymakers of Deloitte Accountants B.V. and the SB itself.

The RNC held three regular meetings during Financial Year 2022/2023, in the presence of the RNC members, the CEO, the CHRO and two members of the Partnership Council. Eight extra meetings took place, mainly focused on the selection and nomination of two EB members and the BL A&A. Key highlights of the Committee's work included:

- Preparation of the SB's decision-making regarding the fixed part and variable part of the remuneration for EB members;
- The annual and marginal review of the partner mapping process;
- Preparation of the SB's decision-making regarding the re-appointment of the CEO of Deloitte NL;
- Succession management of Deloitte's leadership, and preparation of the appointment of Dagmar Enklaar as COO, Rob Bergmans as CPQO of Deloitte Netherlands and Gera Hamer as Business Lead A&A, including evaluation of their personal profiles and portfolio of responsibilities, soundings of stakeholders, external assessments of candidates, and involving other SB members for example in the interviews;
- Discussions and updates about various items, for example the pipeline and succession of external auditors on large audit accounts, psychological safety, recruitment, retention, and workforce optimization, People leadership and development, Inclusion and diversity.
- Compilation of feedback from all SB members and internal stakeholders for mid-year and year-end evaluations of the EB members.

Profile of the members of the Supervisory Board

Hans van der Noordaa (1961)

Member since 2020

Hans van der Noordaa has many years of national and international experience as a banker and insurer. He was CEO of Delta Lloyd (2015-2017) and was previously a member of the Executive Board of ING Bank and a member of the Executive Board of ING Group.

External positions and activities:

- Chairman of the Supervisory Board of War Child
- Member of the Advisory Board of Change Group OÜ
- Chairman of the Supervisory Board of the Johan Cruijff Arena

Hans van der Noordaa is also a (non-voting) independent Non-Executive member of the NSE Board.

Vincent G. Moolenaar (1963)

Member since 2016

Vincent Moolenaar worked at Shell in various Commercial and General Management positions, including the position of Vice President Internal Audit for five years. In addition, he worked at Ahold as Chief Audit Executive from 2010 to late 2015 and from 2015 to late 2018 as Global Integration Program Leader of the merger of Ahold and Delhaize.

External positions and activities

- Business Director Board & Governance at Nyenrode Business Universiteit
- Chairman Supervisory Board 'Identiteitsvoorzieningen & Digitalisering Notariaat Holding B.V.'
- Member Supervisory Board of 'Stichting Slachtofferhulp Nederland'
- Member Supervisory Board 'Stichting Museum Slot Loevestein'
- Member Supervisory Board of 'Stichting ProDemos'
- Council ('Raad') of the Corporate Chamber ('Ondernemingskamer') of the Amsterdam Court

- Member national selection committee for judges (LSR)
- Chairman Advisory Board 'Institute of Internal Auditors Netherlands'
- Chairman Board of the 'alumni association Nyenrode New Board Program'
- Chairman Supervisory Board 'Stichting Reward Value'
- Member Selection & Appointment committee of the Restitution commission
- Member Audit Committee of the Central Bureau of Statistics
- Auditor at the NVZD
- Coach at NGL International B.V.
- Chairman Advisory Board Inkubis B.V.

Nienke Meijer (1965)

Member since 2017

Nienke Meijer has extensive management experience in the areas of strategy development, innovation/ digitalisation, human capital and media. She has worked at a.o. Wegener, 'Eindhovens Dagblad' and 'Dagblad de Limburger' in various senior management positions. In December 2019, Nienke Meijer has stepped down as Chair of the Executive Board of Fontys University.

External positions and activities:

- Member of the Supervisory Board of Post NL
- Member of the Board of Stichting Buitenboordmotor
- Chair of the Board of Stichting de Volkskrant
- Member of the Supervisory Board of NXTGEN HIGHTECH

Denise Larnder (1960)

Member since 2021

Denise Larnder is a chartered accountant and a fellow of the ICAEW. As an external auditor, she served various insurance companies and other highly regulated entities, acted as lead audit partner for the firm's largest pension schemes, and engagement quality review partner for listed clients. She was also involved in leading quality review activities overseas. After a long career as an audit partner and external auditor at EY UK until December 2016, where she also held various management and quality roles, she made the definitive transition to being a Non-Executive Director.

External positions and activities:

- Non-Executive Director Highway Insurance Company Limited
- Non-Executive Director Liverpool Victoria General Insurance Group Limited and LVI Company Limited
- Non-Executive Director Allianz (UK) Limited, Allianz Holdings Plc and Allianz Insurance Plc
- Member of the Governing Body University of Greenwich

Bas Verhart (1972)

Member since 2021

Bas has many years of experience as an entrepreneur, mostly focused on the cutting edge of digital and media, and is co-founder of, among others, THINK School of Creative Leadership, Media Republic and DFFRNT. He is also the founder and initiator of various social initiatives, including The Green Challenge. Bas has had various Non-Executive Board roles and is (or has been) a member of various Advisory Boards. He was a member of the Innovation Platform and the Amsterdam Economic Board. Bas also acts as a keynote speaker, and has spoken at forums such as the Amsterdam Global CEO Event, the Stanford Global Innovation Leadership Program and the World Future Trends Conference.

External positions and activities:

- Board member of DFFRNT
- Board member of Stichting Rare Earth

Risk management

At Deloitte we see Business Continuity Management as an important and integrated part of our overall risk management capability. Our focus and dedication to business continuity management had resulted in receiving the 22301 ISO certification in 2022/2023.

During this fiscal year we experienced an increased exposure in all of the three aspects of our 'Economic, Geopolitical & Competitor shifts' risk. This risk has become more prominent in our Enterprise Risk Framework and the developments in 2022/2023 resulted in an elevation of this risk on our Risk Radar.

Economic headwind and high inflation asked for robust mitigating activities, not only focused on our own financials and our client- and engagement portfolio, but also on the well-being of our people. Like many others, our people are personally affected by the high inflation from a.o. rising energy prices. As in 2021/2022, we maintained our focus on the effects of the sanctions imposed on Russia as a result of the invasion in Ukraine. Solid risk mitigating measures in our client- and engagement process prevent us from breaching EU/UK and/or US sanctions. The challenges and opportunities in the client- and talent landscape resulting from the potential EY Audit/Advisory separation were addressed in close cooperation with our NSE/DTTL organization.

Our ongoing focus on being Purpose-led requires us to demonstrate how our leadership decisions are guided by our purpose and shared values, from the clients we serve to the work we perform for them. In our firm we see an increase in the number and complexity of matters being brought to the attention of our Responsible Business Committee. In this committee we discuss the acceptance of specific engagements from various angles. A number of more complex responsible business matters were elevated to NSE level where we experienced mature discussions on our role in the NSE/DTTL network and experience sometimes slightly different points of view, often driven by the cultural diversity of our NSE geographies. We remain committed to our shared values at all times.

Our Talent risk slightly decreased due to the implementation of our employee value proposition and the economic headwind, resulting in a less competitive talent market and decreasing attrition levels. Because of our focus on our Talent this risk will remain a priority business risk to be monitored on an ongoing bases.

Governance

Risk governance remains embedded in our overall governance structure. The primary responsibility for identifying and managing risks, both internal and external, resides with line management, the Executive Committee and ultimately the Executive Board, with oversight from our Supervisory Board. In December 2022 during the annual risk workshop, our Executive Committee and – Board refreshed and validated our updated risk profile.

Relevant risk owners are responsible for implementing robust risk mitigating plans and periodically report on the progress of risk mitigating activities. The Risk & Reputation Leader (RRL), who reports to the Chief People & Quality Officer, has day-to-day responsibility for the overall system of quality control for Risk Management and Reporting. As part of this responsibility the RRL oversees the Enterprise Risk Framework and corresponding risk and control systems through, among other measures, periodic meetings with the individual risk owners to discuss and review mitigations.

In 2022/2023, the overall risk and control system was captured in a Risk Mitigation & Assurance Map. In this Map our Strategic-, Operational-, Financial- and Compliance risks are captured, including underlying frameworks, different lines of defence and obtained level of assurance.

On an annual basis, the Executive Board evaluates the performance of and acknowledges its overall accountability for the effectiveness of the risk and control system through an internal in-control statement. To substantiate the evaluation, the Board obtains input from line management, the RRL and the internal auditor, who assesses the key elements of the risk and control system. The Executive Board also considers the findings and reporting of the external auditor on the functioning of internal controls as part of their annual audit engagement.

Activities in 2022/2023

During the creation of the 2023 Strategy, risks have been assessed and mapped to our Ambition. Our Enterprise Risk Framework (ERF) is fully aligned with NSE, supplemented with specific NL risks, and supports us in the delivery of our Ambition. We identify, assess, prioritise, manage and monitor Enterprise-Wide Business Risks on an ongoing basis.

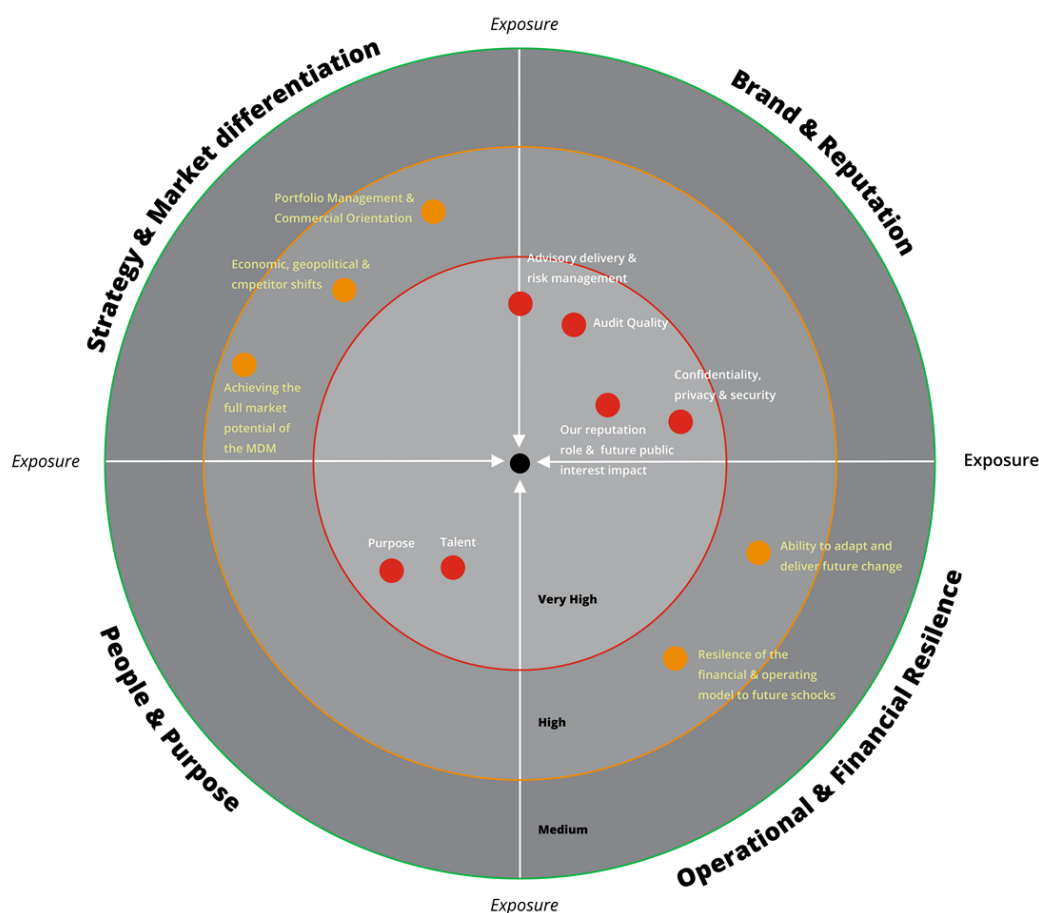
Late in 2022, the update of the NSE Enterprise Risk Framework was approved by the NSE Executive and adopted by Deloitte NL as bases for the NL 2022 update. Based on input received from the NL risk owners and their delegates we were able to update all the NL risks in our ERF. During these discussions with our leadership, several themes were recurring as top of mind. Two of these 'top of mind' themes (Operate and Navigating the Downturn) were discussed in detail during the ExCo Risk Workshop in December 2022, ensuring a shared understanding and vision, and alignment on current and required mitigation.

The reputational risk of failing to achieve our net zero targets for climate change has been elevated to a new priority business risk with a very high exposure. Other risk dimensions of climate change are included as components of the risks through which they will be managed: sustainability services (Client Portfolio and the MDM); business resilience (Confidentiality, privacy & security); our commitments, the "company we keep" and the impact on our people (Purpose, Public Interest, Client Portfolio, Conduct and People). DTTL has performed a climate risk assessment for Deloitte in conformity with the standards as defined by the Taskforce for Climate Related Financial Disclosures. Their report is available on the [Deloitte global website](#). Further details on our environmental and sustainability policies are included in Annex 2 of this report.

Priority Risk

The risk universe of DTTL Global Risk and the topics from dialogues with our Leadership represent the main risks of our risk universe. They are also the input for the annual re-assessment of our risk profile, in the context of Strategy 2023 and our risk appetite. Resulting from the annual re-assessment, we have agreed on risks and opportunities related to our strategy (see the risk radar below). The current exposure (or residual risk) is the likelihood of a risk materialising, and its impact given our current ability to mitigate that risk. It is assessed on a scale of 'low' (green) to 'very high' (red) taking both residual impact and residual likelihood into account.

The 'top of mind' themes (e.g. Operate and AI, Talent, managing our large and complex, often tech-enabled, engagements, Public Interest and navigating the downturn) are integrated in our priority business risks in the risk radar. Most of the risks in which the themes have been integrated have the highest exposure.



In the following table, the risks assessed with a high risk rating are shown. The risks associated with the employment of financial instruments are described in note 5 of the Financial statements.

Risk	Risk description	Risk area*	Risk appetite**	Mitigating measures
Audit quality	Failure to prevent systemic or major failure of audit quality.	Strategic, Laws & regulations, Financial	Low: Deloitte is committed to high quality execution	Pages 27, 155-156
Advisory delivery & risk management	Failure to prevent systemic or major failure of advisory quality.	Strategic, Operational	Low: Deloitte is committed to high quality execution	Pages 156-156
Conduct & Ethics	Failure to establish, embed and sustain an inclusive and ethical culture.	Strategic, Operational	Low: Deloitte is committed to our shared values and strives to limit ethical breaches	Pages 156-159
Confidentiality, privacy & security	Failure to manage data security and privacy.	Operational, Laws & regulations	Low: Deloitte is committed to preventing, being prepared for and responding to breaches and data loss in a timely fashion	Pages 159-160
Economic, geopolitical and competitor moves	Failure to anticipate, adapt to and respond to changes in the economic-, geopolitical- and competitor-landscape	Strategic, Operational, Financial	Medium: Deloitte is committed to (pro-)actively respond to economic-, geopolitical- and competitor driven changes	Pages 10-14
Our role & future public-interest impact	Failure to anticipate, adapt to and respond to external scrutiny, criticism and regulation.	Strategic, Operational	Low: Deloitte is committed to making an impact that matters on our clients and society	Pages 18-19, 155-156
Purpose	Failure to establish, embed and sustain a Purpose driven culture.	Strategic, Operational	Low: Deloitte is committed to our Purpose	Pages 10-14
Talent	Failure to attract, develop and retain high-performing and diverse professionals and world-class leaders; failure to deliver the resource models of the future.	Operational, Financial	Low: Deloitte is committed to employing top class personnel through agile talent models.	Pages 138-144

*The risks in the table above can be categorised in more than one of the four impact areas that we identify (see the above risk radar). For the sake of simplicity, we have placed them in the category that we deem to be most appropriate.

**Risk appetite is operationally translated in our Risk Mitigation & Assurance map to monitor exposure and act if needed.

A fraud risk assessment is an integral part of the assessment of the risks and the control environment. Key areas covered by these controls are related to revenue recognition, financial reporting, bank transactions and management override of controls. The tone at the top encourages an ethical culture. Fraud and anti-corruption are an essential part in the learning curriculum of all partners and employees.

In control

Our ERF helps us to maintain control, have the right information available, comply with applicable laws and regulations, and meet our own high-quality standards. Based on the entire system of quality controls, our Executive Board is able to state that:

1. The report provides sufficient insights into the effectiveness of the internal risk management and control systems;
2. The aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
3. Based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and
4. The report outlines the material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of twelve months after its preparation.

Annex 1

Financial statements

Consolidated statement of profit or loss and other comprehensive income for the year ended May 31, 2023

In € thousands	Note	2022/2023	2021/2022
Revenue	2.2	1,359,495	1,269,587
Other operating income	2.3	1,001	1,234
Total operating income		1,360,496	1,270,821
Costs of subcontracted work and other external costs	2.4	293,270	254,663
Salaries and social security charges	2.5	697,200	621,891
Amortisation of intangible assets and depreciation of property, plant and equipment	4.6	47,786	48,673
Impairments of intangible assets and property, plant and equipment	4.6	1,160	0
Other operating expenses	2.6	145,336	133,502
Total operating expenses		1,184,752	1,058,729
Operating result		175,744	212,092
Financial income	5.3	119	606
Financial expenses	5.3	(11,213)	(11,130)
Share of result from participating interests		143	0
Result before taxation and management fee		164,793	201,568
Management fee and compensation members of Coöperatief Deloitte U.A.	2.8	(156,293)	(192,414)
Result before taxation and after management fee		8,500	9,154
Taxation on result of activities	7.1	(7,205)	(7,441)
Profit for the year		1,295	1,713
Item that may be reclassified subsequently to profit or loss			
Reclassification adjustment cash flow hedge reserve		0	2,282
Foreign exchange differences on translation of foreign operations		(10)	(205)
Net income tax related to adjustment cash flow hedge reserve		0	(578)
Items that may not be reclassified subsequently to profit or loss			
Movement in net fair value on investments in equity instruments classified as at Fair Value Through OCI		(471)	0
Total other comprehensive income, net of income tax		(481)	1,499
Total comprehensive income for the year		814	3,212

Consolidated statement of financial position at May 31, 2023 (before result appropriation)

Assets (In € thousands)	Note	May 31, 2023	May 31, 2022
Non-current assets			
Intangible assets	4.2	14,247	14,063
Property, plant and equipment - owned assets	4.3	50,938	47,660
Property, plant and equipment - right-of-use assets	4.4	154,353	156,855
Deferred tax assets	7.2	8,078	9,490
Investments	4.5	2,031	2,179
Other non-current assets	8.1	5,688	6,174
Total non-current assets		235,335	236,421
Current assets			
Unbilled services	3.2	139,157	152,252
Trade and other receivables	3.3	253,959	245,421
Cash and cash equivalents	5.2	7,636	23,810
Total current assets		400,752	421,483
Total assets		636,087	657,904
Equity and liabilities (in thousands)	Note	May 31, 2023	May 31, 2022
Equity		(2,836)	(2,914)
Non-current liabilities			
Membership capital	5.1	6,475	6,200
Interest-bearing loans and borrowings	5.2	131,952	124,956
Lease liabilities	4.4	130,253	139,737
Provisions	8.2	939	1,574
Deferred tax liabilities	7.2	1,519	1,402
Total non-current liabilities		271,138	273,869
Current liabilities			
Trade and other payables	3.4	317,201	343,638
Interest-bearing loans and borrowings	5.2	6,833	4,560
Lease liabilities	4.4	42,284	37,751
Provisions	8.2	1,467	1,000
Total current liabilities		367,785	386,949
Total liabilities		638,923	660,818
Total equity and liabilities		636,087	657,904

Consolidated statement of changes in equity for the year ended May 31, 2023

in € thousands	Note	Legal reserves	Other reserves	Cash flow hedge reserve	Result for the year	Total
Balance at June 1, 2021		462	(30,757)	(1,704)	26,537	(5,462)
Profit for the year		0	0	0	1,713	1,713
Movement other comprehensive income		(205)	0	1,704	0	1,499
Total comprehensive income for the year		(205)	0	1,704	1,713	3,212
Deemed distribution		0	(368)	0	0	(368)
Profit appropriation prior financial year		0	26,241	0	(26,537)	(296)
Movement capitalised costs	2.8	(204)	204	0	0	0
Balance at May 31, 2022		53	(4,680)	0	1,713	(2,914)
Profit for the year		0	0	0	1,295	1,295
Movement other comprehensive income		(10)	(471)	0	0	(481)
Total comprehensive income for the year		(10)	(471)	0	1,295	814
Deemed distribution		0	(945)	0	0	(945)
Profit appropriation prior financial year		0	1,922	0	(1,713)	209
Movement capitalised costs	2.8	(136)	136	0	0	0
Balance at May 31, 2023		(93)	(4,038)	0	1,295	(2,836)

Consolidated statement of cash flow for the year ended May 31, 2023

(Prepared using the indirect method)

in € thousands	Note	2022/2023	2021/2022
Cash flow generated from operating activities	2.7	48,309	70,454
Interest received		69	23
Interest paid		(7,318)	(8,017)
Interest paid on lease liabilities	5.3	(2,363)	(2,214)
Corporate income tax paid		(6,378)	(13,660)
		<u>(15,990)</u>	<u>(23,868)</u>
Net cash from operating activities		32,319	46,586
Net cash from investing activities			
Investments in intangible fixed assets	4.2	(19)	0
Purchase of property, plant and equipment	4.3	(14,593)	(8,943)
Proceeds on disposals of property, plant and equipment	4.3	335	563
Acquisition of subsidiary, net of cash acquired	4.1	(2,097)	(4,228)
Investments in other financial assets	8.1	(1,125)	(1,243)
Repayment of other financial assets	8.1	2	502
		<u>(17,497)</u>	<u>(13,349)</u>
Cash flow from/(used in) investment activities		(17,497)	(13,349)
Net cash from financing activities			
Stichting Financiering Deloitte/Members:			
- Receipts subordinated loans	5.2	13,300	12,350
- Repayment of subordinated loans	5.2	(5,887)	(10,834)
		<u>7,413</u>	<u>1,516</u>
Net cash inflow from members		7,413	1,516
Receipts from non-current liabilities	5.1	700	650
Payments to non-current liabilities	5.1	(325)	(600)
Repayment of lease liabilities	4.4	(38,774)	(33,603)
Repayment of other (interest-bearing) loans	5.2	0	(21,532)
		<u>(30,986)</u>	<u>(53,569)</u>
Net cash from / (used in) financing activities		(30,986)	(53,569)
Net cash flow		(16,164)	(20,332)
Cash and cash equivalents at start of financial year		23,810	44,350
Movements in cash and cash equivalents		(16,164)	(20,332)
Effect of foreign exchange rate changes		(10)	(208)
		<u>7,636</u>	<u>23,810</u>
Cash and cash equivalents at end of financial year	5.2	7,636	23,810

Notes to the consolidated financial statements for the year ended May 31, 2023

1. Basis of preparation

Reporting entity

Activities

Coöperatief Deloitte U.A. ("the Company") is a cooperative which has its registered office and its principal place of business in Rotterdam, Wilhelminakade 1, The Netherlands and is registered with the Chamber of Commerce with number 63086174. Coöperatief Deloitte U.A. is the direct parent of Deloitte Holding B.V. and its subsidiaries. The ultimate controlling party of the Company is Deloitte NSE LLP, a limited liability partnership registered in England and Wales. The activities of Coöperatief Deloitte U.A. and the companies in its group ("The Group") consist mainly of Audit & Assurance, Tax & Legal, Risk Advisory, Financial Advisory and Consulting, as well as other forms of professional services. These activities are conducted by and for the account of the respective Group companies of Coöperatief Deloitte U.A. and Deloitte Holding B.V. which acts as holding companies and do not themselves conduct any activities in the field of professional services as referred to in the previous sentence.

International relationships

On June 1, 2017 Coöperatief Deloitte U.A. became a member of Deloitte North West Europe, Deloitte NWE LLP, a member firm of Deloitte Touche Tohmatsu Limited (DTTL) with six Geographies: Belgium, Ireland (joined June 1, 2018), the Netherlands, the Nordics (Denmark, Finland, Iceland, Norway and Sweden), Switzerland, and the United Kingdom. On June 1, 2019 Greece, Italy and Malta joined Deloitte North West Europe with the name changed to Deloitte North and South Europe, Deloitte NSE LLP. On June 1, 2020, Deloitte Middle East (DME) has officially become part of Deloitte NSE. Deloitte NSE LLP is a member of Coöperatief Deloitte U.A. As of December 15, 2020 Deloitte NSE No2 CLG became a member of Coöperatief Deloitte U.A. and holds 2/3 of the votes in the general meeting of Coöperatief Deloitte U.A. Deloitte NSE No2 CLG is a subsidiary of Deloitte NSE LLP. Deloitte NSE LLP is a member firm 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 each DTTL member firm are separate and distinct legal entities, which cannot obligate each other. DTTL and each DTTL member firm are liable only for their own acts or omissions and not those of each other. 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 its territory through subsidiaries, affiliates, and/or other entities.

Group relationships

Coöperatief Deloitte U.A. is the direct parent of Deloitte Holding B.V. and its subsidiaries. In these consolidated financial statements Deloitte refers to Coöperatief Deloitte U.A. and its subsidiaries. For a list of subsidiaries required by article 2:379 of the Dutch Civil Code reference is made to the notes to the company balance sheet.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the EU and the requirements of Title 9, Book 2 of the Dutch Civil Code.

Functional and presentation currency

The financial statements are presented in euros (€) which is the functional and presentation currency of the Group. All amounts in the financial statements are presented in thousands of euros rounded to the nearest thousand, unless stated otherwise.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange of services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these consolidated financial statements is determined on such a basis. Unless stated otherwise for financial instruments not carried at fair value the carrying amount is a reasonable approximate of the fair value.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Changes in accounting policies for 2022/2023

In the current year, the Group has applied amendments to IFRS Standards and Interpretations issued by the Board that are effective for the annual period under review. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Going concern

The Executive Board has assessed the going concern assumption as part the preparation of the financial statements based on the available financial information including budget and forecast information. The assessment included both solvency, cashflow and performance metrics.

Capital base

Acquiring control in May 2016 and the subsequent legal merger of Stichting InterNos had a negative impact of approximately €53 million on equity of Coöperatief Deloitte U.A.. As of financial year 2016/2017, the members have agreed to retain an amount of Coöperatief Deloitte U.A.'s earnings annually until such time that the equity reduction caused by the restructuring is recovered. The retention amount is €1,043 until May 31, 2026.

Including subordinated loans and membership capital, the positive capital base of the Group amounts to €131,140 (May 31, 2022 €125,117). The subordinated loans are directly linked to the number of partners and will continue for the duration of their partnership. As a consequence of the generally stable number of equity partners, the company does not expect a situation of a noteworthy net repayment of such loans in the coming years. The restructuring is a non-cash event and did not impact the liquidity of the Group. Deloitte Holding B.V. continues to have positive equity as a basis to distribute its earnings to Coöperatief Deloitte U.A. on an annual basis.

Cash flow and performance

The performance of the Group remained strong. Intelligent risk management supported by mature incident response capabilities created opportunities and enabled us to respond in case of unforeseen events such as the Covid-19 pandemic and the Russia Ukraine War, and is key to sustaining performance.

Based on our strategy, we offer diverse business and service offerings combined with integrated solutions for our clients across businesses. Furthermore, no events or conditions, including the potential adverse effects of the Russia-Ukraine War are expected to raise doubt about the ability of the Group to continue in operation throughout the next reporting period.

The cash generating ability of the Group based on past performance and future planned performance, continues to show sufficient cash generation capability and is expected to form a solid basis for distributing funds from Deloitte Holding B.V. to Coöperatief Deloitte U.A., and from Coöperatief Deloitte U.A. to its members. In financial years 2022/2023 and 2021/2022, Coöperatief Deloitte U.A. generated €201 million and €239 million respectively in net cash from operating activities before management fee / compensation, with approximately between €17 million (2022/2023) and €13 million (2021/2022) in annual investments.

Furthermore, we consider that the combination of our focus on working capital management, available credit facilities, and the ability to manage upfront partner management fee distributions, equips us to meet our obligations and continue as a going concern. As at the year end date, the available credit facilities (€100M, excluding the additional accordion option in the agreement) is not used. We operate, and expect to operate within the limits of our covenants.

Conclusion

The Executive Board is confident about the future outlook for the Deloitte Netherlands Group. The financial statements are prepared applying the going concern assumption. Our financial statements state those material risks and uncertainties that are relevant to the expectation of the Group's continuity for the period of twelve months after the approval of this report by the Executive Board.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary starts when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. The company financial statements of Coöperatief Deloitte U.A. are included in the financial statements. Accordingly, in accordance with article 2:402 of the Dutch Civil Code, the company financial statements only contain an abridged profit and loss account.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company. When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS9 Financial Instruments, when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Foreign currencies

The functional currency of all entities within the Group is the Euro, except for Deloitte Dutch Caribbean B.V. In preparing the financial statements of each individual group entity, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

The significant accounting policies are described in the relevant individual notes to the Consolidated financial statements or otherwise stated below.

Accounting policies, not attributable to a specific section

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a current enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Financial assets

Financial assets are classified and subsequently measured at amortised cost, 'at fair value through profit or loss' (FVTPL) or 'at fair value through other comprehensive income' (FVOCI). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

All regular purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulations or convention in the marketplace.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category comprises the majority of the financial assets of the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and selling
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to classify irrevocably its non-listed equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Effective interest method

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Impairment of financial assets

An allowance is recognised for expected credit losses (ECLs) for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that are expected to be received, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months after the balance sheet date (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). A default situation occurs when a debtor fails to make full-payment within 30 days after the agreed due-date, unless the related receivable has been disputed. For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities are classified and subsequently measured as either financial liabilities 'at FVTPL' or 'amortised cost'. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The effective interest amortisation is included as finance costs in the statement of profit or loss.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Cash flow statement

The cash flow statement is prepared using the indirect method. Changes in balance sheet items that have not resulted in cash flows such as translation differences, fair value changes and other non-cash items have been eliminated for the purpose of preparing this statement. Assets and liabilities acquired as part of a business combination are included in investing activities (net of cash acquired). Dividends received are classified as operating activities. Interest paid is also included in operating activities.

Critical accounting judgments and key sources of estimation uncertainty

The preparation of the Consolidated financial statements in conformity with IFRS requires the Executive Board to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates inherently contain a degree of uncertainty. Actual results may differ from these estimates under different assumptions or conditions. The Group evaluates these estimates and judgments on an ongoing basis and bases the estimates on historical experience, current and expected future outcomes, third-party evaluations and various other assumptions that the Executive Board believes are reasonable under the circumstances. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's control and are reflected in the assumptions if and when they occur. For further discussion on these judgments and estimates, reference is made to the respective notes within these consolidated financial statements.

Critical judgments in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

This includes:

- Identifying the performance obligation (note 2.2)
- Contingent fees (notes 2.2)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material judgement to the carrying amounts of assets and liabilities within the next financial year as well as to the disclosure of contingent liabilities.

- Timing of satisfaction of performance obligations (note 2.2)
- Professional liability provision (note 8.2)

Other areas with judgments and estimates

Other areas with judgments and estimates, but not key estimates,

- Expected credit losses (note 3.3)
- determining the incremental borrowing rate (see note 4.4)
- useful lives of (in)angible assets (see note 4.6)
- impairments (see note 4.7),

Significant sources of estimation uncertainty

Given uncertainties on further developments and consequences resulting from crisis in the Russia-Ukraine War, we consider future developments in this area not as a significant source of estimation uncertainty. The impact of this uncertainty mostly impacts our assessment of expected credit losses related to trade receivables and unbilled revenues.

2. Operational performance

2.1 Financial information per business

The businesses of the Group comprise Audit & Assurance, Tax & Legal, Consulting, Risk Advisory and Financial Advisory which engage in business activities for external clients and Support/Other which mainly provides internal services. All operating businesses operating results are reviewed regularly by the Executive Board to assess their performance for which there is discrete financial information available. Business results that are reported to the Executive Board include items directly attributable to a business. Corporate costs, such as cost of fixed assets, accommodation-, office-, IT- and innovation expenses are the responsibility of the Support/Other business and are allocated on a reasonable basis to the five businesses. The Group mainly operates in the Netherlands and the Caribbean business is not material to the Group, there is only one geographic business.

The pricing of transactions between the different businesses is determined in accordance with objective and commercial principles. There are no differences between the principles for the valuation of assets and liabilities in the financial statements and the business information. The Group voluntarily discloses information per business but does not apply IFRS 8.

2022/2023

in € thousands	Audit & Assurance	Tax & Legal	Consulting	Risk Advisory	Financial Advisory	Support & Other / Eliminations	Consolidated
Third party revenue	300,588	263,511	466,929	195,366	132,653	448	1,359,495
Intercompany revenue	30,902	13,144	70,975	19,367	24,470	(158,858)	0
Total revenue	331,490	276,655	537,904	214,733	157,123	(158,410)	1,359,495
Other income	0	0	0	0	0	1,001	1,001
Operating result	26,974	45,125	60,865	10,044	31,077	1,659	175,744
Share in result of nonconsolidated associated companies							143
Financial income and expenses							(11,094)
Management fee and compensation members							(156,293)
Coöperatief Deloitte U.A.							
Corporate income tax							(7,205)
Net result after taxation							1,295
Current assets	79,755	91,968	144,884	39,022	42,288	2,835	400,752
Non-current assets	937	1,326	7,535	5,653	0	217,853	233,304
Investments	0	20	0	143	0	1,868	2,031
Total assets	80,692	93,314	152,419	44,818	42,288	222,556	636,087
Current Liabilities	51,559	49,032	87,532	33,053	16,173	130,436	367,785
Non-current liabilities	392	3,449	985	21	0	132,315	137,162
Total equity / subordinated loans	28,741	40,833	63,902	11,744	26,115	(40,195)	131,140
Total liabilities and equity	80,692	93,314	152,419	44,818	42,288	222,556	636,087

2021/2022

in € thousands	Audit & Assurance	Tax & Legal	Consulting	Risk Advisory	Financial Advisory	Support & Other / Eliminations	Consolidated
Third party revenue	277,770	238,689	446,394	170,519	135,121	1,094	1,269,587
Intercompany revenue	26,623	13,061	44,297	18,160	42,896	(145,037)	0
Total revenue	304,393	251,750	490,691	188,679	178,017	(143,943)	1,269,587
Other income	0	0	0	0	0	1,234	1,234
Operating result	27,766	44,467	74,947	17,128	42,464	5,320	212,092
Share in result of nonconsolidated associated companies							0
Financial income and expenses							(10,524)
Management fee and compensation members							(192,414)
Coöperatief Deloitte U.A.							
Corporate income tax							(7,441)
Net result after taxation							1,713
Current assets	92,839	85,600	144,956	42,600	53,695	1,793	421,483
Non-current assets	937	1,132	7,510	5,348	0	219,315	234,242
Investments	0	20	0	0	0	2,159	2,179
Total assets	93,776	86,752	152,466	47,948	53,695	223,267	657,904
Current Liabilities	60,291	42,544	81,575	31,481	18,652	152,406	386,949
Non-current liabilities	962	3,724	879	26	0	143,322	148,913
Total equity / subordinated loans	32,523	40,484	70,012	16,441	35,043	(72,461)	122,042
Total liabilities and equity	93,776	86,752	152,466	47,948	53,695	223,267	657,904

2.2 Revenue

Accounting policies

Revenue recognition

The Group generates revenue primarily by delivering professional services to clients, with the types of services offered being similar within each of its services lines of Audit & Assurance, Risk Advisory, Tax & Legal, Consulting and Financial Advisory. Each service line offers a wide range of services and, when delivered to individual clients, these are almost always bespoke in nature. However the performance obligations tend to be consistent from client to client and the ones the Group most commonly satisfies are:

- External audit services
- Direct and indirect tax compliance services
- Technology solution design and implementation
- Reports on business or compliance issues
- Project management services

As a provider of professional services the Group generally does not have obligations for returns, refunds or other similar obligations, nor does it have warranties or other related obligations.

Revenue of services

The amount of consideration the Group receives varies both service to service and from client to client, reflecting the bespoke nature of the services the Group provides. The consideration typically reflects the skills and experience of the individuals who provide the services as well as the availability of similar skills and experience in the wider professional services market. These factors tend to vary from service line to service line. The consideration the Group receives is typically based on one or more of four principal pricing mechanisms:

- Time and material
- Fixed fee
- Contingent fee
- Transaction revenues

The Group adjusts its estimate of revenue throughout the contractual period of services, and for amounts which are variable, such as contingent fees, at the earlier of when the most likely amount of consideration the Group expects to receive changes or when the consideration becomes fixed.

Most of the Group's contractual arrangements comprise a single performance obligation. For those contractual arrangements that comprise multiple performance obligations, the transaction price is allocated on the basis of the relative estimated stand-alone selling price of each performance obligation. Other than for contingent fee arrangements which are constrained in accordance with the requirements of IFRS 15, in virtually all contracts the Group has an enforceable right to payment for services rendered and, given the bespoke nature of the services provided, recognises revenue over time as such services are rendered. The Group measures progress in satisfying the performance obligations as follows:

- For time and material arrangements, the Group is able to recognise revenue on the basis of time charged to date. This output method approach uses the practical expedient in IFRS 15 with the amount recognised as revenue reflecting the amount that the Group has the right to invoice to its customers.
- For fixed fee arrangements, the Group uses an input method based upon the value of the services (determined based upon the number of hours charged and the undiscounted hourly rates) charged to the engagement to date compared to the total expected inputs. Chargeable time for employees tends to be the most significant input and this is charged to individual contracts (and performance obligations) via timesheet reporting. Revenues are recognised as employee time is used to provide the services.
- Contingent fees are usually recognised when the contingency is resolved (refer to critical accounting judgements for further detail).
- Transaction related fees are priced on a "per unit" basis, such as data storage or data processing fees, and are typically recognised as the underlying transactions or usage take place, for the same reason as time and materials arrangements.

The Group typically invoices its customers monthly or quarterly in arrears, or for smaller projects at the end of the engagement, but payment terms do vary depending on the types of services being offered or for individual contractual agreements. When performance obligations have been satisfied, revenue is recognised and contract assets are simultaneously created. Contract liabilities represent amounts received for performance obligations which are not yet satisfied. The Group has determined that no significant financing component exists in respect of its professional services as the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Costs to obtain or fulfil a contract

Certain costs of obtaining a contract are capitalised where the Group would not have incurred those costs if the contract had not been obtained (incremental costs). This would typically be when up-front costs are incurred at contract inception that generate or enhance resources of the Group that will enable the Group to deliver services over the lifetime of the contract. Such amounts are not material for the Group.

Key accounting estimates and judgments

Identifying the performance obligation

Determining the number of performance obligations in the contractual arrangements with the Group's customers sometimes involves judgement. Whilst the Group's contractual arrangements often contain extensive details in relation to the services to be provided, in many cases these are considered to comprise a single performance obligation. Even when multiple deliverables are to be provided to a customer these are often judged to be a single performance obligation either because there is a significant service of integration performed by the Group in delivering these services or because the services represent a series of substantially similar services all recognised over time (for example, the provision of multiple internal audit reports under an internal outsourcing contract). If performance obligations were determined differently, then this could affect both the timing and extent of revenue recognised in a financial period. Where we are delivering multiple performance obligations, these are often delivered at the same time, so the determination of what performance obligations exists has limited practical impact on the accounting for revenue.

Contingent fees

The Group provides various services where the amount of consideration is dependent upon the outcome of the services provided; for example, tax claims and corporate finance services. The uncertainty around the fees ultimately receivable under these arrangements is generally only fully resolved when a matter is concluded. Where the Group has sufficient historical experience with similar contracts in order to be able to estimate the expected outcome of a group of existing contracts reliably, revenue is estimated using the expected value method. Fees are only included in revenue to the extent that it is highly probable that the cumulative amount of revenue recognised in respect of a contract at the end of a reporting period will not be subject to a significant revenue reversal when a matter is concluded. If the Group accounted for contingent fees differently than this could occur in two ways, either that (a) the variable consideration constraint outlined in IFRS 15 should not be applied at all, or (b) that the constraint should be applied to all contingent fee engagements. In the case of scenario (a), this would result in the recognition of revenue over time, as work was performed, if it was considered that the services met one or more of the criteria for recognition over time. In the case of (b), this would result in the recognition of revenue once the uncertainty is fully resolved.

Timing of satisfaction of performance obligations

Revenue recognition requires the Group to estimate the expected results of current engagements based on an estimate of time and costs to be incurred, the estimate of expected additional billing on fixed fee projects and the assessment of and the collectability of unbilled amounts. For larger engagement this process is inherently complex.

Revenue from continuing operations

The following is an analysis of the Group's revenue for the year from continuing operations.

In € thousands	2022/2023	2021/2022
Audit & Assurance	300,588	277,770
Tax & Legal	263,511	238,689
Consulting	466,929	446,394
Risk Advisory	195,367	170,519
Financial Advisory	132,653	135,121
Support/Other	447	1,094
	1,359,495	1,269,587

Revenue is mainly realised in the Netherlands.

Remaining performance obligations

As at the year end date, there are contracts with customers where the Group has unsatisfied or partially unsatisfied performance obligations.

The majority of services performed by the Group are in respect of contracts with an expected duration of 1 year or less either because the services are expected to be provided within a 12 month period or because the customer and/or Deloitte has the right to terminate the contract without substantive penalty upon the delivery of written notice. For amounts arising from such contracts the Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about the remaining performance obligations. Contracts with a duration of more than one year does not exceed 0.5% of total revenues. This also applies to contracts where the amount recognised as revenue is based on the amount which the Group has the right to invoice.

2.3 Other operating income

The other operating income relates to income not comprising services to clients.

In € thousands	2022/2023	2021/2022
ICT hosting for external parties	978	1,176
Book results of disposed assets	23	58
	1,001	1,234

2.4 Costs of subcontracted work and other external costs

These are services and expenses directly attributable to engagements.

2.5 Personnel Expenses

Accounting policies

Retirement benefit costs and termination benefits

The Group has a defined contribution plan for all employees. Contributions payable to the pension plan administrator are recognised as an expense in the profit and loss account. Contributions payable or prepaid contributions as at year-end are recognised under current liabilities and accruals, and receivables and prepayments, respectively.

Short term and other long term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service. Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Personnel Expenses

In € thousands	2022/2023	2021/2022
Salaries ¹	498,633	468,929
Social security charges	70,483	58,322
Pension costs	36,910	31,493
Staff cars	41,935	32,069
Other personnel expenses	49,239	31,078
	697,200	621,891

¹ Salaries contains €4,383 (2021/2022 €3,648) fixed compensation of the Board.

Workforce

The average number of equity partners and employees working in the Group, in FTE, and broken down by activity:

	2022/2023				2021/2022			
	Equity partners	Fee Earners	Support staff	Total	Equity partners	Fee Earners	Support staff	Total
Audit & Assurance	52	1,710	58	1,820	55	1,615	52	1,722
Tax & Legal	55	1,028	31	1,114	55	906	29	990
Consulting	85	1,994	32	2,111	74	1,707	23	1,804
Risk Advisory	35	1,072	20	1,127	32	864	16	912
Financial Advisory	36	513	3	552	35	460	2	497
Support/Other	4	6	973	983	5	3	863	871
	267	6,323	1,117	7,707	256	5,555	985	6,796

2.6 Other operating expenses

Accounting policies

Expenses are decreases in assets, or increases in liabilities, that result in decreases in equity, other than those relating to distributions to holders of equity claims.

Other operating expenses

Other operating expenses are specified as follows:

In € thousands	2022/2023	2021/2022
Accommodation costs	14,955	12,801
International member firm fees	33,122	33,707
Office and IT costs ¹	80,868	69,880
Other costs ¹	16,391	17,114
	145,336	133,502

¹ Reclassification is made between other costs and office and IT costs in the comparative period. The reason for the reclassification is to improve disclosure of technology costs in accordance of its' nature. An amount of €15,723 has been reclassified between these categories.

2.7 Cash flow generated from operating activities

in € thousands

Note 2022/2023 2021/2022

Net cash from operating activities

Profit for the year

1,295 1,713

Adjustments for:

- Taxation on result of activities	7.1	7,205	7,441
- Share of result from participating interest	4.5	(143)	0
- Financial income	5.3	(119)	(606)
- Financial expenses	5.3	11,213	11,130
- Depreciation and amortisation	4.6	11,527	14,283
- Depreciation of right-of-use assets	4.4	36,259	34,390
- Impairment of intangible fixed assets	4.6	1,136	0
- Impairment of right-of-use assets	4.6	24	0
- Amortisation of non-current assets	8.1	0	0
- Results on disposal of property, plant and equipment	2.3	(23)	(58)

Cash flows before movements in working capital

68,374 68,293

Net foreign exchange (loss)/gain		(400)	(707)
Change in management fee/compensation members of Coöperatief Deloitte U.A.	3.4	(682)	(3,245)
Change in unbilled services and advance billings	3.2	7,534	(21,855)
Change in trade receivables	3.3	(8,133)	(24,766)
Change in trade payables	3.4	(18,986)	52,815
Decrease in provision	8.2	602	(81)

Cash flow generated from operating activities

48,309 70,454

2.8 Management fee and compensation members of Coöperatief Deloitte U.A.

The profit distribution is based on the Associate Agreement Deloitte as of June 1, 2017. The Cooperative will pay the members of the Cooperative a management fee and a final compensation excluding, an amount that is not distributed in order to supplement the negative equity of the Cooperative. For 2022/2023 the amount is €1.0 million (2021/2022: €1.0 million). The Group has a financial obligation to compensate partners pursuant to their Associate Agreement with the Group during the fiscal year and such amounts are recognised as an expense and not as an appropriation of profit. During the year a management fee was paid with a targeted range of 70%-80% of the total partner remuneration. A liability will be recognised, after deducting any amount already paid as management fee for the partner remuneration. If the amount already paid exceeds the amount to be paid, an asset is be recognised to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

In € thousands	2022/2023	2021/2022
Result before management fee and taxation	164,793	201,568
Deduction of profits for compensation of negative equity	1,043	1,043
Movement legal reserve not payable to members	(136)	(204)
Adjustments not payable to members ¹	<u>388</u>	<u>874</u>
Proposed deduction of profits (Net result after taxation)	1,295	1,713
Corporate income tax	<u>7,205</u>	<u>7,441</u>
Available for distribution to members	156,293	192,414
Management fee (to be) distributed to members	142,065	174,691
Compensation available for members	<u>14,228</u>	<u>17,723</u>
	156,293	192,414
	0	0
Average number of members in fte ²	264	253
Average management fee and earnings available for distribution per member (x €1,000)	592	761

1 Adjustments mainly relates to goodwill amortisation, and these differences between management accounts and IFRS will not be paid as compensation to members.

2 Members of the Executive Board receive a fixed compensation which is not included under management fee and compensation. For the management fee and transactions with related parties reference is also made to the accounting principles for determination of the result. The Group has transactions with the members for which the nature and scope are disclosed in the notes to the consolidated financial statements. Management fee and compensation paid in the financial year amounts €168,258 (2021/2022 €202,837).

3. Working capital

3.1 Changes in working capital

In € thousands	May 31, 2023	May 31, 2022
Movement in Unbilled services and advance billings to customers	(13,095)	31,344
Movement in Trade and other receivables	8,538	3,212
Movement in Trade and other payables	26,437	(49,083)
	21,880	(14,527)

3.2 Unbilled services and advance billings to customers

Accounting policies

Unbilled services

Unbilled services (contract assets) represent revenues recognised in satisfying performance obligations where the Group's right to consideration is conditional upon something other than the passage of time, such as our performance for other performance obligations being completed in accordance with the terms of the contract, or the final revenue amount being agreed with the customer prior to amounts being billed. These amounts will become unconditional when performance obligations are completed in accordance with the terms of the contract, or when the customer has agreed to the amount of final billings. These amounts will be billed to the customer in accordance with the agreed-upon contractual terms.

Advanced billings

Advanced billings (contract liabilities) arise when payments are received from customers in advance of the Group satisfying the performance obligations under the contract. These liabilities are extinguished and revenues recognised as (or when) the Group satisfies the performance obligations, which is normally within one year after balance date.

Key accounting estimates and judgments

Unbilled services and advance billings to customers are specified as follows:

In € thousands	May 31, 2023	May 31, 2022
Net unbilled services and advance billings to customers	98,995	106,136
Advance billings to customers (contract liabilities)	40,162	46,116
Unbilled services (contract assets)	139,157	152,252

Amounts are not yet billed and measured at expected realisable value and are neither past due nor impaired. Billing in excess of project revenue earned is included in trade and other payables. Compared to last year unbilled services and advance billing increased in line with the increased revenue.

During the year ended May 31, 2023 a substantial majority of the Group's €46 million recorded progress billings as at May 31, 2022 was recognised as revenue.

3.3 Trade and other receivables

Accounting policies

Trade Receivables

Trade receivables are recognised when the right to consideration becomes unconditional and an invoice to the customer is raised. The Group's customers, including member firms in the DTTL network, are required to settle invoices on invoice presentation or on such other date as is agreed in the engagement terms for that client. The Group's standard terms state that invoices are due for settlement 30 days after the invoice date and after this date invoices are considered past due. DTTL network firm transactions are non-interest bearing. The Group applies the simplified approach to recognise lifetime expected credit losses for its trade receivables and amounts due from customer as required or permitted by IFRS 9.

Key accounting estimates and judgments

Expected credit losses

The credit period of services rendered is between 14 and 90 days. No interest is charged on trade receivables. The Group has recognised an allowance for the Expected Credit Losses (ECL), for which a simplified approach has been used based on a lifetime expected loss for non-impaired items. The concentration of credit risk is limited to the fact that the customer base is large and unrelated. Given the current developments in the Russia-Ukraine War and impact thereof, the risk of default has slightly increased. For trade receivables we have limited relevant historical data and experience reflecting sufficiently the current conditions on which to base the estimate in the ECL matrix. Uncertain is what the duration of the negative consequences will be. To date, we have experienced a limited effect of the for trade receivables collections. Our existing collection policies enable us to closely monitor developments in our receivables. The billing and subsequent collection are still meeting our targets. We see no noteworthy developments in delayed payments or changes in credit limits. We have not added one or more additional scenarios to the existing scenarios. See note 5.4.1 on how the Group manages its credit risks.

Trade and other receivables

In € thousands	May 31, 2023	May 31, 2022
Accounts receivable	242,751	235,965
Taxes and social security contributions	271	0
Other receivables, prepayments and accrued income	10,937	9,456
	253,959	245,421

Accounts receivable

Accounts receivable are generally payable between 14 and 90 days. The balance is shown net of allowance for doubtful debts:

In € thousands	May 31, 2023	May 31, 2022
Accounts receivable – gross	247,680	241,062
Allowance for doubtful debts	(4,929)	(5,097)
	242,751	235,965

The credit period of services rendered is between 14 and 90 days. No interest is charged on trade receivables. The Group has recognised an allowance for the Expected Credit Losses (ECL), for which a simplified approach has been used based on a lifetime expected loss for non-impaired items. The concentration of credit risk is limited to the fact that the customer base is large and unrelated.

The maximum exposure to credit risk of trade receivables and unbilled services at the reporting date is the carrying value thereof.

The movement in the allowance for doubtful debts during the reporting period is as follows:

In € thousands	2022/2023	2021/2022
Balance at the beginning of the year	5,097	3,167
Exchange rate differences	(20)	17
Amounts written-off during the year as uncollectible	(204)	(171)
Amounts recovered during the year	18	8
Movement in provision	38	2,076
	4,929	5,097

Ageing of past due and impaired accounts receivable as of the reporting date is as follows:

In € thousands	May 31, 2023		May 31, 2022	
	Gross receivable	Provision ¹	Gross receivable	Provision
Not past due	196,205	(205)	189,671	(740)
< 30 days	24,016	(255)	26,325	(551)
30-90 days	16,699	(439)	13,452	(462)
90-180 days	5,340	(1,044)	5,845	(454)
180-365 days	3,181	(1,086)	3,674	(1,574)
> 365 days	2,239	(1,900)	2,095	(1,316)
	247,680	(4,929)	241,062	(5,097)

¹ Gross carrying amount includes individually credit impaired receivables of approximately €1.9 million which were excluded from the ECL rate calculation.

All of the above impairment losses relate to receivables arising from contracts with customers.

3.4 Trade and other payables

The specification of the trade and other payables is as follows:

In € thousands	May 31, 2023	May 31, 2022
Salaries and other personnel costs	73,187	109,983
Taxes and social security contributions	73,015	60,378
Trade payables	61,561	44,155
Management fees payable to members	43,394	46,042
Advance billings to customers	40,162	46,116
Pension liabilities	37	4
Other liabilities and accruals	25,845	36,960
	317,201	343,638

4. Investments

4.1 Acquisitions and business combinations

Accounting policies

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that represent ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS. When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Acquisitions during the year

During the year 2022/2023 the group has acquired one businesses that qualify as a business as defined in IFRS 3. The business combination is immaterial for the group. The acquisition is related to risk advisory activities.

Acquisition related costs were expensed in the current year. Assets and liabilities acquired have been recognised at fair value as at the acquisition date. The fair values matched the book values, and no additional intangibles were recognised.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

In € thousands

Non-current assets	
Property, plant and equipment	44
Intangible assets	0
Current assets	
Trade and other receivables	721
Cash and cash equivalents	688
Current liabilities	
Trade and other payables	0
Other current liabilities	(587)
Total identifiable assets acquired and liabilities assumed	866
Goodwill	2,009
Total consideration	2,875

Satisfied by:

In € thousands

Cash	2,375
Contingent consideration arrangement	500
Total consideration	2,875

Net cash outflow arising on acquisition:

In € thousands

Cash consideration	2,375
Less: cash and cash equivalent balances acquired	(688)
Total consideration transferred	1,687

The acquisition agreements include contingent payments focussed on the retention of the sellers and key personnel. These payments are employee benefits and are not part of the consideration. These are recognised over time. The expenditure of this consideration will be incurred the next two fiscal years. The undiscounted amount of the contingent payment is estimated to be €1.0 million.

Of the goodwill total €2 million is not deductible for income tax purposes as these are related to share based acquisitions.

The acquired businesses were integrated directly after the acquisition date into existing business activities, hence no separate revenues and results attributable to the Group are recorded. If the acquisitions had been completed on the first day of the financial year, The additional group revenues for the year would have been an estimated €2.0 million and the additional group profit would have been €0.4 million before partner remunerations.

4.2 Intangible assets

Accounting policies

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Movement in intangible fixed assets

in € thousands	Goodwill	Other intangible assets	Assets under construction	Total
Cost	9,045	11,348	0	20,393
Accumulated amortisation and impairments	(387)	(1,086)	0	(1,473)
At June 1, 2021	8,658	10,262	0	18,920
Reclassification cost ²	0	(7,848)	0	(7,848)
Reclassification accumulated amortisation ²	0	366	0	366
Additions to business acquisitions	0	122	0	122
Additions	3,503	0	0	3,503
Fully depreciated	0	0	0	0
Accumulated amortisation fully depreciated	0	0	0	0
Amortisation	0	(1,000)	0	(1,000)
Impairment	0	0	0	0
Movement 2021/2022	3,503	(8,360)	0	(4,857)
Cost	12,548	3,622	0	16,170
Accumulated amortisation and impairments	(387)	(1,720)	0	(2,107)
At May 31, 2022	12,161	1,902	0	14,063
Additions to business acquisitions	2,010	0	0	2,010
Additions ¹	0	19	0	19
Fully depreciated	0	(3,501)	0	(3,501)
Accumulated amortisation fully depreciated	0	3,501	0	3,501
Amortisation	0	(709)	0	(709)
Impairment	0	(1,136)	0	(1,136)
Movement 2022/2023	2,010	(1,826)	0	184
Cost	14,558	140	0	14,698
Accumulated amortisation and impairments	(387)	(64)	0	(451)
Book value as of May 31, 2023	14,171	76	0	14,247

¹ Addition consists of investment related to acquisitions during the year.

² Relates to the change in Accounting policy in prior year related to arrangements in respect of a specific part of cloud technology, Software-as-a-Service (SaaS)

See note 4.7 impairments for the cash-generating-unit breakdown.

4.3 Property, plant and equipment

Accounting policies

Property, plant and equipment is valued at acquisition cost or production cost, less accumulated depreciation and, where applicable, impairment losses.

Fixed assets under construction are valued at production cost. Production cost comprises licensing costs, direct labour costs, expenditure on services from third parties and the attributable share of other operating costs. The present value of estimated future dismantling cost related to the contractual obligation to restore leased office buildings is recorded as part of the Right-of-Use assets and depreciated in a straight line over the term of the lease, with recognition of the liability as a provision.

Movements in property, plant and equipment

in € thousands	Leasehold improvements	Fixtures and fittings	Computer equipment	Assets under construction	Total
Cost	69,604	26,575	44,932	2,897	144,008
Accumulated depreciation	(40,846)	(17,001)	(32,265)	0	(90,112)
At June 1, 2021	28,758	9,574	12,667	2,897	53,896
Additions to business acquisitions	0	0	0	0	0
Exchange differences	8	5	0	0	13
Additions ¹	356	250	7,224	(291)	7,539
Disposals ²	0	(9)	(2,271)	0	(2,280)
Accumulated depreciation on disposals	0	7	1,768	0	1,775
Depreciation	(4,394)	(1,845)	(7,044)	0	(13,283)
Movement 2021/2022	(4,030)	(1,592)	(323)	(291)	(6,236)
Cost	69,980	26,826	49,885	2,606	149,297
Accumulated depreciation	(45,252)	(18,844)	(37,541)	0	(101,637)
At May 31, 2022	24,728	7,982	12,344	2,606	47,660
Exchange differences	0	0	0	0	0
Additions ¹	9,251	2,514	4,373	(1,730)	14,408
Disposals ²	(14,169)	(10,490)	(4,726)	0	(29,385)
Accumulated depreciation on disposals	14,169	10,490	4,414	0	29,073
Depreciation	(4,208)	(1,565)	(5,045)	0	(10,818)
Movement 2022/2023	5,043	949	(984)	(1,730)	3,278
Cost	65,062	18,850	49,532	876	134,320
Accumulated depreciation	(35,291)	(9,919)	(38,172)	0	(83,382)
Book value as of May 31, 2023	29,771	8,931	11,360	876	50,938

1 Of the additions €569 (2021/2022: €569)) is related to the movement in investments in property, plant and equipment not paid as per May 31.

2 The book value of the disposals together with the book results (see note 2.3) forms the gain of the disposals mentioned in the cash flow statement.

The Group has beneficial ownership of the leasehold improvements, fixtures and fittings but not legal ownership, Other fixed assets mainly relate to hardware and software.

4.4 Right-of-use assets and lease liabilities

Accounting policies

Leasing

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss. Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the profit or loss (see note 8).

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as lessor

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

Movement in right-of-use assets and lease liabilities

in € thousands	Buildings	Vehicles	Total	Liabilities
Cost	166,527	67,137	233,664	
Accumulated depreciation	(35,926)	(28,241)	(64,167)	
At June 1, 2021	130,601	38,896	169,497	155,266
Additions	8,086	16,100	24,186	23,954
Remeasurements	(2,856)	1,176	(1,680)	(1,813)
Decrease of scope	(586)	(172)	(758)	(797)
Disposals	(4,331)	(5,767)	(10,098)	0
Accumulated depreciation on disposals	4,330	5,768	10,098	0
Depreciation	(18,621)	(15,769)	(34,390)	0
Unwinding interest	0	0	0	2,214
Payments	0	0	0	(35,815)
Payments in the following year	0	0	0	(3,272)
Movement 2021/2022	(13,978)	1,336	(12,642)	(15,529)
Cost	166,840	78,474	245,314	
Accumulated depreciation	(50,217)	(38,242)	(88,459)	
At May 31, 2022	116,623	40,232	156,855	139,737
Additions	431	23,084	23,515	23,515
Remeasurements	8,854	1,735	10,589	10,589
Decrease of scope	0	(323)	(323)	(281)
Disposals	(518)	(9,302)	(9,820)	0
Accumulated depreciation on disposals	518	9,302	9,820	0
Depreciation	(19,368)	(16,891)	(36,259)	0
Impairment	0	(24)	(24)	0
Unwinding interest	0	0	0	2,363
Payments	0	0	0	(41,137)
Movement payments in the following year	0	0	0	(4,533)
Movement 2022/2023	(10,083)	7,581	(2,502)	(9,484)
Cost	175,607	93,668	269,275	
Accumulated depreciation	(69,067)	(45,855)	(114,922)	
Book value as of May 31, 2023	106,540	47,813	154,353	130,253

The weighted average incremental borrowing rate (IBR) applied to the lease liabilities was 1.63% (2021/2022: 1.24%).

Maturity profile

The remaining weighted average lease term was 5.3 years (2021/2022: 6.1 years). The undiscounted value of lease commitments amounts to €173 million (2021/2022: €177 million). The maturity is as shown below.

In € thousands	May 31, 2023	May 31, 2022
0-1 year	41,716	37,751
1-2 year	37,672	35,000
2-3 year	32,235	29,268
3-4 year	26,410	24,445
4-5 year	17,815	19,732
> 5 year	23,894	38,474
	179,742	184,670

For the off balance commitment for separate non-lease components please see note 8.3.

Lease-related amounts recognised income and expenses

In € thousands	2022/2023	2021/2022
Depreciation cost on right-of-use assets (included in Depreciation)	36,259	34,390
Interest cost on lease liabilities (included in Financial expenses)	2,404	2,042
Cost relating to variable lease payments not included in the measurement of the lease liability (included in Other costs)	665	519
Income from sub-leasing right-of-use assets (included in Accommodation costs)	(3,635)	(3,143)
	35,693	33,808

4.5 Investments

Accounting policies

Investments

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture.

Other long-term investments are financial assets not held to sell in the short term and measured at fair value through OCI.

Movement of the investments

In € thousands	2022/2023	2021/2022
Book value as of June 1	2,179	2,054
Movements:		
Additions	1,125	493
Repayments	0	0
Result	143	0
Deemed distribution to Deloitte NSE LLP	(945)	(368)
Decrease in fair value during the year	(471)	0
Book value as of May 31	2,031	2,179

Related to the non-voting redeemable shares in Deloitte NSE Investments Limited ("DNSEI"), an NSE group entity the Group made additional contributions. The additional amount subscribed was €1,114. For the purposes of these financial statements, an amount of €945 was accounted for as a deemed distribution to Deloitte NSE LLP. The fair value of the current year's capital contribution relating to this equity instrument is €169. The fair value of the previous capital contributions relating to this equity instrument is decreased by €471 this year and is accounted for as movement other comprehensive income.

The composition of the participating assets is as follows:

In € thousands	May 31, 2023	May 31, 2022
Joint Venture:		
Africa Talent by Deloitte (pty) Ltd, South Africa (50%)	143	0
Other investments:		
Nautilus Indemnity Holdings Ltd, Bermuda (11.3%)	354	354
Deloitte European Support Services Ltd, England (5%)	20	20
EMEA Holdings S.a.r.l., Luxembourg (6.67%)	581	570
Deloitte NSE Investments Ltd, England (0%, non-voting shares)	878	1,180
Deloitte CIS Limited (11.8%) ¹	5	5
A-Technologies Holdings Limited, England (0.43%)	50	50
Deloitte University EMEA BVBA, Belgium (0.3%)	0	0
	2,031	2,179

¹ Via a 29.41% participating interest in IHC Interposed Holding Company 1 SAS, established in France. This is a related party.

Africa Talent by Deloitte (pty) Ltd (50%) is a joint venture with Deloitte South Africa. The entity is established January 12, 2022. This entity is in its start-up phase. No capital has been paid as of May 31, 2023. An amount of €143 was recognised as result 2022/2023.

All minority interests are valued at fair value through other comprehensive income. In respect of the equity investment made in Deloitte NSE Investments Limited, a discounted cash flow valuation methodology was used to derive the fair value. This was based on an expected return of capital from the underlying project that NSE has invested in at an estimated future point in time. Consequently, this fair value measurement is a Level 3 within the fair value hierarchy as set out in IFRS 13.

4.6 Amortisation of intangible assets and depreciation of property, plant and equipment

Accounting policies

Amortisation of intangible assets

For intangible assets acquired separately and acquired in a business combination amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Category	Years
Goodwill	Not amortised
Other intangible assets	3 – 5
Other intangible assets with a infinite lifetime	Not amortised
Intangibles under construction	Not amortised (yet)

Depreciation

Depreciation is based on the estimated useful life of the asset and calculated using the straight-line method based on the cost, taking account of any residual value. The assets starts to depreciate from the date the assets are ready for their intended use.

Category	Years
Leasehold, improvements	5-15
Fixtures and fittings	5-15
Computer equipment	2-15
Assets under construction	Not depreciated (yet)

In € thousands	2022/2023	2021/2022
Intangibles assets amortisation:		
Amortisation	709	1,000
Impairment	1,136	0
Property, plant and equipment - owned assets:		
Depreciation	10,818	13,283
Property, plant and equipment - right of use assets:		
Depreciation	36,259	34,390
Impairment	24	0
	48,946	48,673
Amortisation of intangible assets and depreciation of property, plant and equipment	47,786	48,673
Impairments of intangible assets and property, plant and equipment	1,160	0
	48,946	48,673

4.7 Impairment tests and impairments

Accounting policies

Goodwill

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Key accounting estimates and judgements

Goodwill

The recoverable amounts of these cash-generating units are determined based on value in use calculations which use the most recent historical cash flows and weighed average cost of capital of the Group as a basis. The cash generating units are relatively large compared to the allocated goodwill. The indefinite growth rate applied is -10.0% (2021/2022 -10.0%). We estimated the recoverable amounts by applying a discount rate of 20% (2021/2022 20%). As a result of analysis, the Executive Board recognised no impairments as of May 31, 2023 (May 31, 2022 €0). We have also performed a sensitivity analysis. The Executive Board assessed that no reasonably possible change in any of the above basis assumptions would cause the carrying values of the units to exceed their recoverable amounts.

Goodwill

Goodwill has been allocated for impairment testing purposes to the following cash-generating units:

In € thousands	May 31, 2023	May 31, 2022
Audit & Assurance - Audit Services	937	937
Tax & Legal - Business Tax	937	937
Consulting - Customer & Marketing	3,281	3,281
Consulting - Human Capital	2,609	2,609
Consulting - Enterprise Technology & Performance	1,522	1,522
Risk Advisory - Financial Risk	2,010	0
Risk Advisory - Regulatory Risk	2,875	2,875
	14,171	12,161

No impairments of goodwill were recognised in 2021/2022 (2020/2021: €0).

Other intangible assets

Other intangible assets has been allocated for impairment testing purposes to the following cash generating units:

In € thousands	May 31, 2023	May 31, 2022
Risk Advisory - Regulatory Risk (customer relations and trademark)	0	1,587
Consulting - Customer & Marketing	57	98
Financial Advisory - Corporate Finance Advisory	0	0
	57	1,685
Risk Advisory - capitalised development costs software client related	0	136
Support - development software for internal use (ERP software)	0	81
Other	19	0
	76	1,902

An impairment of other intangible assets was recognised in 2022/2023 of €1,136 (2021/2022: €0).

5. Capital management and financial risk management

The members A of Coöperatief Deloitte U.A. are private companies owned by holding companies of each individual partner. Under the Associate Agreement each member of Coöperatief Deloitte U.A. has placed (the workforce of) each partner at the disposal of Deloitte Holding B.V. and its Group companies in which the relevant professional activities for that partner are performed. Based on the Associate Agreement a management fee, a percentage of the expected consolidated net amount of operational and financial income and expenses of Deloitte Holding B.V., is paid to the members of Coöperatief Deloitte U.A. through Stichting Financiering Deloitte. The Executive Board determines the level of the advance payment on the management fee at the beginning of the financial year. The level of this advance payment can be adjusted during the financial year by the Executive Board. After the financial year, the final level of the management fee and the profit share that will be paid by Coöperatief Deloitte U.A. to its Members A is determined.

In addition to the members' capital, members of Coöperatief Deloitte U.A. (and the previous shareholders of Deloitte Holding B.V.) provided subordinated loans to Stichting Financiering Deloitte. Deloitte has implemented certain claw-back and recovery mechanisms. For certain profit-sharing auditors the subordinated loans can be continued after the end of the Associate Agreement for the maximum of 6 years. In case of a claw-back sanction such sanction is set of against the remaining subordinated loan.

Payments of management fees by virtue of the Associate Agreement and other payments (with exception of distribution of profits) to members take place through Stichting Financiering Deloitte. Stichting Financiering Deloitte was established by the (former-) Deloitte partners, members of Coöperatief Deloitte U.A. as an entity to protect the interests of the members collectively from a financing perspective should a calamity arise that could affect the members. Stichting Financiering Deloitte provides a subordinated loan to Coöperatief Deloitte U.A. The amount of this subordinated loan is ultimately equal to that of the subordinated loans provided by the individual members A of Coöperatief Deloitte U.A. to Stichting Financiering Deloitte. This loan is subordinated to all creditors and lender banks. Coöperatief Deloitte U.A. as shareholder of Deloitte Holding B.V. contributed €7 million (May 31, 2022: €7 million) into Deloitte Holding B.V. via an additional capital contribution, and a subordinated loan. These transactions between above entities are all non-cash transactions and settled in current account.

Stichting Financiering Deloitte was established by the (former-) Deloitte partners, members of Coöperatief Deloitte U.A. as an entity to protect the interests of the members collectively from a financing perspective should a calamity arise that could affect the members. The control over Stichting Financiering Deloitte lies with the members who amongst others have the right at all times to elect and dismiss the board members B and C of the Stichting Financiering Deloitte. Consequently, Stichting Financiering Deloitte is not controlled by the Group and therefore is not included in these consolidated financial statements.

The Group is not subject to any externally imposed capital requirements. Covenants are applied with regards to the bank loans, see note Bank loans.

5.1 Membership capital

Accounting policies

Upon termination of the membership of an equity partner, the Cooperative must redeem the balance of the membership capital within one month. The membership capital does not meet the conditions of IAS 32 paragraphs 16A and B. There is a contractual obligation of the Cooperative to redeem the balance of the membership capital. The membership capital includes a contractual obligation to deliver cash (management fee) to the members. And the membership capital cannot be considered the most subordinate class of issued financial instruments of the Group. Hence these membership capitals are puttable financial instruments which meet the definition of a financial liability.

The Group derecognises liabilities related to membership capital when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount and the consideration paid and payable is recognised in profit or loss.

Membership capital

Members who enter into an Associate Agreement with the Group are required to deposit a membership fee of € 25 per member. The membership fee will be repaid after ending the membership of the company.

In € thousands	May 31, 2023	May 31, 2022
Non-current liability	6,475	6,200
Current liability	325	225
	6,800	6,425

A summary of the movements in membership capital is presented below:

In € thousands	Total number of Members	Total members capital
Balance as of June 1, 2022		6,200
Repayments falling due within one year		225
Membership capital as of June 1, 2022	257	6,425
New memberships during the financial year	28	700
Retired memberships during the financial year	(13)	(325)
Membership capital as of May 31, 2023	272	6,800
Repayments falling due within one year		(325)
Balance as of May 31, 2023		6,475

5.2 Interest bearing loans and borrowings

Accounting policies

Loans and borrowings comprises the majority of financial liabilities of the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Loans and borrowings are derecognised when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount derecognised and the consideration paid and payable is recognised in profit or loss.

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value.

In € thousands	May 31, 2023	May 31, 2022
Non-current liabilities		
Subordinated loan Stichting Financiering Deloitte	127,501	121,831
Non-subordinated loan Stichting Financiering Deloitte	4,451	3,125
Total	131,952	124,956
Current-liabilities		
Subordinated loan Stichting Financiering Deloitte	6,120	4,104
Non-subordinated loan Stichting Financiering Deloitte	388	231
Total	6,508	4,335
Total Interest bearing loans and borrowings	138,460	129,291

The movements during the year of liabilities arising from finance activities are as follows:

In € thousands	Subordinated loans Stichting Financiering Deloitte	Non-subordinated loans Stichting Financiering Deloitte	Bank loans	Total
Balance June 1, 2022	125,935	3,356	0	129,291
Additional borrowing	13,300	1,756	0	15,056
Repayments	(5,614)	(273)	0	(5,887)
Repayments in the following year	(6,120)	(388)	0	(6,508)
Balance as of May 31, 2023	127,501	4,451	0	131,952

In € thousands	Subordinated loans Stichting Financiering Deloitte	Non-subordinated loans Stichting Financiering Deloitte	Bank loans	Total
Balance June 1, 2021	124,420	458	21,507	146,385
Additional borrowing	12,350	2,898	0	15,248
Repayments	(10,835)	0	(21,532)	(32,367)
Repayments in the following year	(4,104)	(231)	0	(4,335)
Other non-cash changes	0	0	25	25
Balance as of May 31, 2022	121,831	3,125	0	124,956

Subordinated loan Stichting Financiering Deloitte

Members who enter into an Associate Agreement with the Group are obliged to provide a subordinated loan to Stichting Financiering Deloitte. Up to including fiscal year 2022/2023 the amount of the subordinated loan was €475 thousand per member A. As of June 1, 2023 a differentiated subordinated loan requirement applies ranging from €575 thousand to €825 thousand per member A. This will be implemented in stages, with the last additional payment to be made before October 31, 2024. This will increase the loans that have been provided by the members A with €50 million.

In turn the foundation provides a subordinated loan for the same amount and under the same conditions to Coöperatief Deloitte U.A. On its turn Coöperatief Deloitte U.A. provides a subordinated loan for the same amount less share premium of €7 million (May 31, 2022: €7 million) and under the same conditions to Deloitte Holding B.V. The subordination relates to all third party creditors and banks. The loans are subordinated to all existing and future liabilities of the Group and, together with the Group equity, make up the capital base of the Group.

The interest paid is equal to a 3-month Euribor plus 4% with a minimum of 4% and a maximum of 8%. The loans are repaid at the termination of the Associate Agreement. The maturity date of these loans depends on joining and leaving of members and therefore cannot be expressed in years.

Non-subordinated loan Stichting Financiering Deloitte

In 2022/2023 part of the calculated Claw-Back Reserves of active partners exceeds the amount of the provided subordinated loan. These partners provided a non-subordinated loan to Stichting Financiering Deloitte for the amount above the subordinated loan. In turn the foundation provides a non-subordinated loan for the same amount and under the same conditions to Coöperatief Deloitte U.A. On its turn Coöperatief Deloitte U.A. provides a non-subordinated loan for the same amount and under the same conditions to Deloitte Holding B.V. The interest paid is equal to a 3-month Euribor plus 4% with a minimum of 4% and a maximum of 8%. At the termination of the Associate Agreements these loans will be repaid within a six year term.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks. Cash is at free disposal of the Group.

The Group did have no bank overdrafts as per May 31, 2023 (May 31, 2022: €0).

In € thousands	May 31, 2023	May 31, 2022
Cash and bank	7,636	23,810
	7,636	23,810

5.3 Net finance costs

The net finance cost comprises financial income and expenses, including the fair value change of derivatives at fair value through profit or loss.

Finance expenses mainly comprises interest expense calculated using the effective interest rate method, interest in respect of lease liabilities. Exchange gains and losses are respectively presented as expenses in the net finance cost.

In € thousands	2022/2023	2021/2022
Financial instruments measured at amortised cost:		
Interest income and similar income	69	24
Other:		
Market value discount provisions	50	82
Reversal of impairment on financial assets	0	500
Financial income	119	606
Financial instruments measured at amortised cost:		
Interest paid and similar costs	(8,409)	(7,207)
Interest paid on lease liabilities	(2,404)	(2,042)
Change in fair value interest rate swaps	0	(1,174)
Other:		
Exchange differences	(400)	(707)
Financial Expense	(11,213)	(11,130)
Net finance costs	(11,094)	(10,524)

5.4 Financial Risk management

The financial instruments shown on the balance sheet mainly regard financial fixed assets, receivables, cash, subordinated long-term and current liabilities and amounts owed to suppliers and trade credits. These financial instruments give rise to credit, liquidity, interest rate and foreign currency risks.

5.4.1 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risks arises primarily from trade and unbilled receivables and other financial assets such as cash and deposits with banks and financial institutions. The Group's maximum exposure to credit risk is the carrying value presented in the statement of financial position. The risk of non-collectability is mainly restricted by the multitude and diversity of parties owing to the Group.

The ageing of trade receivables and provisions for impairment are included in note 3.3. Impairment risks of trade receivables are assessed on an individual basis and provisions are set-up accordingly. Given the current Russia-Ukraine War developments, the risk of default is expected to have slightly increased. Unbilled receivables are typically billed within a month after arising and invoices are generally payable between 14 and 90 days after presentation. For accounts receivable we have provided for expected credit losses based on the information at hand, including forward looking information. In order to mitigate the risk of credit losses in receivables we are monitoring developments in our accounts receivable positions. In case of an expected increased collection risk, a client specific provision is recognised. Currently we have not seen a noteworthy delay in allowed payment terms.

The Group has no agreements that in the case of default the Group is only required to pay or receive the net amount of the various contracts that are owed to and due from the counterparty. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies.

5.4.2 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its financial liabilities as they fall due. Liquidity risks arises from the ongoing financial obligations of the Group, including settlement of financial liabilities such as trade and other payables, as well as bank loans and subordinated loans of members. The Group's liquidity management policy is to ensure as far as possible that there are sufficient liquid funds available to be able to meet its liabilities when due without incurring unacceptable losses or damaging its reputation.

Credit facilities

Deloitte Holding B.V.

Deloitte Holding B.V. has a credit agreement with ING Bank and Rabobank. In the latest amendment (May 30, 2022) the additional commitments were increased from €50 million to €80 million. The facility enables the Group to respond to the negative effects of adverse economic conditions, but also opportunities and to invest in new plans and ventures based on the strategy of the Group. The facility includes current account facilities and is partly used to provide guarantees. As a security for the amounts owed to credit institutions, the current account facility and the bank loans various covenants have been agreed regarding the balance sheet and the result.

In € thousands	May 31, 2023		May 31, 2022	
	Total facility	Used ¹	Total facility	Used
Revolving Facility A (termination date May 30, 2027)	105,000	5,000	105,000	7,041
Accordion Increase Revolving Facility A (termination date May 30, 2027)	80,000	0	80,000	0
Total Facilities Deloitte Holding B.V.	185,000	5,000	185,000	7,041

¹ €5 million is reserved for guarantees of which €4,291 is used.

Financial Covenants and securities

Deloitte Holding B.V.

For the credit facilities and loans provided by ING Bank and Rabobank covenants are agreed and in place.

The securities consist of the joint and several liability of Coöperatief Deloitte U.A., Deloitte Holding B.V., Deloitte Accountants B.V., Deloitte Belastingadviseurs B.V., Deloitte Consultancy Holding B.V., Deloitte Consulting B.V., Deloitte Financial Advisory B.V., Deloitte Group Support Center B.V., Deloitte Forensic & Dispute Services B.V., Deloitte Risk Advisory B.V., Deloitte Benefits & Pension Advisory B.V., Deloitte Legal B.V. and Deloitte Accountancy & Advies B.V.

Based on the agreement as of May 30, 2022 the Group will ensure that the following financial and non-financial ratios are met:

- The tangible Net Worth shall exceed €10,000 in the first three Quarters of each Financial Year and shall exceed €25,000 in the last Quarter of each of Financial Year.
- The Quarterly measured leverage basis of Total Net Debt on each Quarter Date and rolling 12 Months EBITDA shall be lower than 2 to 1 at all times.
- In case the additional facility is called, additional covenant requirements will apply including a minimum liquidity position of €13,000.

- Based on the achievement of agreed Sustainability KPI targets (base year 2019) the interest margin will be either reduced (maximum 5 basis points) or increased (maximum 5 basis points).
 - Reducing absolute Scope 1 and 2 Greenhouse Gas (GHG) emissions 70% by 2030 from a 2019 base year
 - Reducing Scope 3 GHG emissions from business travel 50% per FTE by 2030
 - Sourcing 100% renewable energy for Deloitte's buildings

1 "Tangible Net Worth" means the sum of all paid-up capital, free reserves and Subordinated Debt of the Group, less all intangible assets.

As of May 31, 2023 the Group is in compliance with the covenants in the credit agreements.

Maturity analyses

The following tables detail the Group's remaining contractual maturity for its financial and tax liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

In € thousands	< 1 year	to 2 years	2 to 5 years	>5 years	Total
May 31, 2023					
Non-interest bearing	171,951	575	1,725	2,875	177,126
Variable interest rate instruments ¹	18,146	22,543	61,504	80,135	182,328
Lease liabilities	41,716	37,627	76,460	23,894	179,697
	231,813	60,745	139,689	106,904	539,151
Taxes	73,015	0	0	0	73,015
Total	304,828	60,745	139,689	106,904	612,166

In € thousands	< 1 year	to 2 years	2 to 5 years	>5 years	Total
May 31, 2022					
Non-interest bearing	205,437	575	1,725	2,875	210,612
Variable interest rate instruments ¹	10,226	16,799	47,537	66,594	141,156
Lease liabilities	37,751	35,000	73,445	38,474	184,670
	253,414	52,374	122,707	107,943	536,438
Taxes	60,378	0	0	0	60,378
Total	313,792	52,374	122,707	107,943	596,816

1 It is assumed that there is a repayment of subordinated loans of €11 million per annum.

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

5.4.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risks mainly relate to:

- Short-term debit and credit facilities carrying variable Euribor based interest with a surcharge;
- Subordinated loans, carrying variable Euribor-based interest with a surcharge capped at a minimum of 4% and a maximum of 8% for the compulsory subordinated loans;

A reasonable change in the interest rate would have an immaterial impact on pre-tax profits and equity of the Group.

5.4.4 Foreign currency risk

Foreign currency risks, mainly dollar risks, arising from future operational cash flows and financing activities in foreign currencies may be hedged by means of forward exchange contracts if considered necessary. No hedging activities took place in the year under review. A reasonable change in the exchange rates would have an immaterial impact on pre-tax profits and equity of the Group.

5.4.5 Fair value measurements

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The Group has participating interest. Participating interests are measured at fair value. This value is equal to or approximately the cost of the investment, except for the investment in Deloitte NSE Investments Limited (refer to note 6.2).

6. Governance and related parties

6.1 Key management remuneration

The members of the Executive Board and the Supervisory Board are the key management of the Group. The remuneration of members of the Executive Board comprises a fixed compensation plus a fixed expense allowance, and a long term bonus. As of June 1, 2017 the members of the Executive Board receive a fixed annual compensation plus fixed expense allowance. For the NSE business all Executive Board members have been involved and contributed in their respective capacity to various management work streams for NSE.

Total remuneration of the members of the Executive Board in the year under review was as follows:

in € thousands	Short-term benefits	Other long term benefits	2022/2023	Short-term benefits	Other long term benefits	2021/2022
W.F.J. Honig	1,301	241	1,542	1,222	90	1,312
O. Snijders (till May 31, 2023)	1,007	241	1,248	926	90	1,016
E. Mol (till May 31, 2023)	1,008	241	1,249	926	90	1,016
Total	3,316	723	4,039	3,074	270	3,344
Number of members of the Executive Board in FTE's			3			3

Dagmar Enklaar and Rob Bergmans joined the Executive Board as of June 1. Dagmar Enklaar succeeded Oscar Snijders in the role of Chief Operating Officer (COO), and Rob Bergmans took over the role of Liesbeth Mol as Chief People & Quality Officer (CPQO).

The members of the Supervisory Board were remunerated only short-term benefits as follows:

in € thousands	2022/2023	2021/2022
H. van der Noordaa	108	108
V.G. Moolenaar	79	84
E.C. Meijer	74	83
S.E. Verhart (as of October 18, 2021)	71	53
D.J. Larnder (as of October 18, 2021)	74	46
J.P. Rijdsdijk (until September 6, 2021)	0	20
F. Eelkman Rooda (until September 6, 2021)	0	20
Total	406	414
Number of members of the Supervisory Board per May 31	5	5

6.2 Related party transactions

Trading transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. All transactions were made on terms equivalent to those that prevail in arm's length. Please refer to notes 1, 3.4, 4 and 5 for details on transactions of the Group and the Group's shareholder. We also refer to note 1 regarding international relationships of Deloitte Holding B.V.

	Provision of services to related parties 2022/2023	Purchases of services from related parties 2022/2023	Amounts due from related parties 2022/2023	Amounts due to related parties 2022/2023
Deloitte NSE LLP group subsidiaries	82,491	52,643	15,678	7,888
Deloitte NSE LLP group associates	30,842	89,309	8,512	5,857
	113,333	141,952	24,190	13,745

	Provision of services to related parties 2021/2022	Purchases of services from related parties 2021/2022	Amounts due from related parties 2021/2022	Amounts due to related parties 2021/2022
Deloitte NSE LLP group subsidiaries	83,937	50,026	20,036	5,471
Deloitte NSE LLP group associates	22,875	72,928	3,955	4,392
	106,812	122,954	23,991	9,863

Deloitte NSE Investments Limited ("DNSEI")

The Group subscribed to different classes of non-voting redeemable shares in Deloitte NSE Investments Limited ("DNSEI"), an NSE group entity set up to hold NSE group investments in strategic projects. The total amount subscribed was €6,138 (2022: €5,024). For the purposes of these financial statements, an amount of €5,260 (2022: €3,844) is accounted for as a deemed distribution and movement in net fair value on investments in equity instruments classified as at fair value through OCI to Deloitte NSE LLP. The remaining amount of €878 (2022: €1,180) is the fair value of this equity investment. See note 4.5 Investments

6.3 Fees paid to the independent auditor

The independent auditor's fee included in the office costs can be specified as follows:

In € thousands	2022/2023	2021/2022
Audit of the financial statements	474	374
Other audits	128	55
Tax advisory services	0	0
Other non-audit services	0	0
	602	429

The independent auditor's fee is based on the agreed upon fees for the audit and other engagements for the year under review and any additional fees for out of scope work regarding the prior year.

7. Income and deferred taxes

7.1 Income taxes

Accounting policies

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before taxation' as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill. Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Income tax recognised in profit or loss

In € thousands	2022/2023	2021/2022
Current tax		
In respect of the current year	5,368	6,421
In respect of prior year	86	51
	<u>5,454</u>	<u>6,472</u>
Deferred tax		
In respect of the current year	1,751	1,547
Net income tax related to adjustment cash flow hedge reserve	0	(578)
	<u>1,751</u>	<u>969</u>
Total income tax expense recognised in the current year	7,205	7,441

The income tax expense for the year can be reconciled to the accounting profit as follows:

In € thousands	2022/2023	2021/2022
Result before taxation	8,500	9,154
Income tax expense calculated at 25,8% (2021/2022: 25,33%)	2,193	2,319
Effect of income that is exempt from taxation	(84)	(22)
Tax losses not recognised	0	9
Effect of expenses that are not deductible in determining taxable profit ¹	5,041	5,388
Application local, nominal rates (higher/lower rates)	(31)	(31)
Effect of rate adjustment deferred taxes	0	(273)
Income tax prior year	86	51
Income tax expense recognised in profit or loss	7,205	7,441

¹ The management fee will be taxed at the member level and compensation is taxed at Group level. The Group has an agreement with the tax authorities regarding a minimum taxable amount of 7% of the membership capital of the members of Coöperatief Deloitte U.A.

Coöperatief Deloitte U.A. and its wholly-owned subsidiaries in the Netherlands form one tax group for company tax purposes. There are no losses available for set off against tax liabilities.

Current tax assets and liabilities

In € thousands	May 31, 2023	May 31, 2022
Current tax receivable	271	0
Current tax liabilities	(20)	(451)
	<u>251</u>	<u>(451)</u>

7.2 Deferred taxes

Deferred tax assets and liabilities

In € thousands	May 31, 2023	May 31, 2022
Deferred tax assets	8,078	9,490
Deferred tax liabilities	(1,519)	(1,402)
	6,559	8,088

Of the deferred tax assets €2.7 million is expected to expire next year, €4.0 million is expected to expire on regular yearly basis up and until 2025/2026. €1.0 million is expected to expire on regular yearly basis after 2025/2026. The deferred tax liabilities are expected to be carried forward indefinitely.

Movement deferred tax in the year ended May 31, 2023

In € thousands	Opening balance	Recognised in the profit or loss	Exchange differences	Closing balance
Deferred tax assets/(liabilities) in relation to:				
Goodwill and intangibles ¹	5,969	(1,873)	0	4,096
Property, plant and equipment	2,055	156	0	2,211
Provisions	(41)	(11)	0	(52)
Interest rate swap	0	0	0	0
Tax losses	105	198	1	304
	8,088	(1,530)	1	6,559

Movement deferred tax in the year ended May 31, 2022

In € thousands	Opening balance	Recognised in the profit or loss	Exchange differences	Closing balance
Deferred tax assets/(liabilities) in relation to:				
Goodwill and intangibles ¹	7,646	(1,677)	0	5,969
Property, plant and equipment	1,431	624	0	2,055
Provisions	(29)	(9)	(3)	(41)
Interest rate swap	518	(518)	0	0
Tax losses	92	0	13	105
	9,658	(1,580)	10	8,088

¹ Goodwill and intangibles relates to goodwill which is amortised and is deductible for tax purposes but not under IFRS.

Deferred tax assets not recognised in the Consolidated statement of financial position

In 2023 the amount of €609 of carryforward losses which was not been recognised as a deferred tax assets per May 31, 2022 was recognised because it is deemed probable that sufficient taxable profit will be available to utilise the deferred tax asset in time.

8. Other disclosures

8.1 Other non-current assets

Accounting policies

Software-as-a-Service (SaaS) arrangements

SaaS arrangements (service contracts) provide the Group with the right to access the cloud provider's application software over the contract period. The Group does not receive a software intangible asset at the contract commencement date. Access to the supplier's software does not, at the contract commencement date, gives the Group the power to obtain the future economic benefits flowing from the software itself and to restrict others' access to those benefits.

The configuration and customisation costs do not result in an intangible asset of the Group. Instead, the Group recognises the costs as an expense when the configuration or customisation services are received. If the Group pays the supplier before receiving those services, the prepayment is recognised as an asset. The amortisation of the prepayment is recognised as an operating expense over the term of the service contract.

Costs incurred for the development that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets.

The movement of the other non-current assets is as follows:

In € thousands	2022/2023	2021/2022
Cost price	6,174	3,571
Accumulated impairments	0	(3,193)
Book value as of June 1	6,174	378
Movements:		
Reclassification	0	5,532
Amortisation	(485)	(484)
Issued loans	0	750
Reversal of impairment / (Impairment)	0	500
Repayments	(1)	(502)
Book value as of May 31	5,688	6,174
Cost price	5,688	6,174
Accumulated impairments	0	0
Book value as of May 31	5,688	6,174

The balance can be broken down as follows:

In € thousands	2022/2023	2021/2022
Software-as-a-Service (SaaS) arrangements	4,562	5,047
Loans to associate companies	750	750
Other	376	377
Book value as of May 31	5,688	6,174

8.2 Provisions

Accounting policies

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. If the expected outflow of the obligation is within one year the provision will be recognised as current liability.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Professional liability

The provision for professional liability relates to the liabilities from claims. Claims have been submitted against the legal entities that belong to the Group. A strong defence will be mounted against these claims. The Group has professional indemnity insurance for claim coverage. If a present obligation exists for which it is probable there will be a transfer of benefits, and a reliable estimate can be made of the amount of the obligation, then a provision is recognised. Reimbursements from the professional indemnity insurance are also recognised when, and only when, it is virtually certain that reimbursement will be received when settling the obligation.

Occupational liability

The provision occupational disability relates to liabilities existing as at balance sheet date regarding own risk for continued payment of the salaries (including employer's contribution) of personnel that as at the balance sheet date are expected stay totally or partial disabled regarding the Return to Work (Partially Disabled) Regulation ("WGA") for which the Group is covering its own-risk, and regarding own-risk for the Health Law, former personnel who left disabled or were disabled within 28 days after leaving the company. A provision has been formed for the amount expected to be due in the future, and the provision includes an estimated future annual increase of the disability entitlements by 2.0% (prior year 2.0%). A discount rate is set at 3.65% (prior year 1.28%). Amounts paid concerning disabled personnel are deducted from this provision.

Dismantling cost

The present value of estimated future costs related to the contractual obligation to restore leased office buildings is recorded as an asset in property, plant and equipment until May 31, 2019 and in Right-of-Use assets since June 1, 2019 and depreciated in a straight line over the term of the lease, with recognition of the liability as a provision. Each reporting period the present value is reassessed, and changes resulting from the unwinding of the discount are recognised in financial income and expense.

Key accounting estimates and judgments

Professional liability provision

The professional liability provision is based on assumptions of, the existence of a present obligation and measurement of the expected amount to settle the claim. Furthermore an assessment is made if the estimated provision falls inside the scope of insurance policies or if the amount exceeds the maximum coverage of the insurance policies.

Movement in provisions

in € thousands	Professional liability ²	Dismantling cost ¹	Occupational disability	Total
Balance as of June 1, 2022	755	1,304	515	2,574
Additions	750	0	0	750
Charged	(720)	0	(42)	(762)
Released	(35)	(8)	(63)	(106)
Unwinding of discount and effect of changes in the discount rate	0	(37)	(13)	(50)
Balance as of May 31, 2023	750	1,259	397	2,406

in € thousands	Professional liability ²	Dismantling cost ¹	Occupational disability	Total
Balance as of June 1, 2021	26,015	1,543	743	28,301
Additions	160	59	165	384
Charged	(25,420)	(38)	(43)	(25,501)
Released	0	(198)	(330)	(528)
Unwinding of discount and effect of changes in the discount rate	0	(62)	(20)	(82)
Balance as of May 31, 2022	755	1,304	515	2,574

The breakdown of provision in current and non-current is as follows:

in € thousands	May 31, 2023			May 31, 2022		
	Current	Non-current	Total	Current	Non-current	Total
Professional liability	750	0	750	755	0	755
Dismantling costs	568	691	1,259	19	1,285	1,304
Occupational disability	149	248	397	226	289	515
Balance as of May 31	1,467	939	2,406	1,000	1,574	2,574

1 The provision for unoccupied premises and dismantling cost is related to the reduction of the office network and future dismantling cost.

2 The difference between provision and own risk is recognised as receivables from insurers.

The Group is involved in a number of disputes in the ordinary course of business which may give rise to claims. A provision for professional liability is made for all claims where costs are probable to be incurred and can be measured reliably. The Group carries professional indemnity insurance and no separate disclosure is made of the detail of claims as to do so could seriously prejudice the position of the Group. Substantially all the recognised provision for professional liability is covered by this type of insurance resulting in an impact on the results that is limited to the own risk amount per insured claim. The corresponding receivable on the insurance company is recognised separately under the other receivables. Management assesses provisions for claims and litigation on an ongoing and individual basis. The proceedings are normally long-term in nature and estimates may be revised by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. These uncertain events can have an effect on the amount and timing of the outflows of both the provision and the related insurance receivable. Variations in outcome will not have a significant net impact on the financial position of the Group given that the Group is deemed to carry sufficient professional indemnity insurance to cover negative scenario's.

8.3 Commitments and guarantees

Fiscal unity

The legal entity is part of a fiscal unity for corporate income tax and VAT purposes and for that reason it is jointly and severally liable for the tax liabilities of the fiscal unity as a whole.

Lease and rental obligations

The Group has entered into long-term rental agreements for offices, operational lease contracts for cars and copying/printing machines and facility services. The Group does not have an option to purchase the leased assets at the expiry of the lease periods. Leases are negotiated for an average term of 5 years and rentals are indexed annually. Some contracts have renewal options, these are taken into account when it is reasonably certain the Group will exercise the option to extend the term of the lease.

Non-cancellable commitments related to operational leases

In € thousands	May 31, 2023	May 31, 2022
Not later than 1 year	14,049	11,950
Between 1 and 5 years	30,712	27,787
Later than 5 years	4,230	5,194
	48,991	44,931

The amounts comprise other costs not in scope of IFRS 16.

Non-cancellable sublease commitment

In € thousands	May 31, 2023	May 31, 2022
Not later than 1 year	2,990	2,544
Between 1 and 5 years	1,463	3,633
Later than 5 years	102	0
	4,555	6,177

Other obligations

Other obligations are related to ICT, facility services and marketing contracts.

In € thousands	May 31, 2023	May 31, 2022
Not later than 1 year	21,313	23,551
Between 1 and 5 years	1,556	1,965
Later than 5 years	0	0
	22,869	25,516

Facility services

As of December 1, 2006 the Group outsourced facility services to a third party. Related staff was transferred to the new service provider. The contract will be yearly renewed for 12 months. The Group has undertaken to re-employ the former employees (approx. 23) or to employ them with a succeeding facility supplier if the contract is not renewed.

Membership

The Group is a member of Deloitte NSE LLP, Deloitte Touche Tohmatsu Limited and Deloitte EMEA Co-operation Limited. The Group is obliged to pay annual subscription and services fees.

Guarantees

Stichting Financiering Deloitte

Members who enter into an Associate Agreement with the Group are obliged to provide a subordinated loan to Stichting Financiering Deloitte. In turn this foundation provides a subordinated loan for the same amount and under the same conditions to Coöperatief Deloitte U.A. The subordination relates to all third party creditors and banks. The loans amount to €131,952 as per May 31, 2023 (May 31, 2022: €124,956) and are subordinated to all existing and future liabilities of the Group and, together with the membership capital and equity, make up the capital base of the Group. Coöperatief Deloitte U.A. and its subsidiaries are jointly and severally liable to members for what is owed to them by Stichting Financiering Deloitte with regard to the financial resources borrowed from the members by Stichting Financiering Deloitte and re-issued to Coöperatief Deloitte U.A. The Group has agreed certain security covenants with Stichting Financiering Deloitte, including a negative pledge covenant as well as the granting of securities at the first request of Stichting Financiering Deloitte. With respect to the ranking of these securities rights, covenants have been agreed between the Group, Stichting Financiering Deloitte, ING Bank and Rabobank (as lenders under Deloitte's credit facility). This entails that the rights of Stichting Financiering Deloitte are subordinated to those of third party creditors and the lender banks.

The Supervisory Board

The Group has indemnified the members of the Supervisory Board from the financial consequences of claims from third parties (including defence costs) resulting from or related to the supervisory task of the members of the Supervisory Board and to the extent the insurance of the Group does not cover matters concerned.

Bank guarantees

Bank guarantees amounting to approximately €4,291 (May 31, 2022 €7,041) have been issued to third parties.

Other guarantees

Liberty Mutual Surety issued guarantees on behalf of the material subsidiaries of Deloitte Holding B.V. to Tax-authorities covering the own-risk of the Return to Work (Partially Disabled) Regulation ("WGA") related to the calendar years 2014, 2015 and 2016. As security for these guarantees the material subsidiaries of Deloitte Holding B.V. issued a joint and several liability undertaking.

Claims

The Group also has other contingencies, for which, in the opinion of management, the risk of loss is possible but not probable. Contingencies involve inherent uncertainties including, but not limited to, court rulings and negotiations between affected parties. We cannot currently predict yet the outcome of claims and litigations with sufficient reliability. However, based on available information it is not expected that they will have a significant impact on the financial position of the Group. Furthermore, the Group is deemed to carry sufficient professional indemnity insurance.

8.4 Application of new and revised International Financial Reporting Standards (IFRSs)

There are no new IFRS accounting standards, amendments to existing standards or new IFRIC interpretations published that are not yet effective that are expected to have a material impact on the Group in future reporting periods and on foreseeable future transactions.

8.5 Subsequent events

There are no subsequent events.

Company financial statements

Company statement of profit or loss and other comprehensive income for the year ended May 31, 2023

In € thousands	Note	2022/2023	2021/2022
Share of result from participating interests	3.	1,295	1,713
Other income and expenses after taxation	2.	14,228	17,723
Result after taxation and before compensation		15,523	19,436
Compensation members of Coöperatief Deloitte U.A.		(14,228)	(17,723)
Profit for the year		1,295	1,713
Item that may be reclassified subsequently to profit or loss			
Other comprehensive income, net of income tax		(481)	1,498
Total comprehensive income for the year		814	3,211

Company statement of financial position at May 31, 2023

(before appropriation of result)

Assets (In € thousands)	Note	May 31, 2023	May 31, 2022
Non-current assets			
Investments	3.	10,283	10,414
Other non-current assets	3.	125,278	118,006
Total non-current assets		135,561	128,420
Current assets			
Trade and other receivables	5.	24,800	25,921
Total current assets		24,800	25,921
Total assets		160,361	154,341
Equity and liabilities (in € thousands)	Note	May 31, 2023	May 31, 2022
Equity	6.	(2,836)	(2,913)
Non-current liabilities			
Membership capital	9.	6,475	6,200
Interest bearing loans and borrowings	8.	131,952	124,956
Total non-current liabilities		138,427	131,156
Current liabilities			
Trade and other payables	10.	17,937	21,538
Interest bearing loans and borrowings	8.	6,833	4,560
Total current liabilities		24,770	26,098
Total liabilities		163,197	157,254
Total Equity and liabilities		160,361	154,341

Notes to the company financial statements

Statutory financial statements

The sections Group financial statements and Company financial statements contain the statutory financial statements of Coöperatief Deloitte U.A. A description of the Company's activities and Group structure is included in the Consolidated financial statements.

1. Accounting policies

Accounting policies applied

The company financial statements of Coöperatief Deloitte U.A. have been prepared in accordance with the requirements in Title 9 Book 2 of the Dutch Civil Code. Coöperatief Deloitte U.A. prepares its consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU IFRS). Coöperatief Deloitte U.A. applies the exemption as included in section 2:362 paragraph 8. Participating interests in Group companies are valued at net asset value determined on the basis of Title 9 Book 2 of the Dutch Civil Code. The share in the results of participating interests in Group companies is reported in accordance with the principles of valuation and profit determination that apply to the consolidated financial statements. In accordance with article 2:402 of the Dutch Civil Code, the company financial statements only contain an abridged profit and loss account. Reference is made to the accounting policies section in the consolidated financial statements and the respective notes.

Other income and expenses

The other income and expenses includes the annual fees received from the various Group companies for providing the partners work force for the company.

Taxation

The company and its wholly-owned subsidiaries make up a fiscal unity and therefore jointly and severally liable for the tax liabilities of the fiscal unity as a whole. The corporate income tax is calculated as if the company and its subsidiaries were individually separately liable for tax and is offset against the current account of the parent company, Coöperatief Deloitte U.A. Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets (if applicable) are only valued insofar as their realisation is likely. Deferred tax assets are recognised on the balance sheet of the company until they are realised.

Notes to the specific items of the balance sheet

2. Other income and expenses after taxation

Other income and expenses after taxation are specified as follows:

In € thousands	2022/2023	2021/2022
Intercompany charges	14,355	18,053
Net of financial income and expenses	(90)	(438)
Taxation	(37)	108
	14,228	17,723

3. Receivables from Group companies

Amounts owed by Group companies are unsecured subordinated loans.

In € thousands	Interests in Group companies	Receivables from Group companies	Total
Gross value	10,414	118,006	128,420
Accumulated depreciation and impairments	0	0	0
Book value as of June 1, 2022	10,414	118,006	128,420
Movements:			
Issued loans	0	15,757	15,757
Conversion share premium to loan	0	0	0
Share in result of participating interests	1,295	0	1,295
Movement cash flow hedge reserve	0	0	0
Movement in net fair value on investments in equity instruments classified as at fair value through OCI ¹	(471)	0	(471)
Deemed distribution ¹	(945)	0	(945)
Movement legal reserve foreign currency translation	(10)	0	(10)
Repayments	0	(8,485)	(8,485)
Book value as of May 31, 2023	10,283	125,278	135,561
Gross value	10,283	125,278	135,561
Accumulated depreciation and impairments	0	0	0
Book value as of May 31, 2023	10,283	125,278	135,561

In € thousands	Interests in Group companies	Receivables from Group companies	Total
Gross value	13,570	105,318	118,888
Accumulated depreciation and impairments	0	0	0
Book value as of June 1, 2021	13,570	105,318	118,888
Movements:			
Issued loans	0	15,723	15,723
Conversion share premium to loan	(6,000)	6,000	0
Share in result of participating interests	1,713	0	1,713
Movement cash flow hedge reserve	1,704	0	1,704
Movement in net fair value on investments in equity instruments classified as at fair value through OCI ¹	0	0	0
Deemed distribution ¹	(368)	0	(368)
Movement legal reserve foreign currency translation	(205)	0	(205)
Repayments	0	(9,035)	(9,035)
Book value as of May 31, 2022	10,414	118,006	128,420
Gross value	10,414	118,006	128,420
Accumulated depreciation and impairments	0	0	0
Book value as of May 31, 2022	10,414	118,006	128,420

¹ See note 4.5 and note 6.2 of the consolidated financial statement

4. Consolidated Group companies

The following subsidiaries are included in the consolidated financial statements and recognised as interest in Group companies for the company financial statements:

Name	Registered office	Share in the issued capital May 31, 2023	Share in the issued capital May 31, 2022
Deloitte Holding B.V.	Rotterdam	100%	100%
Deloitte Accountants B.V.	Rotterdam	100%	100%
Deloitte Belastingadviseurs B.V.	Rotterdam	100%	100%
- Deloitte Belastingadviseurs New York B.V.	Rotterdam	100%	100%
- Deloitte Legal B.V.	Rotterdam	100%	100%
- Innovative Trade Services B.V. 2	Rotterdam	100%	100%
Deloitte Consultancy Holding B.V.	Rotterdam	100%	100%
- Deloitte & Touche Acquisition B.V.	Rotterdam	100%	100%
- <i>Deloitte Consulting B.V.</i>	Amsterdam	100%	100%
- <i>MarketRedesign Scientific B.V.</i>	Amsterdam	100%	100%
- <i>Integration Holding B.V.</i>	Rotterdam	100%	100%
- <i>G MS B.V.</i>	Rotterdam	100%	100%
- <i>G Hosting B.V.</i>	Rotterdam	100%	100%
- G Consultancy B.V.	Rotterdam	100%	100%
Deloitte Financial Advisory B.V.	Rotterdam	100%	100%
- Deloitte Benefits & Pension Advisory B.V.	Rotterdam	100%	100%
- Deloitte Forensic & Dispute Services B.V.	Amsterdam	100%	100%
Deloitte Group Support Center B.V.	Rotterdam	100%	100%
- Deloitte Education B.V.	Rotterdam	100%	100%
- Deloitte Group Support Center Overseas Services B.V.	Rotterdam	100%	100%
Deloitte Risk Advisory B.V.	Rotterdam	100%	100%
- IP Consultancy Holding B.V.	Vlijmen	100%	100%
- <i>IP-CON B.V.</i>	Vlijmen	100%	100%
- Pacer B.V. ⁵	Rotterdam	100%	0%
- Africa Talent by Deloitte (pty) Ltd ¹	South Africa	50%	50%
Deloitte Accountancy & Advies B.V.	Rotterdam	100%	100%
Deloitte Innovation B.V.³	Rotterdam	100%	100%
Deloitte Overseas Projects I B.V.	Rotterdam	100%	100%
Deloitte Overseas Projects II B.V.	Rotterdam	100%	100%
Deloitte Overseas Projects III B.V.	Rotterdam	100%	100%
Deloitte Dutch Caribbean B.V.	Curaçao	100%	100%
Stichting Deloitte Impact Foundation	Rotterdam		
Stichting Deloitte Herstel Mangrove⁴	Curaçao		

- 1 Africa Talent by Deloitte (pty) Ltd (50%) is a joint venture with Deloitte South Africa. The entity is established January 12, 2022.
- 2 On May 6, 2022 the name of Deloitte Innovation Holding B.V. has been changed to Innovative Trade Services. B.V.. On June 1, 2022 the shares of Innovative Trade Services. B.V. were transferred from Deloitte Holding B.V. to Deloitte Belastingadviseurs B.V.
- 3 On June 1, 2022 the shares of Deloitte Innovation B.V. were transferred from Innovative Trade Services. B.V. to Deloitte Holding B.V.
- 4 On October 26, 2022, have a new foundation Stichting Deloitte Herstel Mangrove was established, it's based in Curaçao.
- 5 On December 1, 2022 Deloitte Risk Advisory B.V. acquired the shares of Pacer B.V.

5. Trade and other receivables

Trade and other receivables are specified as follows:

In € thousands	May 31, 2023	May 31, 2022
Current account owed by Group companies	3,575	3,317
Other receivables, prepayments and accrued income	21,225	22,604
	24,800	25,921

6. Shareholders' Equity

For breakdown reference is made to the consolidated statement of changes in equity.

Other reserves

Deloitte Holding B.V. assumed the assets and liabilities of Stichting InterNos at December 31, 2016 with approximately €53,403 (net of deferred tax) being written-off to equity. This former goodwill of Stichting InterNos is considered a prepayment to members regarding their capital (goodwill) repayments to former partners and is therefore stated as prepayment of equity resulting in a negative equity.

Cash flow hedge reserve

The cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedge reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or include as a basis adjustment to the non-financial hedged item, consistent with the Group's accounting policy. The interest rate swap has been fully settled in 2021/2022.

Legal reserves

The legal reserves are related to foreign exchange differences on translation of foreign operations from a subsidiary.

7. Non-current liabilities

Non-current interest bearing loans and borrowings are specified as follows:

In € thousands	May 31, 2023	May 31, 2022
Subordinated loans Stichting Financiering Deloitte	127,501	121,831
Non-subordinated loans Stichting Financiering Deloitte	4,451	3,125
	131,952	124,956

Repayment obligations falling due within one year are included in current liabilities:

In € thousands	May 31, 2023	May 31, 2022
Membership Capital	325	225
Subordinated loans Stichting Financiering Deloitte	6,120	4,104
Non-subordinated loans Stichting Financiering Deloitte	388	231
	6,833	4,560

The movements during the year of liabilities arising from finance activities are as follows:

In € thousands	Subordinated loans Stichting Financiering Deloitte	Non-subordinated loans Stichting Financiering Deloitte	Total
Balance June 1, 2022	125,935	3,356	129,291
Additional borrowing	13,300	1,756	15,056
Repayments	(5,614)	(273)	(5,887)
Repayments in the following year	(6,120)	(388)	(6,508)
Balance as of May 31, 2023	127,501	4,451	131,952

In € thousands	Subordinated loans Stichting Financiering Deloitte	Non-subordinated loans Stichting Financiering Deloitte	Total
Balance June 1, 2021	124,420	458	124,878
Additional borrowing	12,350	2,898	15,248
Repayments	(10,835)	0	(10,835)
Repayments in the following year	(4,104)	(231)	(4,335)
Balance as of May 31, 2022	121,831	3,125	124,956

8. Subordinated and non-subordinated loans Stichting Financiering Deloitte

Subordinated loans

Members who enter into an Associate Agreement with the Group are obliged to provide a subordinated loan to Stichting Financiering Deloitte. In turn this foundation provides a subordinated loan for the same amount and under the same conditions to Coöperatief Deloitte U.A. On its turn Coöperatief Deloitte U.A. provides a subordinated loan for the same amount less share premium of €7 million (May 31, 2022: €7 million) and under the same conditions to Deloitte Holding B.V. The subordination relates to all third party creditors and banks. The loans amount to €127,501 as per May 31, 2023 (May 31, 2022: €121,831) and are subordinated to all existing and future liabilities of the Group and, together with the membership capital and equity, make up the capital base of the Group. The interest paid is equal to a 3-month Euribor plus 4% with a minimum of 4% and a maximum of 8%. The loans are repaid at the termination of the Associate Agreement. The maturity date of these loans depends on joining and leaving of members and therefore cannot be expressed in years.

Non-subordinated loans

In 2022/2023 some of the calculated claw-back reserves of active partners exceeds the amount of the provided subordinated loan. These partners provided a non-subordinated loan to Stichting Financiering Deloitte for the amount above the subordinated loan. In turn the foundation provides a non-subordinated loan for the same amount and under the same conditions to Coöperatief Deloitte U.A. On its turn Coöperatief Deloitte U.A. provides a non-subordinated loan for the same amount and under the same conditions to Deloitte Holding B.V. The interest paid is equal to a 3-month Euribor plus 4% with a minimum of 4% and a maximum of 8%. At the termination of the Associate Agreements these loans will be repaid within a six year term.

9. Membership capital

See note 5.1 of the consolidated financial statements.

10. Trade and other payables

In € thousands	May 31, 2023	May 31, 2022
Management fees to be paid to members Coöperatief Deloitte U.A.	15,200	19,149
Tax	1	442
Other liabilities and accruals	2,736	1,947
	17,937	21,538

11. Off-balance sheet commitments

Fiscal unity

The legal entity is part of a fiscal unity for corporate income tax and VAT purposes and for that reason it is jointly and severally liable for the tax liabilities of the fiscal unity as a whole.

Stichting Financiering Deloitte

Coöperatief Deloitte U.A. and its subsidiaries are jointly and severally liable to members for what is owed to them by Stichting Financiering Deloitte with regard to the financial resources borrowed from the members by Stichting Financiering Deloitte and re-issued to Coöperatief Deloitte U.A. The Group has agreed certain security covenants with Stichting Financiering Deloitte, including a negative pledge covenant as well as the granting of securities at the first request of Stichting Financiering Deloitte. With respect to the ranking of these securities rights, covenants have been agreed between the Group, Stichting Financiering Deloitte, ING Bank and Rabobank (as lenders under Deloitte's credit facility). This entails that the rights of Stichting Financiering Deloitte are subordinated to those of third party creditors and the lender banks.

The Supervisory Board

The company has indemnified the members of the Supervisory Board from the financial consequences of claims from third parties (including defence costs) resulting from or related to the supervisory task of the members of the Supervisory Board and to the extent the insurance of the company does not cover matters concerned.

Guarantees

The company has issued a joint and several liability statement to the provisions of Section 2:403 of the Dutch Civil Code with respect to Deloitte Accountancy & Advies B.V. and Deloitte Group Support Center B.V.

12. Other notes to the financial statements

Average number of employees

During 2022/2023, 0 employees were employed on a full-time basis (2021/2022: 0).

Remuneration of members of the Executive Board and the Supervisory Board

For the remuneration of members of the Executive Board and the Supervisory Board reference is made to note 6.1 in the consolidated financial statements.

Appropriation of result for the financial year June 1, 2021 until May 31, 2022

The annual report 2021/2022 was adopted in the general meeting held on September 16, 2022. The general meeting has determined the appropriation of result in accordance with the proposal being made to that end.

Proposed appropriation of result for the financial year June 1, 2022 until May 31, 2023

The Executive Board proposes, with the approval of the Supervisory Board, that the result for the financial year 2022/2023 amounting to €1,295 will be added to the other reserves. The financial statements do not yet reflect this proposal.

Rotterdam, July 18, 2023

Executive Board

W.F.J. Honig (Chair)

C.H.L.J. Bergmans

D.H. Enklaar

Supervisory Board

H. van der Noordaa (Chair)

D.J. Larnder

E.C. Meijer

V.G. Moolenaar

S.E. Verhart

Annex 2

Non-financial statements

Summary of performance

Description	Note	2022/2023	2021/2022
ENVIRONMENTAL INFORMATION			
CO2 emissions	2.1		
Scope 1 CO2 emissions		9,042 tonnes	7,878 tonnes
Scope 2 CO2 emissions (market based)		3,428 tonnes	1,875 tonnes
Scope 3 CO2 emissions airtravel		4,800 tonnes	1,424 tonnes
Other Scope 3 CO2 emissions		2,092 tonnes*	19,564 tonnes
Total CO2 emissions (Scope 1,2 and 3)		19,362 tonnes	30,741 tonnes
SOCIAL INFORMATION			
Employee value proposition	3.1		
% employees receiving regular performance reviews		80%	77%
Inclusion and diversity	3.2		
Female positions in leadership roles		26%**	26%**
Female partners as % of total partners		22%	21%
Learning and development	3.3		
Training hours per FTE		99.6 hours/FTE	89.8 hours/FTE
Wellbeing	3.4		
Sickness leave		3.7%	4.1%
Social impact	3.5		
# Hours spent on DIF projects		39,413 hours	36,284 hours
Monetary value of hours spent on DIF projects		€6.4 million	€5.8 million
GOVERNANCE INFORMATION			
Quality of services	4.1		
NPS at C-level among strategic clients		75	63
Client satisfaction (engagement)		8.5	8.3
Regulatory reviews that are satisfactory		100%	100%
Ethics & Integrity	4.2		
# ethical incidents reported		135	94
Data security	4.3		
# data leaks discovered		60	77

* Figure excludes 'Purchased goods and services' (see page 135)

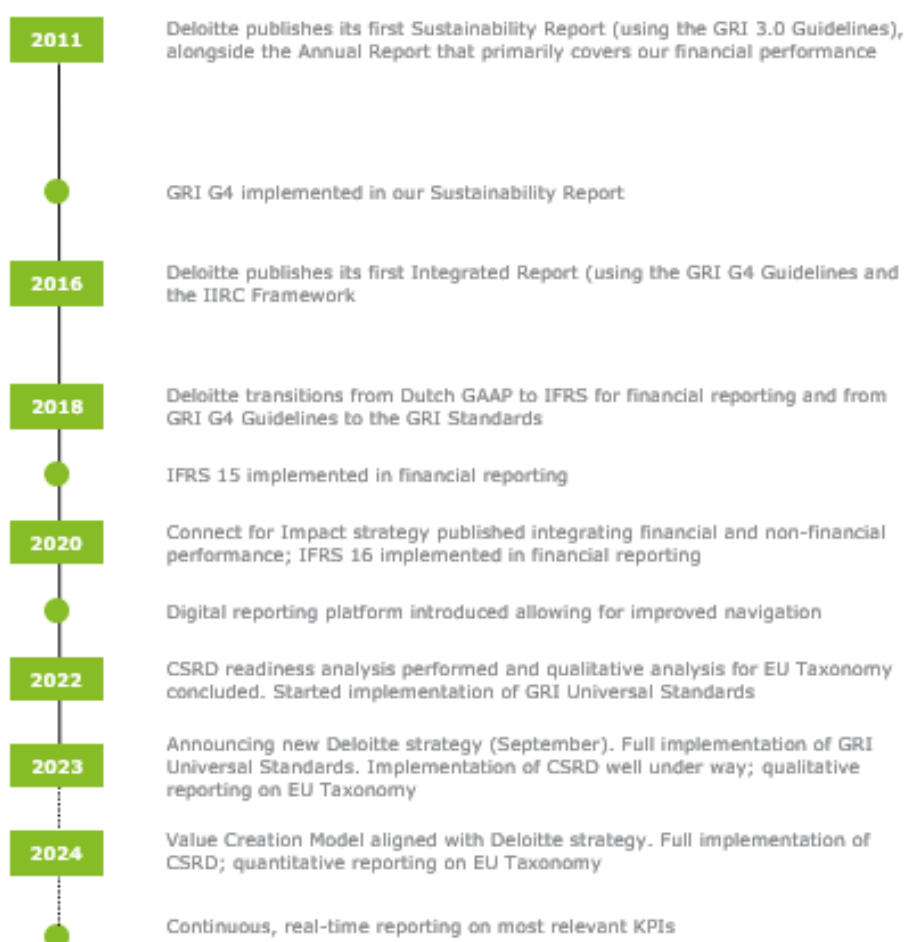
** % female Supervisory Board members: 40%; % female Executive Board members: 33%

1. Basis of preparation

This Report has been prepared in accordance with the GRI Standards, and the International <IR> Framework of the International Integrated Reporting Council (IIRC). The GRI Content Index is included in this report (see pages 173-176). We have also included a CSRD Reference Table to make visible what we have disclosed in anticipation of the transposition of this directive. As Deloitte is a member of UN Global Compact the Netherlands, we report our impact with a focus on the UN Sustainable Development Goals that we deem most relevant to Deloitte.

Deloitte aims to be at the forefront of public reporting and has a long-standing practice of voluntarily disclosing audited, financial and non-financial information. Reporting to us is an evolutionary process where every year, we aim to improve on what we have done before and implement the latest reporting insights and requirements.

The evolution of our reporting



Following the EU Taxonomy, Deloitte will be required to report the percentage of eligible and aligned turnover, CAPEX, and OPEX (contributing to the six environmental objectives from the EU Green Deal) for our financial year 2024/2025. We have, therefore, identified the eligible and possibly aligned activities contributing to the first two environmental objectives of as part of our CSRD preparations.

The most notable eligible capital expenditure (CAPEX) refers to the lease of our buildings, classified under the activity 7.7 "Buying real estate and exercising ownership of that real estate", as four of our buildings in the Netherlands have at least an Energy Performance Certificate (EPC) class A.

The most notable eligible turnover refers to activity 9.3 'Professional services related to energy performance of buildings' as Deloitte is an accredited auditor for the energy performance of buildings, and provides performance assessments for real estate clients.

The most notable eligible operating expenditure (OPEX) refers to Activity 6.5 'Transport by motor bikes, passenger cars, and light commercial vehicles', as a substantial amount of the passenger cars leased by Deloitte have tailpipe CO₂ emissions equal to 0g CO₂ e/km.

We present an overview of eligible activities that we have identified below:

OPEX and CAPEX

- 6.5. Transport by motorbikes, passenger cars and light commercial vehicles (OPEX)
- 7.7. Acquisition and ownership of buildings (CAPEX/ OPEX)
- 1.1 Afforestation (OPEX)
- 1.3 Forest management (OPEX)
- 6.4. Operation of personal mobility devices, cycle logistics (OPEX)
- 5.5. Collection and transport of non hazardous waste (OPEX)
- 7.2, 7.3, 7.5, 7.6. Renovation of buildings, maintenance of energy efficiency equipment, energy performance devices, renewable energy technologies (CAPEX/ OPEX)
- 7.4. EV charging stations in buildings and parking spaces (CAPEX/ OPEX)
- 8.1. Data processing, hosting and related activities (OPEX)
- 11.1. Education (OPEX)

Revenues

- 8.2. Computer programming, consultancy and related activities
- 9.1. Engineering activities and related technical consultancy dedicated to adaptation to climate change
- 9.1. Close to market research, development and innovation
- 8.2. Data driven solutions for GHG emissions reductions
- 9.2. Research, development and innovation for direct air capture of CO₂
- 9.3. Professional services related to energy performance of buildings
- 11.1. Education

In 2023/2024, we will assess whether these activities can be aligned. To this end, we will also align with other Deloitte firms within the European Union. One of the elements we need to investigate further is the ability for our systems to generate sufficient and reliable data on the activities now identified.

1.1 Scope

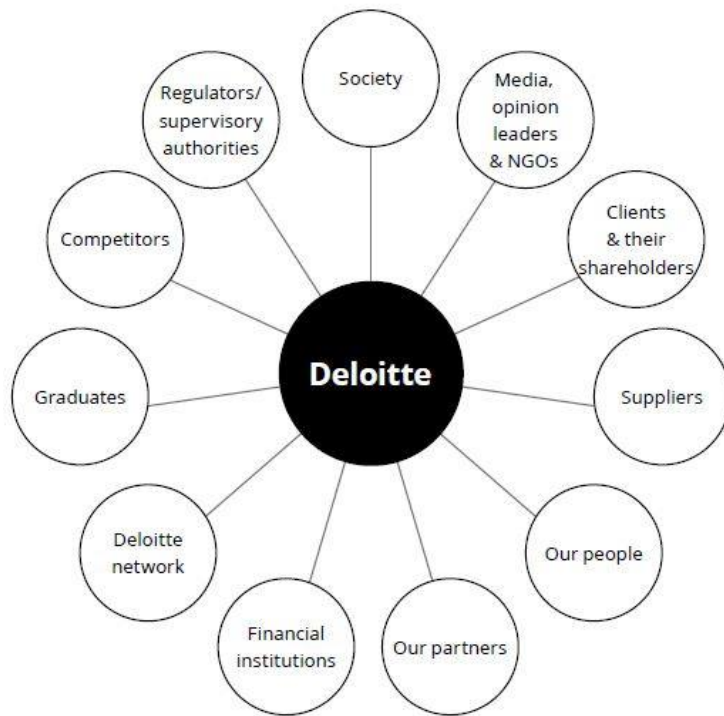
In this Report, 'Deloitte' refers to Coöperatief Deloitte U.A. and its subsidiaries as listed in the 'Notes to the specific items on the financial statements' in Annex 1. The performance of Deloitte Dutch Caribbean (DDC) is integrated in our non-financial data, unless otherwise indicated. Coöperatief Deloitte U.A. is the firm for the Dutch geography within Deloitte North and South Europe (NSE), the second-largest member firm of Deloitte Touche Tohmatsu Limited.

For the purpose of this report, we apply the following definitions regarding the scoping of time:

- Short-term: one year;
- Middle-term: one to four years (in line with our strategic cycle);
- Long-term: over four years.

1.2 Materiality

We interact with our stakeholders to seek their opinions and their expectations. This process allows us to define a timely and adequate response to the issues they deem important for our business and for our ability to make an impact that matters.



We actively seek our stakeholders' views

We aim to take our stakeholders seriously. To this end, throughout the year, we actively engage in dialogue or seek their opinions in other manners such as through (social) media scanning.

Table 01: Means of stakeholder engagement

Stakeholder groups	How we seek their views
Clients & their shareholders	Client Service Assessments
	Engagement quality assessments
	Client meetings and (digital) events
	Requests for proposals
	Clients & Industries research
	External research and ratings
	Media scanning
Our people	Talent survey
	Sustainability survey and focus groups
	Discussions with Works Council
	Formal and informal meetings, including virtual townhalls
	Feedback / comments from individuals
Our partners	Formal and informal partner meetings
	Receiving feedback
Graduates	Surveys and research
	Participation in campus events
	Recruitment sessions
Deloitte network	Active participation in key DTTL and NSE governance bodies
	International cooperation around issues or assignments
Regulators	Formal and informal meetings
	Media scanning
Media, Opinion leaders & NGOs	One-on-one engagements
	Cooperation with knowledge institutes such as universities
	Media scanning
Society	Active participation of Deloitte in society
	Media scanning
Competitors	Active participation in trade and industry platforms
	One-on-one sessions around themes or issues
	Media scanning
Suppliers	Contract management
	Media scanning
Financial institutions	One-on-one engagements
	Media scanning

Our engagement in 2022/2023

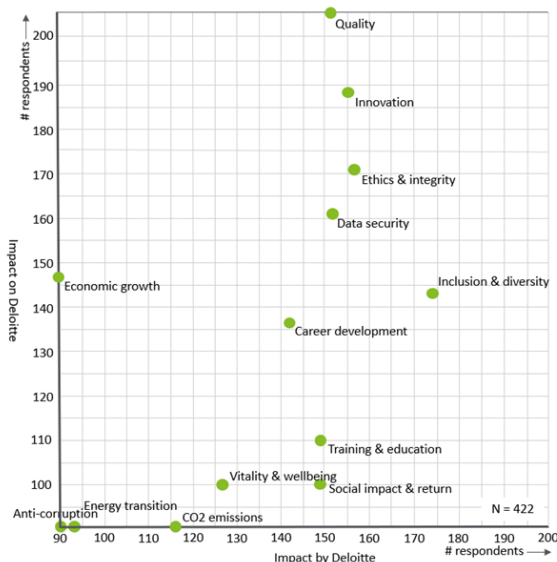
In 2022/2023, we focused on the following stakeholder groups, as we deem these groups to have the greatest impact on our business:

- Employees
- Clients
- Deloitte network
- Regulators
- Competitors
- Financial institutions
- Public opinion
- New hires

For stakeholder groups that we did not explicitly engage with, we built on the stakeholder insights we obtained over the past reporting years. For the stakeholders listed above, we provide an overview of the insights that we gained for updating our materiality matrix.

Employees

In Q3, we conducted an internal sustainability survey in which 422 of our partners and employees participated. One of the aims of this survey was to obtain better insights into the sustainability topics that our employees deem relevant to Deloitte. To assess their views as input for our (double) materiality analysis, we asked them to select the five topics where they believed Deloitte has the biggest impact in the short and medium term (0-3 years). We also asked our people to select five topics they believed that have the greatest impact on Deloitte's operations, reputation and financial success in the short and medium term. We have selected all topics that were chosen more than 90 times (therefore by more than 20% of all respondents) and plotted these in a diagram with the impact by Deloitte on the horizontal axes and the impact on Deloitte on the vertical axis.



In addition, we asked our partners and people which topics (maximum of five per respondent) they believe will be important in the long term (>7 years) both from the perspective of the impact by Deloitte and the impact on Deloitte. The results of this question can be summarised as follows:

- CO₂ emissions (mentioned by 163 respondents)
- Energy (158)
- Innovation (152)
- Data security (140)
- Ethics & Integrity (136)
- Vitality & wellbeing (114)
- Biodiversity (114)
- Quality (113)
- Social impact & social return (108)
- Economic growth (106)
- Inclusion & diversity (106)
- Sustainable procurement (90)

Clients

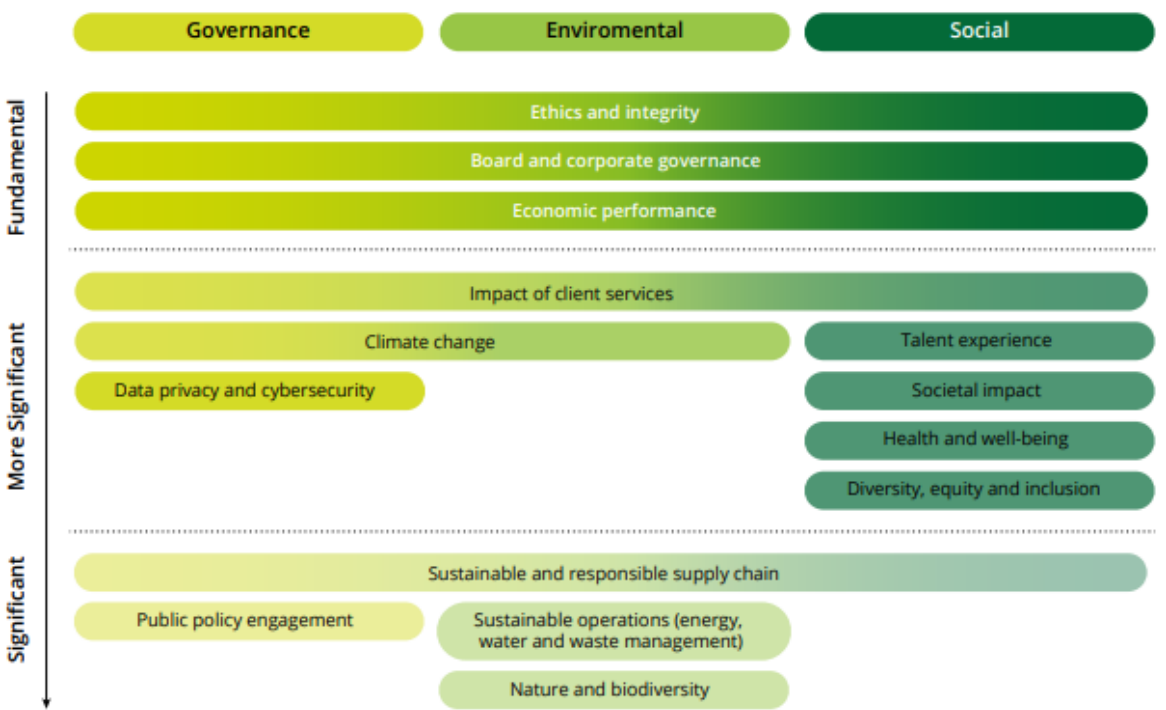
Our clients turn to Deloitte for relevant insights and high quality professional services that help their businesses become more responsible and sustainable, and thus progress and thrive. Quality, in all its aspects, is the key driver for our success, as is our ability to quickly adapt to the changing needs of our clients regarding the expertise they seek from us. To ensure both quality and adaptability, continuous learning, development of our people, and the ability to innovate are key requirements, as is international cooperation to deliver high quality engagements across borders.

To perform our services, in many cases our clients entrust us with sensitive data. The integrity of our IT systems and the prevention of data leaks is of vital importance to the trust that our clients have in Deloitte. Privacy and data security are therefore highly important topics to us.

Larger corporate clients and public sector clients are especially aware that their responsibility reaches beyond their direct operations and also involves parts of their value chain. Typical topics that these clients are interested in are: climate impact and GHG emissions, environmental management and certification, human rights, labour rights, public commitments in the area of sustainability, and human trafficking and slavery.

Deloitte network

DTTL has its own process for determining materiality, the outcome of which provides input for our materiality assessment. The material topics from DTTL are depicted in the graph below:



Through the Deloitte network (DTTL), we submit our CO₂ emissions to the Carbon Disclosure Project (CDP). In addition, DTTL has policies and programmes in place in the area of corporate citizenship (*WorldClass*). Next to these sustainability related practices, DTTL maintains strict guidance in the areas of quality, ethics & integrity, privacy, data security, and anti-corruption.

Regulators / public policy

We have formal and informal engagements with our regulators and public policy makers. During the reporting year, the focus of our regulators/public policy continued on the following themes:

Regulators

During our engagements with regulators, their focus was on the following themes: quality (fraud, continuity), Implementation of ISQM1, independence, learning, attractiveness of profession, IKO (the results of internal engagement quality reviews and results of system of quality review), use of data analytics and data-driven supervision.

Public policy

We have comprehensive relationship management plans in place for key stakeholders such as Members of Parliament and Cabinet. In 2022/2023, the Public Policy team focused on engaging with policy makers on key themes such as work, financial health, digital and sustainability. In addition, policy makers expect Deloitte to contribute to the solution of complex social challenges and we experience a great interest in our 'Future of' agenda.

The outcome of our dialogue with regulators/public policy relates to the following topics: quality of services, credibility/trust/integrity, learning and development, and social impact.

Competitors

We have benchmarked our material topics and related performance against those of the other Big4 firms for 2021/2022. This benchmark shows that all three other Big4 deem the following topics material to their business: Mental and physical wellbeing of employees, Quality of audit and advisory services, and Technological innovation / Growing use of digital technologies throughout the economy. Topics that are deemed material by two of the other Big 4 are: Retaining, recruiting and developing employees, Diversity and inclusiveness, Integrity and independence, Emissions of own operations, and Community investment / impact on society.

Public opinion

We constantly monitor public opinion and actively scan media for emerging topics. Our efforts in 2022/2023 show that the following topics have the most hits on Google in relation to Deloitte: Inclusiveness and diversity, Wellbeing, Customer satisfaction, Ethics, Career development, Environmental care, and Climate.

Financial institutions

We have discussed sustainability in relation to our credit facilities with the banks that we use for financial transactions. Of course, all topics that relate to Deloitte's ability to do business (quality, talent attraction and retention, innovation, etc.) are of interest to our banks as they ultimately determine our financial viability. In the context of a sustainable financing credit facility that we agreed in May 2022, a discount on interest due has been formulated when we fulfil pre-defined targets on CO₂ reduction. Deloitte and the banks have indicated that upon completion of the new strategy, we will consider the inclusion of additional targets around social impacts such as inclusion & diversity and talent (engagement).

New hires

By nature, our business is characterised by a high employee turnover and changing skill sets. Combined with the growth of our business, this means that we are constantly recruiting new talent. Deloitte's Global 2022 GenZ & Millennial Survey provides a wealth of insights into the desires and expectations from our (future) colleagues. Analysis of the Survey shows that the following topics are of specific interest to new hires:

- Visible climate action
- Mental health
- Work-life balance
- Employment / income / cost of living
- Inclusiveness, diversity and equality
- Social impact / purpose
- Learning / development opportunity
- Sexual harassment
- Hybrid working
- Personal safety
- Healthcare / disease prevention
- Salary & other financial benefits

Assessing impacts

After identifying relevant topics, we have assessed the actual and potential impacts of the topics both from an inside-out and an outside-in perspective. In this process we have made use of the insights we have gained from the (preliminary) outcomes of our Strategic Impact Assessment (SIA) project. This project aims to monetise social impacts allowing for comparison and strategic steering. Once we have validated the results of SIA with a broader stakeholder audience, we intend to disclose the outcomes. Consequently, we have discussed our selection with internal experts in the area of sustainability and impact. In March 2023, we have presented our findings to the Executive Board, which has ultimately determined the material topics for our financial year 2022/2023.

Fundamental material impacts	• Quality • Data security • Ethics & integrity
Significant impacts	• Climate and CO₂ • Inclusion & diversity • EVP / Career development • Training & education • Wellbeing • Social impact / social return • Innovation
Emerging impacts	• Nature / Biodiversity • Sustainable procurement • Energy availability, affordability and transition • Human rights

Fundamental material impacts are those that are overarching requirements that we must meet in order to strengthen market leadership and make an impact on clients, our people and society. Significant impacts are topics where our impact is significant and/or that have a significant impact on our firm and the way we do business. All material topics are disclosed in accordance with GRI Standards and as much as currently possible with the (future) CSRD requirements. Emerging impacts are topics we believe will gain traction over the mid to longer term and that we disclose in a qualitative way in our reporting.

Material topics

Following our assessment, we have identified the following material topics for our 2022/2023 reporting:

Table 2: Material topics

Area	Topics 2021/2022	Topics 2022/2023
1. Quality	- Quality of services - Privacy - Data security	- Quality of services - Data security
2. Ethics	- Ethics & integrity - Anti-corruption	- Ethics & integrity
3. Talent	- Employee value proposition - Inclusion and diversity - Learning and development - Wellbeing	- Employee value proposition - Inclusion and diversity - Learning and development - Wellbeing
4. Innovation	- Innovation	- Innovation
5. Impact on society	- Climate & CO₂ emissions - Social impact (a.o. DIF) - Sustainable procurement	- Climate & CO₂ emissions - Social impact (a.o. DIF)

Compared to the previous year, we have removed 'Privacy', 'Anti-Corruption' and 'Sustainable procurement' as material topics. We address 'Privacy' in the context of 'Data security' and discuss 'Anti-corruption' in the context of 'Ethics & integrity'. 'Sustainable procurement' remains in focus as an emerging topic, as our analysis shows that it is likely to become more important in the future.

1.3 Reporting boundaries

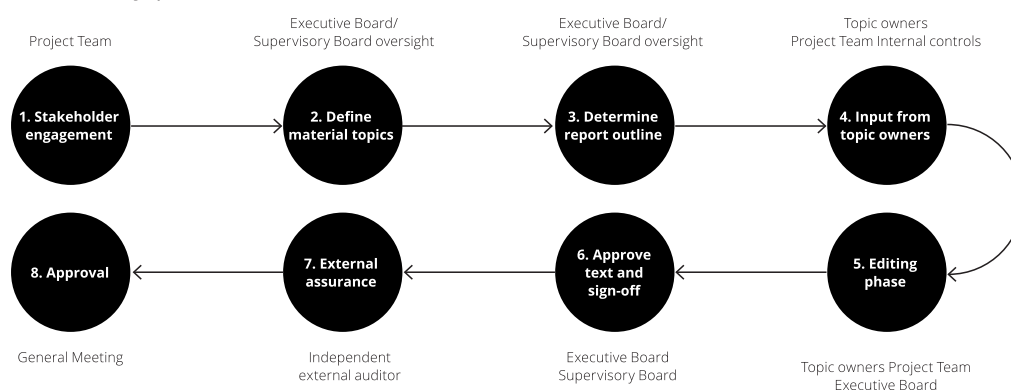
There is an overlap of topics and related opportunities noted by our internal and external stakeholders. Most of these topics relate to our internal organisation. For this reason, our reporting on these topics is limited to our performance within our direct sphere of influence, unless indicated otherwise (for example, where we discuss our value creation in a broader context).

1.4 Reliability and completeness

We have collected the relevant performance data from our business information systems as supported by our internal control and monitoring systems, and from suppliers and other sources. This is centrally recorded and thereafter reviewed by our Finance & Control department. We have engaged our independent external auditor, BDO Audit & Assurance B.V., to provide reasonable assurance on both the financial and the non-financial information in the PDF version of this report. The combined independent auditor's and assurance report of BDO Audit & Assurance B.V. can be found in Annex 4 of the PDF.

1.5 Reporting process

Process for defining report content



Central to our approach to reporting is the IAR Project team. This team is headed by our Chief Financial Officer and consists of representatives from Finance & Control and Finance & Accounting, combined with specialists from our Risk Advisory business's Sustainability Group and supported by Brand and Communication. Content planning and development takes place under the supervision of the Executive Board, with internal oversight by the Audit & Finance Committee and the Supervisory Board. The Report is published after approval by the General Meeting.

2. Environmental impacts

2.1 Climate and CO₂

Impacts

Our day-to-day activities result in CO₂ emissions. We burn fuels to heat our buildings and power our fleet, purchase electricity to charge our cars and we buy airline and railway tickets to travel to international clients and attend international network meetings. We also have suppliers who emit CO₂ to produce and transport their goods or render their services to us. The CO₂ we emit contributes to global warming which results in widely known environmental impacts such as accelerated sea level rise, more intense heat waves, loss of biodiversity, and much more. This indirectly impacts the wellbeing and safety of people around the globe, but also the continuity of organisations. Extreme weather events can significantly impact sites and supply chains. This can not only jeopardise the continuity of our clients and thus impacts our engagements, but it also affects suppliers that provide goods or services for the operations of our own organisation.

Our Strategic Impact Assessment has revealed that the impact materiality of our CO₂ emissions is limited. This is partly due to the nature of our business, and partly because of our success in reducing carbon emissions to date. However, the potential financial impacts of Climate and CO₂ are considerable. These impacts are twofold. In the short term, failing to meet the expectations of our stakeholders can result in loss of business and failure to attract the right talent. With the evolving emphasis on Scope 3 emissions, we see a growing number of clients who take supply chain emissions into account when selecting their business partners and awarding contracts. Failure to meet their criteria in the area of Climate and CO₂ can lead to loss of business. Likewise, we see that many young professionals are concerned about climate change and want to work for businesses that are part of the solution rather than a cause of the problem. Being proactive in the area of Climate & CO₂ can increase the attractiveness of Deloitte as an employer and safeguard our continued access to the labour market.

In the longer term, Climate & CO₂ potentially can hurt our clients' businesses and with that, our ability to service them. Clients who are asset-heavy or who have invested heavily in asset-heavy industries (such as banks and institutional investors) can especially be affected by the consequences of climate change as they stand to lose both production capacity and value in case their installations are damaged or destroyed by climate-related natural disasters, such as floods or storms. On a larger scale, this can lead to a business continuity risk and with that, a risk to the continuity of our services to such clients.

As many companies are becoming actively aware of climate-related risks, and with that the need to transition away from a fossil fuel based economy, there is also a good opportunity for Deloitte to help clients in mitigating climate risks and helping them to become more responsible and adaptive businesses. We help an increasing number of clients with the environmental challenges through our MDM Sustainability, a cross-business cooperation that brings together the necessary experience and competences from our audit and advisory businesses.



Governance

Deloitte feels responsible to do what is necessary to halt climate change. To reduce the negative impact from our business on global warming, DTTL has adopted the [WorldClimate](#) programme. The objective of *WorldClimate* is to become net zero for all Scope 1, 2 and 3 CO₂ emissions by Deloitte worldwide. This ambition is to be achieved by reducing where we can, and compensating in a meaningful way where we must, and is supported by a number of science-based targets to be achieved by 2030:

- Reducing our business travel emissions by 50% per FTE from 2019 levels (realisation 2022/2023: 49%);
- Sourcing 100% renewable energy for our buildings (realisation 2022/2023: 88%);

- Converting 100% of our fleet to hybrid and electric vehicles (realisation 2022/2023: 46% fully electric);
- Engaging with our major suppliers with the goal of having two-thirds of them adopt science-based targets for carbon reduction within five years;
- Investing in meaningful market solutions for emissions we cannot eliminate.

Other elements of *WorldClimate* are Embed sustainability, Empower individuals, and Engage ecosystems.

As we had already set ambitious CO₂ emission targets in our Connect for Impact strategy, we have fully embraced the *WorldClimate* programme and have even been able to commit to carbon neutrality for housing and mobility by 2025. This is five years ahead of the DTTL target. For other indirect emissions we follow the timeline defined by DTTL.

To realise the reduction of our CO₂ emissions we have set up a robust governance structure for internal sustainability. We have a dedicated Internal Sustainability Team in place that reports directly to the Executive Board, and have created a Sustainable Operations Team that consists of various topic owners (housing, fleet, travel, IT, procurement, talent and communications) to design and implement policy. Our businesses are connected through a Climate Champions Network, a group of passionate sustainability adepts from across our businesses. We have also assigned senior leaders from each business to form a group of Sustainability Operational Excellence Leads. This group is responsible for embedding sustainable practices in the daily operations of their businesses.

Activities in 2022/2023

Mobility

Our mobility policy offers our employees the choice between a leased car, a cash option or public transport. When employees opt for a leased car, we encourage them to lease energy efficient cars by including the energy costs in the available lease budget. Furthermore, all contracts of fossil fuel cars (including hybrid cars) will not extend beyond 2025 in order to phase out the use of fossil fuel powered vehicles and transition to fully electric or hydrogen powered cars. So far, the mobility policy has proved to be effective as around 50% of our fleet now is fully electric. However, the global semi-conductor shortage and increasing demand for electric vehicles remain challenges that continue to have an effect on the pace of our transition.

Our business travel policy outlines the conditions that we have set for international travel, both in terms of approvals designed to prevent unnecessary travel - for example by switching to virtual and or hybrid meetings -, and of travel choices to prevent unnecessary CO₂ emissions and costs. In line with our reduction ambitions, we prefer rail instead of flying for short international travel where practical, and have defined additional guidance concerning travel classes on international flights.

Housing

For housing, we aim to rent office space in leading energy-efficient buildings. Examples are our office in Amsterdam ('The Edge'), which has a BREEAM Outstanding certificate, and our office in Rotterdam ('Maastoren'). Where we are the main tenant, we purchase renewable energy. We have joined the energy marketplace of Groendus for our Eindhoven and Utrecht offices as well as our data centre in Amsterdam. This energy marketplace matches supply and demand for sustainable energy sources. Where we are not the main tenant and the energy supplied is not 'green', we aim to offset our share in the energy related emissions. The same goes for the electricity we purchase to power our electric vehicle fleet. We continuously work to optimise our buildings, and are therefore actively implementing the 'Better Buildings Toolkit' that has been developed by DTTL.

In order to track whether our CO₂ emissions decline as a result of our actions and policies, we have developed a CO₂ Emissions Dashboard for fleet and air travel. This dashboard is updated every quarter with the latest data we receive from our suppliers. The dashboard showcases CO₂ emissions per business, fiscal year and even per cost centre. It is accessible to all our employees not only in order to provide transparency but also to stimulate our employees to change their own behaviour and choices. It also feeds into our strategic dashboard, allowing us to discuss our performance against target within our Leadership. As our CO₂ reduction target is incorporated in our Connect for Impact strategy, it is part of the criteria for flexible reward of our Executive Board. We have also developed a Carbon Forecasting Tool to forecast the effects of our policies on our CO₂ emissions. This tool has been built in Anaplan and is integrated with other planning tools of our organisation.

Deloitte NSE has compensated the CO₂ emissions from 2021/2022 for all NSE geographies by investing in a number of certified carbon avoidance and renewable energy projects from third parties. Once total CO₂ emissions for Deloitte NSE in 2022/2023 have been verified, NSE will buy credits to compensate these. We have started our own nature based carbon storage project in the Dutch Caribbean where we are piloting carbon sequestration by replanting mangroves (see also paragraph 5.1 of this annex).

Sustainable delivery and personal footprint

To promote the sustainable delivery of our services, Deloitte NSE has created the Sustainable Delivery Framework. This framework contains background information on climate change to empower our people to start and conduct meaningful conversations with our clients as well as a number of concrete tools. Examples of these tools are the carbon calculator that enables our engagement teams to predict and mitigate their engagement related carbon emissions up front and discuss these with their clients, and the sustainable events guide, a tool that contains practical advice on how to organise sustainable client events.

Next to the introduction of the Sustainable Delivery Framework, we have introduced GiKi Zero, a tool that enables our people to calculate, track and reduce their own personal carbon footprint, offering advice and examples of actions they can take to live more sustainably.

Both the Sustainable Delivery Framework and GiKi Zero are facilitated by our Climate Champions Network.

Certification

In April 2023, we obtained level 3 certification under the CO₂ Performance Ladder certification scheme. We have disclosed the certificate and the supporting documentation on our [public website](#).

Results

As expected, our carbon footprint has increased in 2022/2023 as compared to our previous financial year. This was to be expected as 2022/2023 was the first full year that was not affected by COVID restrictions. We have seen an increase in emissions both for housing and for mobility. This is caused by increased use of our offices and more commuting and physical meetings with colleagues and clients. Nonetheless, we are still far below pre-COVID levels and believe we remain on track to achieve our *WorldClimate* objectives.

Table 01: Total Greenhouse Gas Emissions per scope

	Retrospective			
	2022/2023	2021/2022	2018/2019	Δ previous year (%)
Scope 1 GHG emissions				
Gross Scope 1 GHG emissions (tCO ₂ eq)	9,042	7,878	15,046	14.8%
% of Scope 1 GHG emissions from regulated emission trading schemes (%)	0	0	0	
Scope 2 GHG emissions				
Gross location-based Scope 2 GHG emissions (tCO ₂ eq)	4,241	2,747	4,921	54.4%
Gross market-based Scope 2 GHG emissions (tCO ₂ eq)	3,428	1,875	3,524	82.8%
Significant scope 3 GHG emissions				
Purchased goods and services	N/A	19,203	17,244	N/A
Upstream leased assets	1,060	1,804	N/A	-41.2%
Business travel	5,832	1,785	11,889	226.7%
Employee commuting	N/A	N/A	N/A	N/A
Working from home	N/A	N/A	N/A	N/A
Total GHG emissions	6,892	22,792	29,133	
- Total GHG emissions (location-based) (tCO ₂ eq)	20,175*	33,417	49,100	
- Total GHG emissions (market-based) (tCO ₂ eq)	19,361*	32,545	47,703	

* Our Scope 3 emissions consist of purchased goods and services, and travel related activities (such as hotel stays, rental cars, reimbursed mileage). They are to a large extent calculated by DTTL and NSE on the basis of spend. The purchased goods and services data for 2022/2023 was not available in time for inclusion in and review of the PDF of our report.

Table 02: Greenhouse gas intensity

	2022/2023	2021/2022	2018/2019	Δ FY23 vs FY22*
GHG intensity per net revenue				
Total GHG emissions (location-based) per net revenue (tCO ₂ eq/1,000 euro)	0.015	0.026	0.051	-43.0%
Total GHG emissions (market-based) per net revenue (tCO ₂ eq/1,000 euro)	0.014	0.026	0.049	-45.4%

* Because 'Purchased goods and services' are not included in our data for 2022/2023, the GHG intensity for this financial year cannot be compared to previous years.

Table 03: Housing

	2022/2023	2021/2022	2020/2021
Scope 1 thermal energy consumption	1,674 GJ	2,982 GJ	3,020 GJ
Scope 2 electricity consumption	2,746,746 kWh	2,866,974 kWh	7,775,283 kWh
- renewable sources	2,413,913 kWh	2,588,028 kWh	N/A kWh
- non-renewable sources or unknown	332,833 kWh	278,946 kWh	N/A kWh
Scope 3 electricity consumption	5,279,357 kWh	5,353,674 kWh	N/A kWh
- renewable sources	2,133,342 kWh	0 kWh	N/A kWh
- non-renewable sources or unknown	3,146,015 kWh	5,353,674 kWh	N/A kWh
Specific electricity consumption	37.6 kWh/m ²	37.8 kWh/m ²	101.0 kWh/m ²
Specific thermal energy consumption	0.121 GJ/m ²	0.092 GJ/m ²	0.064 GJ/m ²
Total CO ₂ emissions housing	196.9 t	170.4 t	N/A t

Table 04: Mobility

	2022/2023	2021/2022	2020/2021
Number of lease cars	3,409	3,296	3,352
- electric cars (incl. plug-in hybrids)	1,725	1,325	872
Total kilometres travelled by leased cars	122,656,112	73,277,920	52,567,212
Total emissions fossil fuels (Scope 1)	8,957 t	7,777 t	7,659 t
Total emissions electric cars (Scope 2)	3,315 t	1,781 t	784 t
Total kilometres travelled by air	22,163,371 km	6,669,721 km	1,534,794 km
Total emissions air travel (Scope 3)	4,800 t	1,424 t	310 t
Total emissions air travel per FTE	622.8 g CO ₂ /km	209.6 g CO ₂ /km	50.7 g CO ₂ /km
Total hotel nights	35,910	11,269	1,558
Total emissions hotels (Scope 3)	1,002 t	353 t	49 t
Total kilometres rail travel	8,736,978 km	3,667,012 km	1,513,020 km
Total emissions rail travel (Scope 3)	30 t	8 t	3 t
Total mobility related CO ₂ emissions	18,104 t	11,343 t	8,805 t
Total mobility CO ₂ emissions intensity	117.9 g CO ₂ /km	135.7 g CO ₂ /km	158 g CO ₂ /km

Going forward

For 2023/2024, we have planned to initiate or continue the following activities:

- Our insight into our CO₂ emissions and ability to forecast our CO₂ emissions through our Carbon Forecasting Model allows us to make adjustments to our policies where needed. We will therefore continue to closely monitor our CO₂ emissions in the upcoming year.
- To obtain a better understanding of our climate adaptation risks, we will work together with our risk specialists in quantifying our exposure to business continuity risks as a result of climate change.
- In order to prepare for future legislation and in anticipation of increasing client demand as a result thereof, we will define ways to strengthen our sustainability due diligence, working with leading platforms in this area.
- We want to improve our insights in Scope 3 emissions. To this end we aim to include commuting and working from home in our Scope 3 emissions and investigate the possibility of measuring our Scope 3 impacts downstream.
- We want to further integrate internal sustainability in the (internal and external communication) activities of the MDM Sustainability, capturing the learnings from our own journey to improve our client sustainability services.
- We want to strengthen engagement by better utilizing the potential of our internal Climate Champions Network, educating our people in the use of the Sustainability Delivery Framework and GiKi tooling.

2.2 Other environmental information

In this section, we disclose information about our generation and disposal of waste. We choose to do so because there is a clear connection between carbon emissions reduction and the prevention and recycling of waste. Although we do manage waste, we have not set targets for reduction or recycling yet as we do not deem our impacts as a result of water and waste to be material at present.

Table 05: Waste

	2022/2023	2021/2022	2020/2021
Total waste generation	210 t	N/A t	N/A t
- waste offered for recycling	59 t	N/A t	N/A t
- waste offered for landfill	0 t	N/A t	N/A t
- waste offered for incineration	151 t	N/A t	N/A t
- hazardous waste	0 t	N/A t	N/A t
Waste recycling as % of total waste	28 %	N/A %	N/A %
Waste intensity per turnover	0.00015 t/€1,000	N/A t/€1,000	N/A t/€1,000

3. Social impacts

3.1 Employee value proposition

Impacts

For many of our employees, Deloitte is the starting point of their careers. On an annual basis, some 2,000 students and young graduates are given the opportunity to join our firm as practitioner, working student or intern. Through learning on the job, teaming, and continuous training and education, we facilitate both personal and professional growth.

Our people work on a wide variety of assignments with both emerging and leading Dutch and international companies, as well as government and public sector. We believe that making an impact by helping clients solve complex challenges provides our people the opportunity to further develop, which in return strengthens their sense accomplishment.

During their careers at Deloitte, our people are offered a growth path that can eventually lead to them becoming a partner or director in the firm. At the same time, many of our recruits find their way to successful and rewarding positions outside Deloitte. We believe that the insights and experiences gained at Deloitte over the years can be leveraged in their new job environment, creating a positive impact on their employer's organisation and business environment.



Governance

We aim to create a culture that supports our people to achieve their full potential by focusing on their strengths. Our approach to performance is designed to give our people a better career experience, moving away from annual appraisals to regular conversations that provide continuous feedback and support throughout the year.

We want to create an environment where people feel they have purpose; they belong and can learn, develop and grow every day. We aim to achieve this by supporting our people through ongoing coaching and creating opportunities for them to identify, use and build their strengths.

We distinguish four roles in our approach to career development:

1. The Business Leader is responsible for the performance management decisions and leverages performance data to make operating decisions within the team. The Business Leader plays a prominent role in the Talent and Business Reviews and uses the input received from Team Leaders and Coaches to take reward decisions at the end of the fiscal year;
2. Every employee has a Coach to help them identify, grow and leverage their strengths, and work towards their long-term career goals. Coaching increases engagement and retention. It provides continuity, assisting team members in identifying and understanding their strengths, forming a holistic view of performance across engagements or projects and influencing career decisions and opportunities;
3. The Team Leader is responsible for the performance and general wellbeing of the people who work for them. Teams Leaders will have regular check-ins with their Team Members to understand what's going on in their teams and to assess their team's strengths, how to divide work and get the best from their people and deal with any issues early on. They are the first point of contact for performance conversations throughout the year, helping Team Members to understand their performance and providing pointers on how they can further develop and improve;

4. The Team Member receives day to day support from their Team Leader, who is accountable for setting clear expectations about the work they are doing and with whom they have regular check-in's. They receive regular feedback on their performance during check-ins, focusing on developing strengths along with supporting those areas they may need to develop. Team Members have access to a coach to help them understand their motivations and barriers.

Activities in 2022/2023

In 2021/2022, we implemented our new Employee Value Proposition (EVP). Part of our EVP is the 'Experience Ambition' that aims to articulate what we stand for and offer as an employer.

The fundamentals of our EVP are passion for purpose, true inclusion, and continuous personal growth. Through the moments that matter most to our people, and their everyday interactions, we are committed to providing an exceptional human experience and a career that is personalised and meaningful. This is made tangible through seven ambitions (the Employee Ambition).

1. 'My impact is recognised and rewarded' | A culture of recognition with fair and transparent total reward

Our recognition of impact is based on the following elements in each performance cycle:

Performance:

In order to recognise the performance as delivered throughout the year, we assess several performance indicators including how our Shared Values have been observed in the performance as demonstrated. Our Shared Values articulate the expectations we have towards one another and define how we, as stewards of Deloitte, should behave. They provide common ground to unite us across cultures and geographies, and importantly, they help us to earn the trust and respect of our key stakeholders.

Performance indicators track the performance shown towards qualitative and quantitative goals as set by the Business, which are linked to strategic objectives, e.g.:

- Impact on projects (by Snapshot Indicator - employees' performance as measured in question 1 and 2 of the snapshots compared to other employees' performance in the Business in which the employee is employed);
- Impact on the firm (business development and industry);
- Impact on talent (people development and I&D);
- Impact on finance (including utilisation, revenue managed/sold, direct/indirect hours);
- Impact on quality.

Profit sharing is based on performance as determined for the past year.

Development:

Deloitte clients and practitioners expect the very best. Deloitte Talent Standards provide clear role expectations for a globally uniform level of quality from all professionals. Global consistency enhances personal performance and ensures a consistent, exceptional Deloitte experience. Global Talent Standards have been developed to be used by member firms as guidelines in the employee lifecycle. The standards entail:

- Leadership capabilities: Leadership "must haves", by level, that apply across Deloitte;
- Professional capabilities: Professional capabilities specific to each core service;
- Technical capabilities: Capabilities that involve the application of specialised knowledge, skills, and abilities specific to a Service Line within a core service.

Assessment of the growth in capabilities determines the individual salary growth percentage.

Future development

Personal attributes for future development show the employee what potential they have for growth in the short to medium term. Together with the promotion criteria, they inform if and when the employee is ready for a next step. Personal attributes predict a leader's ability to learn and adapt in new environments based on how they think, react, and interact when faced with change and complexity:

- Personal attributes are the foundations that underpin a leader's ability to acquire the capabilities needed to master the challenges of complex work environments;
- Personal attributes cannot be developed as easily as capabilities, so they provide the means to identify high-potential candidates and to understand the suitability of leaders for roles at all levels;
- Some personal attributes may be more important than others depending on the role. This allows for flexibility in configuring leadership roles and diversity of leaders across different roles based on their strengths.

Promotion criteria are set in the Talent Standards. The promotion criteria define the requirements an employee should meet as a minimum for promotion to the next level. We expect employees to have the capabilities, show performance as required for the current job grade, and demonstrate behaviour and skill set of the next job grade prior to promotion.

2. 'My leadership is trusted and transparent' | Authentic, inspiring and inclusive leadership, with open and honest communication

Throughout the year, we capture the individual performance delivered in so-called snapshots. For this purpose, we use a standardised tool (iRPM). Via regular check-in conversations between the Team Leader and the Team Member, the performance feedback is also discussed. The snapshot is just a way to confirm what has been discussed. As a result, performance snapshots are consistent and correlate with check-in conversations. Individual performance snapshots are confidential, but a Team member will be able to see an aggregated view of their performance snapshots in a scatterplot every three months. In case the Team Leader has added comments to the snapshots, this will be visible to the Team Member fourteen days after the Team Leader has completed the snapshots. Before these fourteen days have passed, the Team Leader will discuss the feedback with the Team Member in person. Both the scatterplot and snapshot comments are also visible to the Coach of the Team Member in order to support them in their development.

The HR Business Leader is responsible for helping the Team Leaders and Coaches in fulfilling their roles and support them - amongst others - by providing a learning curriculum relevant to their roles. HR Business Leaders will frequently assess if Team Leaders are showing possible bias in the snapshots and feedback they provided. With this analysis of their data, they can start a conversation with the Team Leader to share their insights. This should result in clear and transparent snapshots and feedback to Team Members in the long run.

For learning/leadership skills see paragraph 3.3 (Learning and development).

3. 'My performance is supported' | Goals are personalised, with ongoing coaching and feedback supporting the development of strengths

Leadership and professional development are about continuous learning, not only through formal education, but also through environment, experience and exposure. We provide our colleagues with multiple learning options, so they can adjust their learning journey based on their personalised needs and preferences. We offer and support cross-border collaboration and provide access to international developmental opportunities.

With the growth portfolio (GP), the Team Member has the opportunity to create and communicate performance objectives, career aspirations and plan for development.

- In the development part of the GP, the Team Member reviews and assesses the applicable talent standards and identifies the capabilities they would like to develop during the financial year;
- In the performance part of the GP, the Team Member reviews the strategy of Deloitte, their Business and their team.
- In the future development part, the Team Member describes their career aspirations and the support they need to fulfill this aspiration. The learning catalogue helps to navigate to the required learnings.

Several times per year our employees have a conversation with their Coach and the base of this conversation is the Growth Portfolio. The coaching conversation is an essential part of future development and helps employees to drive their performance and development. A coach helps to identify and develop areas of strengths, connects feedback, and examines and understands the context of the performance and development.

To become more effective and satisfied at work, Team Members need a good understanding of their impact on others and the extent to which they achieve their goals in their working relationships. Direct feedback is the most effective way to gather this information and to learn from it. By providing and receiving direct feedback, we facilitate growth in line with personal needs, stimulating the Team Members to reach their full potential and to never stop growing. In addition to receiving direct feedback, we have introduced the My Feedback tool. This tool supports receiving 360° feedback in order to incorporate this in the Growth Portfolio. Intentionally, this is not part of the reward, performance and development evaluation, but solely there to help the employee to receive feedback for their own development.

4. 'My work is meaningful and challenging' | Work that is challenging that also has a social purpose and a greater meaning

To live up to our promise of 'my work is meaningful and challenging', we approach this from multiple angles:

- Understanding what is meaningful to our employees;
- Articulating the impact of a project
- Actively asking our employees about their experience after finishing a project. Did they experience the project as meaningful and energizing?
- Contributing time to the Deloitte Impact Foundation

5. 'My development and growth opportunities are wide ranging' | Continuous learning and development with varied career options supported by talent mobility

Please see paragraph 3.3 hereunder for an overview of our approach to Learning and Development.

6. My health and wellbeing is a priority | Mental health and wellbeing are prioritised, and individuals supported to be themselves

Please see paragraph 3.4 hereunder for an overview of our approach to Wellbeing.

7. My work environment is positive' | Inclusive, flexible and professional working environment

We have implemented hybrid working model principles:

1. We connect in person when it matters;
2. We provide inspirational collaboration & meeting spaces;
3. We make good use of virtual working, in an inclusive way;
4. We leverage innovative, collaborative technologies;
5. We prioritise well-being;
6. We travel and commute less, to reduce our carbon footprint;
7. We trust employees to decide where tasks can best be performed.

To facilitate these principles, we offer various tools to facilitate employees working from several locations. Work location guidelines are applicable to help employees make the right decision in choosing their work location. As a rule of thumb, we encourage our employees to work from home on average for two to three days per week. We encourage flexibility because it supports our employees in finding an optimal work-life balance and reduces CO2 emissions as a result of commuting to the office or other locations.

Adequate wages

As part of our EVP, we put in place a new reward programme that contains different reward elements, such as salary, allowances, variable pay, and benefits: a package where flexibility (choices), fairness, equality, inclusiveness and trust, clear expectations, and open communication are the key principles. In addition, our rewards package contains several provisions to promote wellbeing and connection in the broadest sense.

Within Deloitte we have three reward groups; Audit, Advisory and Internal Services. Within these reward groups, we have defined different job grades, based on the Hay guide charts. All our current and new positions are mapped in accordance with the Hay system. This provides a clear job grade and bandwidth structure for our employees.

Every year a benchmark is performed to compare our salaries within the Big4. As a result of this benchmark, on an annual basis, we determine what our minimum and maximum bandwidths are per job grade and per reward group. As a result of last year's benchmark, we raised the bandwidths with at least 3%. Higher percentages were granted for some job grades in some reward groups where the benchmark required us to do so.

Almost all employees are part of our regular annual salary increase. Employees who joined on or before March 1, are awarded a salary increase per October. We evaluate the growth in development for each employee after the end of the financial year (May 31). In this evaluation we grant a salary growth percentage matching the growth in capabilities. For employees who joined the firm after March 1, we evaluate if we need to increase their salary to receive a salary comparable with their peers. Most of the new joiners, therefore, were also granted an increase per October 2022. Of course, due to the minimum wage changes per January 1, 2023, we raised the salaries of colleagues who would be receiving conflicting salaries per that date.

Social security

Unemployment benefits

Deloitte pays the legally obliged premium for unemployment insurance. This means that all employees are insured in the event they lose all or part of their income through no fault of their own, if they have worked for at least 26 weeks of 36 prior to their unemployment. The duration of the unemployment benefits depends on the time that the employee has worked.

Sickness

Employees of Deloitte Nederland receive 100% of their income during the first year of their absence due to sickness. In the second year they receive 70% of the sickness hours and 100% of the hours worked.

Injury and disability

If an employee is ill for more than two years, Deloitte will stop paying salaries and the employee can apply for a (partly) compensation based on the Dutch Act on Work and Income according to Work Capacity (Dutch: Wet Werk en Inkomen naar Arbeidsvermogen (WIA)). To cover the potential drop in income, Deloitte has taken out a collective disability insurance. This insurance applies to all employees with an employment contract with Deloitte and is governed by the Social Insurance Acts (SVW).

In case an employee falls ill, they will be paid by Deloitte for 104 weeks. In the first year they will receive 100% of their gross salary, in the second year 70%. When they are absent due to ill health for more than 104 weeks, they will have to deal with the WIA. Three scenarios are possible:

- If they are less than 35% incapacitated for work, there is no arrangement.
- If they are between 35% and 80% incapacitated for work, they are included in the Partially Incapacitated for Work Scheme (WGA).
- If they are more than 80% fully and permanently incapacitated for work, they will be placed in the Income Provision Fully Incapacitated for Work (IVA).

Deloitte has taken out a collective WGA disability insurance against income loss under the WIA. It concerns three insurances:

1. The AOV hiaat: this insurance gives a 70% income guarantee up to an income capped at the maximum WIA wage limit of € 58,307 (reference date January 1, 2021).
2. The AOV supplement: this insurance gives, taking into account the percentage of disability, a supplement of up to 5% to a gross annual income capped at the maximum WIA wage limit.
3. The AOV excess: taking into account the percentage of incapacity for work, this insurance provides an additional income supplement of 75% capped at a gross annual income of up to € 150,000.

Deloitte has set the insured salary for its employees at 12 times the gross monthly salary including vacation allowance with a maximum of € 150,000 per annum. In addition to the legally required employer contribution, Deloitte pays one third of the employee premium. The employee pays the rest of the premium themselves.

Maternity leave

If a Deloitte Netherlands employee is pregnant, they are entitled to a total of 16 weeks of leave. These are divided as to 4-6 weeks before the due date and 10-12 weeks after delivery. During this period the employee receives 100% of their salary. An employee is entitled to 20 weeks of leave in case of twins (or more).

For pregnancy leave, maternity leave and paid parental leave, there is an entitlement of 100% of the last-earned salary (this also applies to any TAB or personal allowance granted). It does not affect the accrual of vacation days or allowance, entitlement to the lease car scheme, profit sharing or any other employment conditions (e.g. laptop, phone). The pension accrual and the premium contribution for both the employer and employee part are continued in full during this period.

Parental leave

In addition to this pregnancy and maternity leave new parents can also apply for paid parental leave. Legally, parents are entitled to a period of 26 week unpaid parental leave. UWV will compensate parental leave for a maximum of 9 weeks (9 times the working hours per week). This compensation amounts to 70% of the salary, with a maximum of 70% of the maximum daily wage (maximumdagloon).

Leave for rainbow families

Deloitte Netherlands has inclusive leave policies for parents, to create a more inclusive workplace for LGBTIQ+ employees at Deloitte. All parents at Deloitte should be able to take leave to take care of their new child or children. Therefore, we have more extensive policies than the rights defined in the legal framework on additional birth leave, parental leave, care leave, special leave and urgent leave, accommodating to 'rainbow families'. With the phrase 'rainbow families', all family forms other than the traditional one biological father + one biological mother families are meant.

Retirement

The pension scheme implemented within Deloitte Netherlands is a defined contribution agreement [premieovereenkomst]. A defined contribution agreement entitles the employee to a defined contribution that is used to build up the pension capital.

On the retirement date the pension capital is used to purchase:

- a lifelong retirement pension;
- a lifelong partner's pension in the event of death after the retirement date, amounting to 70% of the lifelong retirement pension.

Defined contributions are invested according to Life Cycle Investment profiles. The defined contribution is used to purchase investment units of investment funds. The number of investment units multiplied by the daily rate constitutes the pension capital in the individual participant account at that time.

Our pension provider, Aegon Cappital, deliberately and actively considers the impact of environmental, social and governance criteria ("ESG criteria"), particularly in the areas of human rights, weapons, health and the environment. Based on their code of conduct, our pension provider enters into an active and critical dialogue with companies whose conduct or products do not comply with the set norms and values in order to prompt a change in behaviour ("engagement"). If they do not comply, there are two options: the pension provider can exercise their right to vote, for instance during shareholders' meetings, or they can exclude those companies from all active investments. The exclusion list of our pension provider also includes a number of countries. Government bonds and other government loans are also excluded as investment.

Aegon Cappital has been awarded the Golden Medal for their sustainable and responsible pension investment policy. Aegon Cappital is also compliant with Sustainable Finance Disclosure Regulation (SFDR; green level - article 8).

Deloitte employees are informed through specific organised webinars, personal information in their individual pension portal, and general information on the Aegon Cappital website. The Executive Board and our Works Council speak regularly with the Head of Investments about the sustainability policy, experiences and goals.

Engage for Change Initiative

To stay connected to the changing needs and expectations of our employees throughout their time at Deloitte, we have developed Engage for Change that was first launched in October 2022. It is an NSE driven, deliberate focus on harnessing our employee feedback to influence the choices and actions that we make to continually improve.

We collect employee feedback throughout the cycle from hire to retirement. Recurring surveys help us identify the areas of importance to our employees. The key is to use these surveys to better understand the driving factors that influence our employees' experiences, and more importantly, to inform the actions that are taken as a result.

The Engage for Change platform will be used to capture feedback on the following:

- Joiner experience (gathering feedback after the first 90 days)
- Contribute surveys (every quarter to measure the continued experience)
- Leaver surveys (to capture the reasons for leaving)

Survey questions have been designed and agreed upon by all geography working groups. They are aligned with the NSE Employee Value Proposition and are consistent across NSE Geographies. The question set is deliberately short, with space for free-text responses. The survey platform has the functionality to ask additional geography- or business-specific questions. It can also be used for other surveys (e.g., Global Talent Experience Survey), thereby channeling many of our survey requests through one platform for a more consistent end-user experience.

All data gathered will be available to leaders within the business to get real-time insight into the experience of their teams and act accordingly. We operate on a 'Voice, Understand, Act' basis and discuss results with business leaders and HR to ensure positive changes can be made based on the feedback.

Some of the results so far:

- The first quarterly survey, sent out to the entire DNL population in October 2022, reached a response rate of 32% and in January 2023 a staggering 49% (+17%). In the April 2023 survey, the response rate amounted to 39% (-10%);
- The newly introduced Employee Net Promoter Score, how likely employees would recommend Deloitte as a great place to work, has a score of +17; meaning that there are more promoters (26%) than detractors (9%). The ambition is to decrease the number of detractors while increasing the number of promoters;
- 'Choices around flexibility' and a 'respectful supportive and inclusive work environment' are by far the best-ranked topics, evidencing our investment in our Employee Value Proposition that focusses – amongst other things – on 'being the true you'.

Results

Table 06: Turnover by gender in reporting year

	Turnover male	Turnover % male	Turnover female	Turnover % female
Partners	16	5%	2	2%
Directors	25	8%	6	6%
Senior managers	68	12%	30	12%
Managers	127	17%	58	15%
Aspirant / jr. managers	352	15%	288	14%
Supporting staff	10	25%	72	20%

Table 07: % of employees receiving regular performance & career development reviews*

	2022/2023	2021/2022
Total	80%	77%
By gender	2022/2023	2021/2022
Male	78%	76%
Female	82%	79%
By category	2022/2023	2021/2022
Partners	2%	2%
Directors	57%	54%
Senior managers	87%	85%
Managers	92%	91%
Aspirant / jr. managers	94%	92%
Supporting staff	86%	82%

* Our partners are not part of the regular performance cycle. For partners we maintain a performance management system that is also used to determine their annual profit share and that takes into account such aspects as quality, integrity, inclusive leadership, commercial performance and relationship management.

3.2 Inclusion and diversity

Impacts

Deloitte has a moral, corporate and societal obligation to be a diverse and inclusive organisation: diverse in reflecting the clients and society we serve, and inclusive to ensure that all employees and partners regardless of their gender, cultural background, ethnicity, age, sexual orientation, gender identity, neurodiversity or disability, can be their authentic selves and fulfil their potential. Welcoming diversity and enabling colleagues to thrive enables Deloitte to leverage the well-researched and recognised business benefits of inclusion and diversity:

According to our insights, organisations with inclusive cultures:

- are 35% more likely to outperform their competitors;

- are 70% more likely to capture new markets;
- see a 59% increase in innovation;
- are 62,6% more likely to see increased profitability and productivity;
- generate 2.3 times more cashflow per employee.



Governance

Over and above our moral obligations and the business benefits of Inclusion and Diversity (I&D), we have a corporate responsibility to address the growing inequalities that are destabilizing society. The Global SDGs challenge us to use our corporate position to influence the socio-political and corporate landscape within the Netherlands by challenging government, our clients and supply chain to reflect the vision of I&D we adhere to.

It is our mission to have an all inclusive workplace by 2027. This is an evolution we are working on, on a daily basis. A substantial culture change is needed. For this reason, we take a holistic and systemic approach, where diversity, equity and inclusion are fully integrated across the organisation's internal and external business activities. After spending decades on putting targets in place, facilitating employee resource groups, organising bias trainings and implementing inclusive leadership programmes, we now expand our efforts by:

- Focusing on data and measurement in order to have better insight in the representation of different groups, understand our employee experience, and measure progress;
- Holding our leadership accountable to be inclusive and to be leaders who are courageous, curious and compassionate, and thus are able to humanise the workplace;
- Fostering psychological safety to create a culture where people feel free to speak up and be themselves;
- Changing the system to allow a broader definition of success. Culture may seem to be all about people, but it's the policies and processes that drive their behavior. Changing culture therefore takes time, strategic choices and bold moves.

With a committed Executive Board and Executive Committee, we believe in shared ownership and boosting entrepreneurship. All our colleagues play a role in a successful I&D strategy. Therefore, we encourage our workforce to speak up about I&D in keynotes, roundtable discussions, and initiate internal activities. These gamechangers advocate I&D from intrinsic motivation, regardless of their job level or business unit. Next to that we have a strong and committed I&D governance model, with councils and ambassadors, contributing their time, energy and knowledge on a structural basis. Within Deloitte Netherlands we have five internal I&D Employee Resource Groups: [Deloitte Women's Network](#) , [Neurodiversity Network](#) , [Proud at Deloitte](#) , [Cultural Diversity Network](#) and the Young Board. These groups provide valuable feedback and input on our progress and are a crucial voice to co create an equal system.

This governance structure is led by our CEO and the Executive Board, and includes:

- Business Leads who are responsible for driving, amongst other initiatives, our gender diversity targets within their Business, and holding partners accountable for promoting Inclusive Leadership;
- I&D Ambassadors who are, both within the business and our I&D Councils, responsible to set and execute a Business specific I&D plans, aligned to our corporate ambition;
- Employee Resource Groups, including the Deloitte Women's Network, Proud (LGBTQ+), Neurodiversity Network, the Cultural Diversity Network and our Young Board, who represent the employee voice, and provide subject matter guidance of topics relevant to their target audience;
- A dedicated central I&D Team committed to setting and executing a company wide I&D strategy and plan, by working in close collaboration with all relevant stakeholders.

Activities in 2022/2023

The focus for 2022/2023 has been on embedding I&D in daily practice. This included facilitating open dialogues among our people and leaders through initiatives such as reverse mentoring and our Inclusion and Diversity curriculum. Our Inclusive Leadership programme has been embedded into our Leadership Development programmes, so that all Directors and Partners in the organisation have received comprehensive training on what it means to be an inclusive leader at Deloitte. This has also been cascaded down to all Managers and Senior Managers in the firm.

We realise, though, that inclusive leadership sometimes means challenging the status quo or holding colleagues to account, and this can be hard if psychological safety is lacking. Moreover, people of under represented groups can feel included but still don't feel safe to be different, to contribute or to challenge ideas. This is why we decided this year to introduce psychological safety as a strategic pillar to our I&D policy. We have a dedicated team working across functions to embed psychological safety in our processes and systems. We have implemented several initiatives to foster psychological safety in our ways of working.

Furthermore I&D has been embedded in our event management process in line with our Panel and Proposal Promise, which strives for a ratio of 40% male, 40% female and 20% other visibly different individuals in account teams and all internal and external panel events. We have also introduced new policies to equalise the parental policies for primary and secondary careers and rainbow families, and support the needs of transgender colleagues in the transition process. These policy changes have been driven by the insights gained from our voluntary Diversity Measurement Survey which exposed the demographics of our workforce and sentiments of inclusion and belonging.

We have maintained our focus on proactively monitoring our gender representation across the organisation in line with our targets for female headcount, recruitment, retention, and promotion in our quarterly I&D reports. While we see top line improvements in gender diversity in overall headcount, we have been challenged by rapid growth across the business, particularly in areas such as technology where female talent appears hard to find. We have addressed these challenges by diversifying the recruitment team, broadening our search, investing in new partnerships, piloting new recruitment methodologies, and revising our vacancy texts.

Results

We acknowledge that we are at a critical point of our I&D journey, where changes are being experienced by colleagues throughout the organisation. In fiscal year 2023, Inclusion and Diversity remained a strategic focal area for Deloitte. We worked hard in order to remaining a thought leader, we learn and develop each day for being that truly inclusive workplace in 2027. We do this because we believe this is who we want to be, fostering inclusion and leading the way. Last year this was not only acknowledged by our workforce and clients in several surveys, like the increased inclusion score in our NSE engagement survey, but also by winning the M&A award for best diversity firm.

Many steps were made on the path towards an inclusive workplace, to mention a couple:

- All (Senior) Managers were invited to go through our Inclusive Leadership training;
- All leadership participated in our Psychological Safety Programme;
- We embedded the significance of People Skills in our Performance and Reward process.

Table 08: Gender diversity (status per May 31)

	2022/2023	2021/2022
Partners	22%	21%
Directors	25%	23%
Senior managers	31%	31%
Managers	35%	33%
Aspirant / jr. managers	46%	45%
Supporting Staff	90%	90%

Table 09: Job category by age in 2022/2023 (average for financial year)

	< 30 years	30-50 years	> 50 years
Partners	0%	60%	40%
Directors	0%	75%	25%
Senior managers	0%	88%	12%
Managers	11%	83%	6%
Aspirant / jr. managers	69%	28%	3%
Supporting Staff	40%	36%	24%

Gender Pay Equity Analysis

Global Talent has developed a robust, consistent analytical methodology, to provide visibility and assurance on gender pay equity across multiple member firms. As part of our zero tolerance approach to gender pay inequity, in 2022/2023, Global Talent conducted this Gender pay equity analysis at our request using a multi-variant regression model to identify statistically significant gender pay and performance bonus differentials between employees doing very similar or the same work. The analysis identified zero salary cohorts with statistically significant differences for gender pay equity and zero performance bonus cohorts with statistically significant differences for gender pay equity.

Going forward

In 2023/2024, we will continue to build a workforce that is a representation of society, creating access to equal opportunities for everyone, and work towards a culture where everyone can be their true selves. We will do this via a data driven approach amongst others through increased monitoring of the diversity of the workforce and our gender targets. In the upcoming years, we want to move from a programmatic level to a leader-led and integrated level of DE&I, via Bersin's I&D Maturity model. This means focusing on leadership commitment and training and addressing systemic barriers in the next fiscal year. New aspects include the addition of the "E" of equity in our communication, meaning from I&D to DE&I. We remain our focus on sustainable gender balance, and drive further progress in embedding our plan into daily practice by fostering psychological safety, pay special attention to unconscious bias and inclusive leadership, and inclusive processes and policies.

3.3 Learning and development

Impacts

Deloitte is a knowledge rich firm. The value we create is driven by our talent, using their intellect. We acquire knowledge and experience by recruiting top graduates and experienced hires. To be able to offer outstanding value to our clients, we further develop their knowledge and skills, and aim to keep our talent's skills and knowledge up to standards through our formal and informal learning curriculum. We actively share our insights to elevate public knowledge and understanding of the complex challenges that we work on. By engaging in continuous learning, our professionals are able to develop themselves further, advancing their careers and strengthening their employability, elevating their impact.

Deloitte relies on renowned academic institutions to educate our future and current professionals and business leaders. Our external costs invested in learning and development amount to €4.2 million. In addition, the time spent on learning activities by our people results in an additional cost of almost €20 million. These costs help our employees develop, and prepare them for their future careers within or outside Deloitte. From our Strategic Impact Assessment, we know that the social impact from our learning & development activities is significant, making it a material topic. In addition, we see it as our role to participate and actively contribute to the academic world and lead the debate: 271 of our professionals are internally registered to hold additional positions in universities and colleges.

Knowledge is not only a key input for our business model, it is also a key output. As an organisation, we partner with knowledge centres on a variety of complex topics. Examples of such partnerships are our associations with Singularity University in Eindhoven and Nyenrode University in Breukelen. Through our partnerships, we are able to further develop content that is mutually beneficial to both the universities involved as well as for Deloitte.

Through our 'Future of' agenda we create ecosystems to which we input our knowledge and insights for the benefit of our clients and society at large. Frequently, we publish in-depth articles to enrich public knowledge around current themes. Recent examples of such articles are our publication "Food and Energy: Addressing sustainable goals together" and a series of articles on decarbonisation of transport.

Deloitte actively participates in think tanks such as the Working Groups of the Dutch Chartered Accountants Association and the Foundation on Auditing Research (FAR), to advance professional standards. Furthermore, we cooperate with universities to jointly develop and transfer valuable academic insights to our client base.



Governance

The Learning & Development (L&D) team consists of almost 30 employees organised in business teams and cross-business teams. The team is led by the NL Learning Lead. Each sub-team consists of one L&D Manager and several (Jr) L&D Professionals. We collaborate with many stakeholders, such as Deloitte University EMEA, NSE Learning Team, the GlobalLearning teams (per Business), local Talent teams and Business stakeholders and external vendors. The L&D lead reports to the CHRO of Deloitte NL and to the Director L&D of NSE.

In our vision, learning is a continuous development approach that comprises formal education as well as environment, experience and blended-learning opportunities. 'Never Stop Growing', an important pillar within our Employee Value Proposition, underlines the importance of offering continuous learning and development opportunities with varied career options supported by talent mobility for our professionals.

Our vision is to grow leaders for the future, build world class capabilities for maximum client impact and consistently deliver an exceptional development experience for our people. The opportunity for the future is to improve the impact on our client engagements, to enhance the talent experience of our professionals and optimise learning investments and resources. Therefore, in 2022/2023 we have continued to focus on the future of learning and the technology landscape.

The future of learning is a learning environment that includes a learning culture and the right use and mix of live in-person, virtual and digital learning. Our new Deloitte University Europe campus in Paris which will be opened end of 2023, will play an important role in our learning experience, offering a mix of in person, digital and virtual modalities.

We will explore further, new innovative technology to improve and enhance our learning programme to create a professional and leadership development experience that caters to the requirements of today's professionals, is uniquely their own, and is integrated into everyday life.

To cater to this view, we have implemented a global learning platform (CURA) that meets our professionals in their moment of need to provide personalised client, industry and skills-based knowledge as well as social networking and collaboration opportunities. CURA is a learner-driven content curation system that brings personalised internal and external content to the Deloitte professional. This innovative platform creates learning opportunities and supports the personal and everyday learning experience.

Activities in 2022/2023

The Learning & Development team has three strategic ambitions supporting our Employee Value Proposition, specifically Never Stop Growing:

1. Enforcement of our Learning Culture
2. Upscaling to a World Class Learner Experience
3. Development of People Leadership capabilities

In 2022/2023, the Learning & Development products and services towards our business include, amongst others:

1. Learning needs analysis and strategic advice to the business on the best learning solution;
2. Curricula management (i.e., keeping our professional, leadership, industry and technical curricula up to date);
3. Design, development and deployment of high-impact learning interventions, including faculty development;
4. Yearly L&D processes, such as the DU EMEA nomination and L&D budgeting process;
5. Delivering strategic Learning & Development plans per business for 2023/2024.

The most important activities in 2022/2023 are related to continuous improvement of L&D projects are:

- Learning culture: we have assessed to learning culture of Deloitte Netherlands. Based on the outcomes, a strategic transformation project L&D 2.0 has started to improve the learning culture;
- Learning technology and learner experience;
- L&D impact and measurement;
- L&D branding and communication;
- People leadership capabilities: focus on delivering a early career programme and a coaching curriculum to strengthen leadership skills at all levels.

Results

The introduction and execution of the aforementioned activities has yielded an increase in training hours per FTE to 99,6 hours/FTE (2021/2022: 89,8) while total investments (including external costs) increased to €11.9 million (2021/2022: €8.5 million). We believe this investment is key to supporting our people in their growth and ability to make a positive impact.

Table 10: Average training hours per FTE

	2022/2023	2021/2022
Total	99.6	89.8
By gender		
Male	104.4	93.1
Female	92.9	85.1
By category		
Partners	32.4	26.2
Directors	48	38.9
Senior managers	59.4	44.2
Managers	73.2	62.9
Aspirant / jr. managers	124.4	113.7
Supporting Staff	39.3	37.2
Interns	167.9	188.2
Average training days per Business		
Audit	18	18.7
Consulting	13.4	10.2
Financial Advisory	9.2	6.9
Tax & Legal	9.5	7.8
Risk Advisory	14.6	13.6
Others	2.8	2.1

3.4 Wellbeing

Impacts

For many people, having meaningful work in a positive and stimulating work environment contributes significantly to the quality of life. By paying attention to topics such as inclusiveness, work-life balance, physical fitness and mindfulness, we aim to keep our people happy and healthy. There are considerable positive impacts when people are physically and mentally fit: in general, productivity is higher, and attrition and absenteeism due to illness lower.

Unfortunately, our high-performance culture can also have a negative impact at times, for example through excess workload, stress and pressure to perform. This is first and foremost an impactful situation for those directly involved but also comes at a cost to Deloitte and society. As a consequence, Deloitte is hugely committed to promoting wellbeing in the workplace.



Governance and activities in 2022/2023

Our approach to wellbeing has five main focus areas:

1. **Mental health** | We recognise that mental health influences the quality of life of our people. In a performance culture like ours, and a world dealing with climate change which can cause anxiety and stress, it is therefore important to stay focused on the topic of mental wellbeing. In order to promote good mental health, we offer various tools and tips that our people can use to stay connected and engaged, and maintain their mental balance.

2. **Physical health** | Deloitte has a Company Fitness Scheme that offers employees the opportunity to exercise at a relatively low cost. Two of our offices offer in-company fitness (Amsterdam and Rotterdam) and we have arrangements with external sports clubs throughout the Netherlands for fitness outside of our offices. In addition, our Deloitte FIT programme and app offer our people challenges and the possibility to try out new sports, stimulating our people to connect with each other through sports.
3. **Illness and recovery** | When an employee is absent due to illness for a longer period, a self-directed treatment plan is drawn up. This means that if an employee becomes ill or incapacitated for work, the manager and their employee make customised arrangements. They are supported in making these arrangements by the Case Manager Health, as well as the Occupational Health and Safety Officers for medical advice. The Case Manager Health plays an important central and coordinating role in the deployment of external professionals, such as company doctors, labour experts and other external providers who can assist in promoting employability.
4. **Working from home** | We are convinced that hybrid working - where our people make conscious decisions as to where they work - is here to stay. Working from home is an integral part of hybrid working and has proven benefits for work-life balance. We feel it's very important to be able to work in a good and ergonomically sound way, both in the office and at home. To ensure that our people can operate in an ergonomically sound manner whilst at home, we have created a once every seven years personal budget for every employee to set up their home office in a responsible way. In addition, every Deloitte is entitled to a monthly allowance to compensate them for the additional costs of working from home. Finally, through our webshop, we offer technical peripherals and accessories to make working from home easier and more comfortable.
5. **Financial health** | In the changing economic environment, we understand that the topic of financial health is getting more important. An individual's financial health influences their physical and mental health, and concentration. Deloitte is committed to support employees in maximizing their financial health by creating an environment in which financial stress and health is an approachable subject, providing support for colleagues experiencing financial uncertainty or financial stress and offering resources for those seeking information or interventions.

All employees with a contract with Deloitte Netherlands are covered by Deloitte's Health and Safety management System. Thankfully, in 2022/2023, there were no fatalities as a result of work-related injuries and work-related illness.

Results

We have seen an increase in absenteeism during the COVID pandemic, with an increase from around 3% annually to just over 4% in 2021/2022. In 2022/2023, there was a slight decrease in absenteeism due to illness from 4.1% in 2021/2022 to 3.7% in 2022/2023. If we look at the national (CBS) figures, this decrease was not visible in the Specialist business services sector of which Deloitte is part. The analysis by the occupational health and safety service showed that the share of absenteeism due to psychological complaints also decreased slightly by 3 percentage points to 62%.

The percentage of absenteeism due to accidents has remained stable over the past years and is equal to the reference. There were six cases in total and only one accident related to Deloitte that resulted in monitored sickness absence. Most of the accidents resulting in absence are due to private, traffic and sports situations.

The proportion of work-related absenteeism accounts for 28%. This is almost twice as high as in the reference group (consultancy companies), as measured by our healthcare service provider 'Zorg van de Zaak' (15%). Work-related absenteeism is mostly of a psychological nature: mental/psychological factors account for 82% of all work related absenteeism within Deloitte.

The percentage of absenteeism due to psychological complaints decreased by 3 percentage points to 62%. Despite the decrease, it remains higher in comparison with the reference (48%).

Table 11: Sickness leave

	2022/2023			2021/2022		
	Total	Male	Female	Total	Male	Female
Lost day rate	74,970	32,687	42,283	72,550	32,275	40,275
Sickness leave	3.7%	2.8%	5.0%	4.1%	3.1%	5.6%

3.5 Social impact and social return

Impacts

As an external auditor of both financial and non-financial information, we help build the trust that is necessary to facilitate informed decisions on financial and non-financial transactions, e.g. decisions to invest, divest or grant a government subsidy. Through our advisory work, we enable organisations to better understand their business and operating environment, thereby creating value for their stakeholders. We believe the societal impact of our assurance and advisory work to be greater than the revenues received.

We realise that, increasingly, we can only tackle complex challenges in partnership with others. To this end, creating effective ecosystems is a fundamental principle of our 'Future of' agenda. Together with our partners, we want to find solutions to social challenges around food, energy and mobility. In addition, we want to help our clients transform their business models to more responsible ones.

The social contribution of Deloitte is completed by the Deloitte Impact Foundation and our activities on social return.



Deloitte Impact Foundation

Via the Deloitte Impact Foundation, Deloitte is committed to performing pro bono work and giving back to society via a large variety of societal initiatives for NGO's, non-profits and start-ups. We believe that we can make the most difference by sharing our employees' core competences, knowledge and network in societal initiatives to make an impact in the fields of education & employment (WorldClass), sustainability and inclusive society.

Governance

The Deloitte Impact Foundation is part of the Corporate Strategy Office (CSO), which sits in the Executive Office of Deloitte the Netherlands (DNL). The CSO is led by the Chief of Strategy for Deloitte NL, who leads the strategic direction of DNL. As part of this team, the Deloitte Impact Foundation needs to ultimately report back to the Executive Board – responsible for the strategic and policy frameworks and objectives, monitoring the implementation of policy, and the collaboration between the different markets and businesses.

The Deloitte Impact Foundation itself consist of various layers of responsibility and is constructed in the following manner:

- On the highest level, the Foundation is led by the Deloitte Impact Foundation Board comprising of a chair (a member of the Executive Board) and two members. Together, they are responsible for defining and maintaining the strategic direction of the Deloitte Impact Foundation. They also grant approvals for employee-led initiative submissions. Each member is responsible for one of the three themes the Foundation focuses on (i.e., WorldClass, Sustainability, and Inclusive Society).
- The Advisory Board consists of colleagues from various levels and businesses across Deloitte. They advise the Deloitte Impact Foundation Board on the strategic direction of the foundation. Additionally, they provide an advice on each initiative submission, after which the Deloitte Impact Foundation Board makes a final decision of approving or denying the submission.

- Following these (strategic) decisions, the Deloitte Impact Foundation PMO team governs the strategy roll-out, communication, day-to-day activities and all activities related to employee engagement. The team is led by the Director of the Deloitte Impact Foundation. The Director ensures these processes to run smoothly, and guards the governance code and positions the foundation to be more visible and fitting towards our regulators, clients, public and people.

The Deloitte Impact Foundation aims to use 1% of Deloitte Netherlands' direct hours for pro bono work, translated in a target of 78,296 hours for this year. Every year a new number of hours will be determined based on the 1% of Deloitte Netherlands' direct hours. The Deloitte Impact Foundation likes to see an increase per year of employees involvement in its projects, this year is a target set for 1,000 employees.

Pillars

To amplify the impact of our Deloitte Impact Foundation, we concentrate our efforts on three key areas and are working together with partners in ecosystems:

- **WorldClass** | A global Deloitte initiative with the ambition of supporting 100 million people worldwide by 2030;
- **Sustainability** | Through our sustainability-related initiatives we protect our natural environment by addressing the root causes and effects of global warming and degradation of land, water, and air. This focus area aims to support future generations on our planet to live in a healthy and sustainable environment;
- **Inclusive society** | This broad theme allows our colleagues to start employee-led initiatives that are close to their hearts and contributes to an inclusive and diverse society. These initiatives provide support for challenges related to the quality of life in the Netherlands such as concerning poverty, safety, health, loneliness, and/or happiness of Dutch inhabitants.

There is a two-way approach in place to run initiatives within these three key areas: via employee-led initiatives and via top down programmes. The employee-led initiatives aim to encourage every Deloitte NL employee to get involved in causes that are close to their hearts. Each employee can spend 1% on average of their working hours to start or join initiatives that create societal impact. The top-down programmes are the *WorldClass* programme and the Financial Health programme, which are large programmes that run for a longer period of time and to which more employees across Deloitte can devote their time:

- In the Netherlands, our *WorldClass* programme focuses on improving the equality of opportunity of vulnerable young people in education, especially in primary, secondary, and middle-level vocational education in the larger cities of the Netherlands;
- The Financial Health programme, a top-down programme of the Deloitte Impact Foundation's pillar 'Inclusive Society', is working with VNO-NCW, SchuldenLabNL, ING, Her Majesty Queen Máxima and about 30 organisations to launch a national coalition (November 29, 2022) on financial health (Nationale Coalitie Financiële Gezondheid or NCFG). In this coalition employers (including Deloitte) vow to take a comprehensive approach to support their employees in their financial health.

Process

Via the platform "Make an Impact", the Deloitte Impact Foundation invites colleagues to either join an open vacancy, or to start their own initiative. To stimulate the involvement, we work together with a changemakers network that is represented in all of our businesses. The changemakers are the first point of contact for our colleagues.

To join an initiative, colleagues can search for vacancies in initiatives through the platform. Some vacancies require a motivation text that needs to be reviewed by the team or activity manager, who will get notified via the platform and will reach out to approve and share the DIF-hours code related to the project.

To start an initiative, colleagues are encouraged to find a cause they care about which fits the Deloitte Impact Foundation criteria (e.g., primary scope must be the Netherlands, alignment with the themes, impact should be clear) and to fill-out the Application Template with their project details in order to apply via the PMO team. All applications are assessed by the Advisory Board within 4-6 weeks. The applications are assessed during the monthly Advisory Board meetings in which the Advisory Board provides their preliminary advise, to ultimately be approved/disapproved by the Board.

Impact, risk and opportunity management

A risk for achieving the 1% target is the availability of time due to the pressure of client work.

In terms of reputation risk, pro-bono work does not differ from client projects. This means that pro-bono initiatives are assessed via the same process as other client engagements:

- All initiatives must have a sponsoring Deloitte partner involved, who is responsible for the execution and quality reviews;
- All initiatives and partnerships are checked for possible independence issues by RRL before continuing the approval process of the initiative;
- An engagement letter is required. This has to be approved by the sponsoring partner of the function leading the initiative;
- The initiative contributes positively to the Deloitte brand (e.g. it does not convert people's faiths, does not involve any sort of activism - religious or political - and cannot fund criminal - or any illegal - activity).

Results

In 2022/2023, Deloitte Impact Foundation engagement has grown both in hours, projects and employees compared to 2019/2020, based on hours written in SWIFT.

Deloitte Impact Foundation hours

- 2020/2021: 17,767
- 2021/2022: 36,284
- 2022/2023: 39,413

Number of projects

- 2020/2021: 86
- 2021/2022: 96
- 2022/2023: 107

Number of employees involved

- 2020/2021: 469
- 2021/2022: 790
- 2022/2023: 1,020

Social return

Since 2011, the public sector has been using its purchasing power to help people with a distance to the labour market to find work. This means that as a supplier to the government, in appropriate tenders for work and services in excess of €250,000, we must also involve people with a distance to the labour market when performing the engagement. Since early 2018, in order to create more social impact, there has been more flexibility within the social return obligation and the new working methodology 'Maatwerk voor Mensen' (Tailor-made for People) has taken effect: the social return obligation can now also be fulfilled in other places than directly through the engagement concerned, and under different circumstances. All parties agree that maximum social impact can be created with customisation, cooperation and leveraging existing supplier initiatives. This is called SROI 2.0.

Central and local governments encourage linking social return as much as possible with the contractor's own objectives and those of the government. The reasoning is that in this way one can shape social return from one's own strengths and skills, and hence is better motivated to do so with enthusiasm. Social return can also be applied to existing initiatives.

Deloitte has long been committed to socially relevant issues and fully embraces the government's social return programme. Deloitte has even started its own programme to tie in with this: Together we make impact entrepreneurship great. This programme has its own programme director. The programme director is responsible for the structural assurance of social return, determining in advance in which contracts social return will be deployed and, after awarding the contract, ensuring the proper implementation or requirements. The director consults with clients to ensure that social return budgets are spent according to their demands, as they have various requirements and wishes on how they prefer to achieve social return.

The programme consists also of initiatives such as social buying and social hiring, which reflects on our own organisation and enhances our social footprint. As a result of contracts obtained until 2022, on an annual basis, next year a minimum of €1.2 M has to be allocated as fulfilment for social return obligations. To manage all current and future obligations in combination with all the social initiatives we have in place, we have built an integrated cross-functional dashboard and we report our status and achievement internally twice per year.

Examples

Programme Scaling Social Enterprises

Launched end of 2019 during the national Impact Days, we started with seven social entrepreneurs to support them pro bono with our full breadth of services to achieve their strategic growth objectives in 2020. The rationale behind this programme is that if they succeed in scaling up, they will increase their workforce. As a minimum of 30% of their workforce consists of people with a distance to the labour market, we jointly create a more inclusive society. Secondly, besides the labour participation effect, some of these entrepreneurs built their business on circular economy principles as well. Since the start, this programme has grown and now includes 14 entrepreneurs. Our objective is to ultimately support a maximum of 20 social entrepreneurs. Based on a recently conducted survey under participating organisations, their average growth in revenue and in number of employees is around 20%. So far, more than 100 Deloitte employees contributed to this programme and have spent around 3000 hours covering all kinds of issues.

'City Deal Impact Ondernemen'

This city deal objective is to mitigate barriers in the eco-system to strengthen impact entrepreneurship in general, and stimulate developments to increase the 'brede welvaart' (broad prosperity) from a labour participation perspective as well as sustainability. From the start onwards, we are one of the participants, and we are coordinating one of the three tracks.

Central Government programme 'Maatwerk voor Mensen'

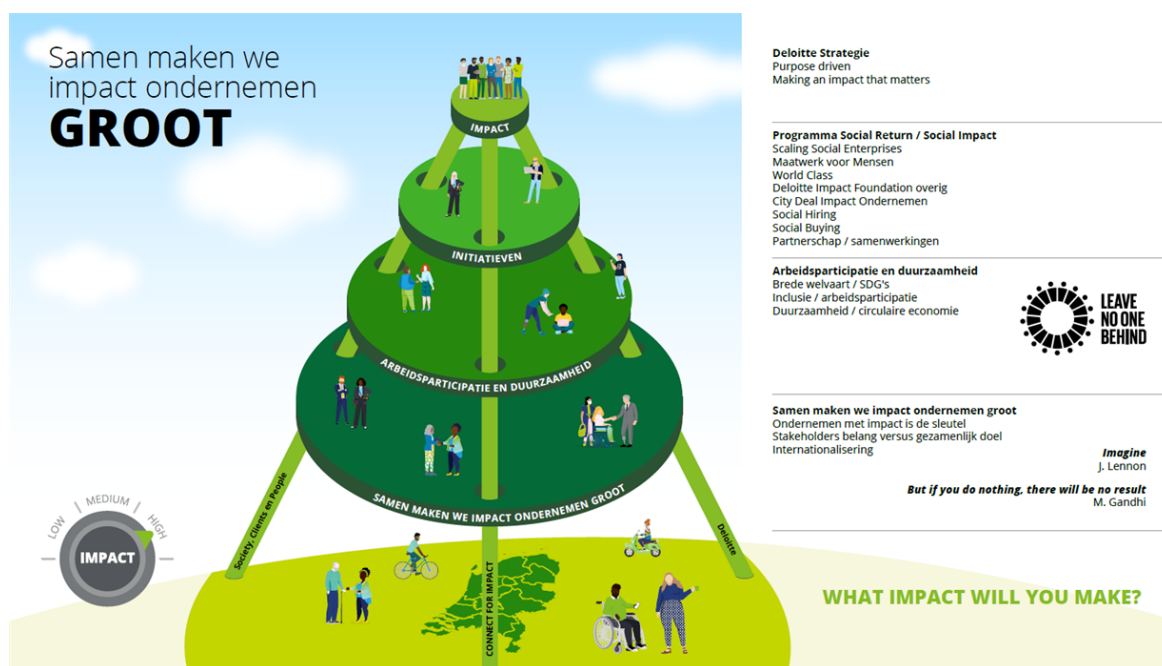
Deloitte is one of the pioneers since the start of this programme. Together with other parties in the ecosystem, we created twelve jobs for people with a distance to the labour market and we are currently running a programme to educate 30 people of which 20 will graduate with a certified diploma. The ultimate objective is that as they move up in their careers, the subsequent vacancies will be fulfilled by new jobless people with a distance to the labour market.

Social Buying

From a purchasing perspective, increasingly we aim to select impact entrepreneurs in our procurement choices, also for example when we organise events. A good example is the replacement of the monitors in our office 'The Edge' in Amsterdam. We selected a supplier with a large proportion of employees who formerly had a distance to the labour market, who ensured that up to 99% percent of the replaced monitors would be refurbished or reused for spare parts.

Cooperation between caterer and impact entrepreneur

Recently we concluded a five year agreement with an impact entrepreneur and our caterer to create learning positions at our office restaurant in 'The Edge' for 15-25 people per year and thus give them a headstart to find a regular job.



4. Governance impacts

4.1 Quality of services

Impacts

High quality audit and advisory services are imperative to our licence to operate. Without high levels of quality, we would be unable to make an impact on our clients and society. To this end, Quality of services is an important focus area in our Connect for Impact strategy.

Providing social trust by delivering high quality services is crucial for the functioning of reliable economic and social ecosystems, such as financial markets. Hence, our quality ambitions are closely linked to SDG16 (Peace, justice and strong institutions) and are part and parcel of our Connect for Impact strategy. Failure to deliver high quality services to our clients can lead to major economic damage and fines and ultimately, to a loss of social trust in our firm.

We believe the path to undisputed leadership in quality is through high consistent quality of our service delivery, our people and of our unique and integrated transformation solutions. The only way to create this is through differentiation. Differentiating on quality goes beyond technical quality and asks for unique propositions delivered in Deloitte's own unmatched multidisciplinary model. Through our client work we want to have a tangible impact on the key societal challenges in the Netherlands. The societal challenges are translated in the 'Future of' themes. We build multidisciplinary products and services around the 'Future of' themes through which we are able to bring our combined knowledge to the market and make impact.

To be leading in quality also presents an opportunity. By being known for high quality services, we are able to generate more business and become a preferred supplier of professional services to our clients. This is also instrumental for maintaining and protecting our Deloitte Brand.



Governance

Our ambition to be the undisputed leader in professional services goes beyond mere volume of our business and includes to be leading in audit and advisory quality, the impact we make, and the position we have in the minds of our clients, stakeholders and people.

We have an overarching system of quality control that is currently being enhanced through the implementation of the international quality management standard ISQM1. In addition, we have established a differentiated model around our central commitment to quality that has enabled our success. To achieve our business aspiration to become the undisputed leader and really differentiate on quality, we have initiatives across the different elements of our quality model. Progress on these initiatives is being measured based on a set of (strategic) KPIs.

Activities in 2022/2023

We continued to build trust in the financial reporting ecosystem by being at the forefront of Audit and using Deloitte's broad and deep advisory expertise in increasing the relevance of our audits, for example in ESG, cyber, fraud, continuity, non-financial information and analytics. The developments around ESG bring many challenges to our clients, both in audit and our advisory business. In the near future, new legislation will bring more external reporting requirements for many companies, and audit requirements are increasing on this kind of information. We are constantly preparing to be able to help our clients to comply with new regulatory requirements.

For our Advisory Businesses, MDM is and remains the preferred strategy for serving clients, bringing together unrivalled breadth of capabilities and increasing seamless collaboration across all businesses to provide unique propositions across our designated growth platforms. It is a top priority to deliver the quality that both clients and society expect from us in these large and complex end-to-end transformation engagements. In order to guarantee the quality on these complex transformation engagements we have an active monitoring programme in place where periodic in-flight reviews are performed during engagement performance and additional risk mitigation is taken if needed. In this year we have further strengthened the monitoring of high risk engagements, to make sure that the proper measures are taken to ensure these engagements deliver the quality that is expected. Besides that, we closely measure and monitor the client satisfaction scores.

It all comes down to Connect for impact, our call to action and an essential part of the success of our Deloitte strategy. This is more than connecting with clients, partners or suppliers. It also means the connection between our people. At many of our large clients, we provided services from more than one business line. To further improve our collaboration, we are moving towards an allocation system that stimulates collaboration between service lines, implemented enhanced training of our Lead Client Service Partners and their account teams, and further increased collaboration between service lines through our MDM platforms.

To strengthen partner career management and development, we have rolled out the Partner Life Cycle programme. This programme targets career stages and role/succession development and is catered to fit personal needs. We provide necessary and optional learnings, conversations and guidance to grow into, and successfully transition to different partner roles.

Results

Progress on our initiatives is being measured based on a set of (strategic) KPIs (see page 2).

Public policy

Deloitte NL has a centrally coordinated public policy programme in place that supports our organisation in the execution of our strategy and protecting, preserving, and enhancing the Deloitte brand and reputation. With our Public Policy programme, we aim to influence policy developments that could affect our business. Additionally the Public Policy team participates in policy discussions focused on some of today's most important socio-economic challenges, helping to inform the policy debate and bring clarity to the interconnected challenges facing the world.

We have comprehensive relationship management plans in place for key stakeholders such as NBA, Kwartiermakers, and Members of Parliament and Cabinet. Last year, the Public Policy team focused on engaging with political stakeholders on key themes such as work, financial health, digital and sustainability. Our key policy focus areas include [reporting of Environmental, Social and Governance \(ESG\) information](#), underscoring diversity equity and inclusion, measuring social progress, and informing the future of regulation in an era of exponential technological advancement, including artificial intelligence. By sharing our knowledge, insights and vision on current and societal issues, we want to take our responsibility and contribute to a strong and sustainable economic future.

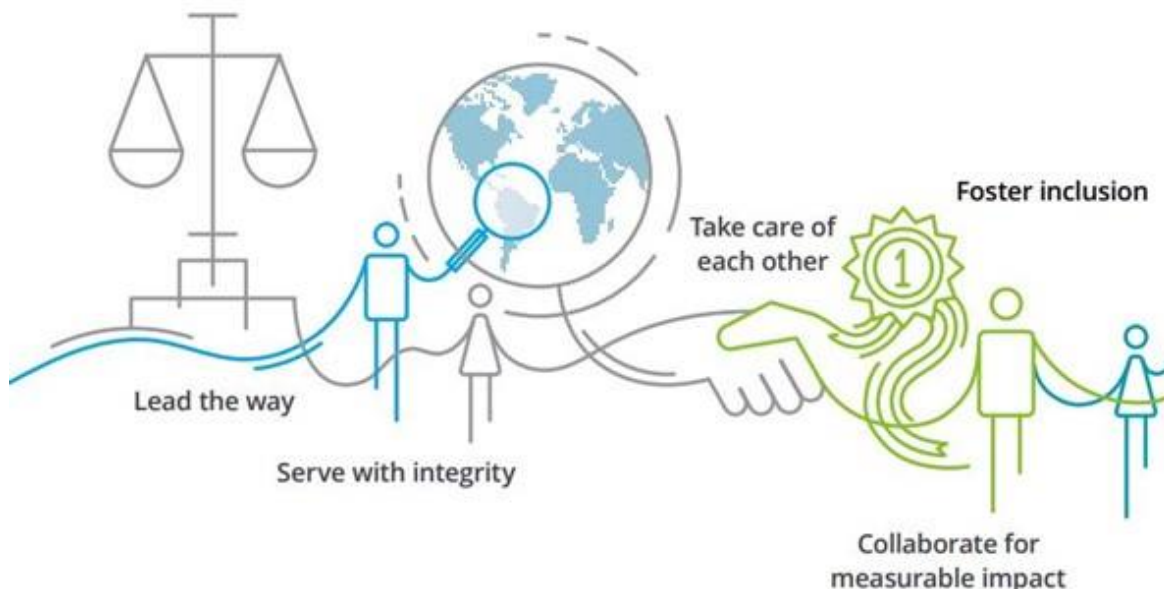
We also continued our active stakeholder engagement in relation to Tax and Audit, strengthening relationships with members of parliament. In addition, we maintained an open dialogue on the future of the audit with Kwartiermakers, NBA and regulators. Besides maintaining strong relationships with our key stakeholders, we play an active role in the working groups from the NBA / Kwartiermakers.

4.2 Ethics and integrity

Impacts

Ethics and integrity are deeply embedded in Deloitte's culture. Our ethics programme works to build trust in our professions and among our professionals, strengthen our reputation and relationships with stakeholders, minimise ethical risk, and help all of our people make the best professional choices.

Deloitte Shared Values



Our NSE Code of Conduct sets out our DTTL Shared Values and Global Principles of Business Conduct. These are critical to our reputation and continued success, and are embedded in everything we do: how we serve clients, how we direct our businesses, how we work together and how we contribute to society. Fundamentally, the reputation of our firm rests on the personal ethics of every Deloitte.



Governance

There is an appointed Ethics Leader in the Netherlands, who is responsible for helping our professionals and leaders in our firm to understand what is expected of them, ensuring that they comply, and seeing that there are appropriate consequences for ethical lapses. The Ethics Leader helps our leaders to set an ethical tone at the top and to build a culture of integrity. Communication is key to building a consultative and “speak up” culture.

The Ethics team consists of an appointed Ethics Leader, a Deputy Ethics Officer, five confidential counsellors and two Ethics Team members. The Ethics Leader is supported by the Deputy Ethics Officer, who also assists the NSE Ethics Leader in delivering a consistent ethics strategy within NSE. The independent investigator collaborates with the Ethics Leader and Deputy Ethics Officer in the field of incident management on regular request. The team of three internal confidential counsellors (‘vertrouwenspersonen’) has recently been expanded by two external confidential counsellors. The confidential counsellors are tasked with being the first point of contact for reporters, guidance during the process and aftercare, and have a duty of confidentiality according to the law. Two ethics team members are mainly responsible for creating awareness through training and communication around ethics within the organisation to enhance our Speak Up culture.

Employees, suppliers, business relationships, and other parties can also file a report - if they wish anonymously - using Deloitte Speak Up, our 24/7 system that is run by an independent party.

Twelve ethics ambassadors (partners and directors) in our businesses help to broaden the scope of the ethics programme, reaching out to all partners and Deloitte professionals, acting as linking pin between the business and the ethics team, and promoting our core values at a business level. On a periodic basis, the NL Ethics Leader reports on ethics issues and trends and the progress on the ethics programme to the NL Executive Board and NL Supervisory Board.

Activities in 2022/2023

In 2022/2023, the ethics team started training all directors in ethical leadership by facilitating the in-person Masterclass Ethical Leadership. Purpose of the training is to emphasise the importance of setting an ethical tone at the top and building and maintaining a culture of integrity in their new leadership role. Newly promoted partners have attended - or will attend - the 'Leading with Integrity workshop', an interactive two-hour session that is delivered across the Deloitte network to all our partners around the world to help them drive consistency in the way they lead and build our Deloitte culture. Furthermore we organised dialogue sessions within our offices to facilitate the conversation with our partners and employees about ethical and unethical behaviour, what we expect from each other and the channels to report concerns.

From June to September 2022, we measured the effectiveness of the ethics programme through our annual voluntary ethics survey. 22% of our partners and employees across businesses responded to the survey.

The survey results show the following trends compared to previous surveys:

- Our people find Deloitte an ethical place to work and have more trust in our investigation process;
- The awareness of almost all ethics programme elements increased;
- More misconduct has been observed/experienced and also an increased number of people did not speak up;
- An increased number of people do feel that most reports were addressed and have less fear & experience of retaliation;
- The belief that ethical leadership as a subject is recognised increased noticeably.

Results

Although the survey results turned out that an increased number of people who observed or experienced misconduct did not speak up, we see a strong increase in the number of reported incidents in 2022/2023 related to previous years (a total of 135 in 2022/2023, compared to a total of 94 in 2021/2022 and 64 during 2020/2021). We cannot be sure about the exact explanation, but we believe that the increased number of ethics awareness sessions within Deloitte, mainly organised in the period from September 2022 – May 2023, combined with the media attention for unethical behaviour in our society, contributed to the willingness of our people to consult. We assume that returning to the office after COVID and associated informal meetings with colleagues and our growing organisation also generates an increased number of incidents.

Table 12: Incidents: number of reported occurrence

	2022/2023	2021/2022
Professional conduct	13	5
Fair treatment or inequality	85	54
Harassment and sexual harassment	29	19
Corruption	0	0
Other or inquiry	8	16

Related to last year, we see a strong uptick in the number of reported incidents in 2022/2023 (+40%), in particular the number of cases related to sexual harassment, and respect and fair treatment has increased. There can be several plausible reasons for this. Our growing organisation, the media attention for unethical behaviour in our society, and returning to the office after COVID and associated informal meetings with colleagues, are all believed to contribute to an increased number of reports. Furthermore, the continuous attention for ethics and integrity in the business through communication and various awareness sessions, are likely to have a positive effect on the willingness of our people to consult.

In 2022/2023, no incidents of corruption were reported through our internal reporting systems. In parallel, no legal cases were brought forward implicating Deloitte in any (alleged) incident of corruption.

Going forward

Our Ethics Operational Plan 2023/2024 has been updated, based on the number and nature of the ethics incidents and results of our ethics survey (see above). Main priorities are:

- We need to further stimulate our Leaders to be role models for integrity and we have to facilitate our Leaders to put ethics regularly on the agenda and to address unethical behaviour directly;
- We have to ongoingly create trust in our reporting process and mitigate (the risk of) retaliation;
- We must continue creating awareness of our ethics programme and reinforce a strong "speak-up" culture.

Anti-corruption

Anti-Corruption has always been part of Deloitte's ethical principles. We are against corruption in all its forms and want to contribute to good governance, economic development, and the improvement of social welfare wherever we do business. Anti-Corruption is fully implemented in our policies, procedures and guidelines. Next to the global policies, Deloitte Netherlands also has to comply with the NSE Anti-Bribery and Corruption policy and applicable legislation.

The Anti-Corruption programme strategy and objectives are determined by our Anti-Corruption Committee and the progress of our operational plan is regularly discussed within this committee. Members of this Committee are all subject matter experts and relevant stakeholders of the Anti-Corruption programme. Together with our Reputation & Risk Leader, the Committee is responsible for actively overseeing the Anti-Corruption programme.

In 2022/2023, we have further enhanced the collaboration within the three financial crime pillars being anti-corruption, anti money laundering and sanctions/trade controls.

Our fully implemented and comprehensive Anti-Corruption Framework consists of seven different elements that mitigate the risk of corruption within Deloitte and supports our employees and partners with guidelines to report corruption if needed. These elements include: Governance, Policies, procedures and guidelines, Training & communications, Risk assessment, Testing & monitoring, Third party due diligence, Consultation, and Incident response and investigations, for which we have the ethics reporting channels in place.

We have launched the Financial Crime e-learning in October 2022 in order to remind our partners and employees of expectations related to anti-corruption and financial crime compliance, how to identify potential corruption and financial crime risks, and how to address these risks.

4.3 Data security

Impacts

Companies gather a considerable amount of data. Making sure that data is safe, is an onerous task. We use the data from our clients to deliver our services and support them in more inclusive and responsive decision-making. Our clients will only trust us with their data if they are convinced that their data is secure with us. The prevention of data leakage is therefore a top priority as data leaks can harm our clients, and our reputation as a trusted business partner, and lead to significant monetary fines and loss of turnover.

Apart from being a risk, data security is also an opportunity for us. We help our clients with their digital transformations and have developed services to identify and manage their data, infrastructure and cyber risks, and keep their systems free from unwanted interference.



Governance

In order to safeguard and address Deloitte's privacy compliance, strategy and governance, a privacy policy is implemented and a dedicated Privacy Office that is part of the Reputation & Risk Leadership Office is in place. The Privacy Office is – among other responsibilities – tasked with examining privacy aspects of processes and systems through our internal Data Privacy Impact Assessment (DPIA). In addition, Deloitte has selected Privacy and Cyber Champions both within our business and in our Support Organisation. These champions are trained to be the first line of defence in the organisation concerning privacy and confidentiality aspects that arise within the business. By making use of Privacy and Cyber Champions, Deloitte creates privacy and security awareness within the organisation. Having the Privacy and Cyber Champions as the first line, the Privacy Office as the second line, the Data Protection Officer as the third line of defence, and a robust internal audit Member Firm standard programme in place, enables Deloitte to operate in a privacy and GDPR compliant manner. Lastly, Deloitte organises a quarterly "Privacy committee" in which multiple key topics regarding privacy and confidentiality are discussed at a high level. Examples are the privacy strategy, trends and other possible attention points.

New Global tools and vendors go through an extensive Data Risk Assessment Service (DRAS) to provide NSE privacy and confidentiality Subject Matter Experts (SMEs) all the information needed for their approval or non-approval. Local software tools and vendors are assessed through the Global Technology Operating Model (GTOM) process, meaning all relevant SMEs will review the application in one meeting from a privacy, security and IT perspective. This way Deloitte only cooperates with vendors that ensure the same level of data protection and confidentiality as Deloitte.

New Assets that Deloitte develops for clients go through the Certify to Sell process which also includes privacy, confidentiality and security assessments. Moreover, to ensure employees operate in a privacy and confidentiality minded manner, privacy and security awareness is at the top of Deloitte's training agenda. This is reflected in the "Secure the Future" privacy & security training that all employees must complete.

Deloitte Group Support Center is ISO 27001:2013 certified. Conformity with this standard means that we have put an information security management system (ISMS) in place to manage risks related to the security of data owned or handled by Deloitte, and that this system respects all the best practices and principles enshrined in this International Standard.

Deloitte follows a well-defined data breach procedure in order to adequately address any data breach.

Activities and results in 2022/2023

In 2022, we became ISO 22301 certified. This is the international standard for Business Continuity Management (BCM). This framework helps us to prevent, prepare for, react and recover from disruptive incidents.

Despite our efforts, in 2022/2023, 60 incidents were internally reported of which 33 concerned personal data incidents. We received no complaints regarding breaches of client privacy or loss of customer data. In two instances, we notified personal data breaches to the supervisory authority in conformity with the legal requirements of the 'Wet meldplicht datalekken' (Law on mandatory reporting of data leaks).

4.4 Innovation

Deloitte has always taken innovation seriously. To help our clients to stay at the forefront of innovation, even in 2007 Deloitte Netherlands had set up its separate, central Innovation department. Over the past years, innovation has grown in importance and our innovation professionals work in multiple teams to help Deloitte and our clients to innovate. We believe that innovation starts with insight and seeing challenges in a new way. We believe that our expertise breadth and scale, combined with passion for business challenges, make a powerful combination that help our clients to stay ahead of change, at the same time as creating an impact that matters.



Deloitte Center for the Edge

Deloitte Center for the Edge partners with CEOs and senior executives to make sense of and profit from emerging opportunities on the edge of business and technology. We actively initiate dialogue between business leaders in a small and safe setting and help leaders understand the fundamental changes shaping the world, navigate the short-term challenges and identify long-term opportunities. Center for the Edge, anchored in Silicon Valley with teams in Australia and Europe, conducts original research and develops substantive points of view, organises exclusive sessions, and leverages an ecosystem of partners for new corporate growth.

Deloitte Monitor Innovation

Through a combination of design, strategy, social science, and technology, Monitor Deloitte works to unearth new opportunities and drive transformational growth for our clients. We help our clients to set innovation strategy, design, build, and launch innovations while becoming better innovators. We do this by using applied design methods to ensure people are always at the centre of every solution.

Deloitte Greenhouse

Deloitte Greenhouse is an innovative environment that changes the way Deloitte clients solve their business challenges. By taking participants outside of their everyday environments, Greenhouse LAB sessions disrupt conventional thinking, spur creativity, bring about new perspectives, and lead to tangible solutions.

Deloitte Innovation B.V.

Inspired by fast shifting client needs, and the need for new knowledge and skills, Deloitte set up its Innovation department in 2007. Back then Deloitte Innovation B.V. was mostly known for accelerating and incubating new corporate ventures within Deloitte. Today, however, besides offering diverse programmes and incubating new businesses, Deloitte Innovation focuses on building new knowledge and capabilities in the fields of [Artificial Intelligence](#) , [Blockchain](#) and [Quantum Computing](#) .

Activities in 2022/2023

Over the last year we have seen an unprecedented rise in technologies that are changing the way we work and interact. To advise and support our clients to navigate in this fast-paced digital landscape, it is essential that Deloitte stays at the forefront of technological advancements. To achieve this, we have performed many activities of which we provide some examples below:

- Via the 'School for Innovation', we trained hundreds of colleagues on innovative topics like artificial intelligence, blockchain, virtual/augmented reality and Quantum Computing.
- Our successful 'Masters of Digitalism' campaign enticed more than 900 colleagues to explore the possibilities of Generative Artificial Intelligence, leading to a whopping 23.000 digital creations.
- Our article on quantum & crypto became one of the best-read articles on Deloitte online.
- We funded multiple teams to develop new (high-tech) offerings and assets. We professionalised our Asset Engineering team to build more, and better assets, and our Asset Support team helps new assets to conquer (global) markets faster.
- On a more local level we trained Group Support colleagues in Robot Process Automation (RPA) to build dozens of admin (ro)bots that aim to reduce workload and improve quality. And 'Toolbox' became the place for colleagues to find the best software tools available.
- And finally, we opened an ultramodern TV Studio with professional crew, to improve the (hybrid) interaction with our clients and colleagues, and to make a lasting impact that matters.

5. Emerging impacts

5.1 Nature and biodiversity

Why we consider nature and biodiversity an emerging impact

Our society and economy need nature to prosper but nature is declining at an unprecedented rate. Restoring biodiversity comes at a cost. If anything, the current nitrogen crisis in the Netherlands shows that we have to be willing to do things differently, taking the limited space that nature has into account and protecting it. If we transform the way we do business, we can put vital ecosystems back on a path to recovery and enhance economic resilience and our future prosperity. Failing this transformation, we stand to lose more than the great variety of species that nature has to offer to us.

Our activities to date

Deloitte's direct impacts in the area of biodiversity are limited. A study we concluded in 2022 has pinpointed the areas where we can mitigate negative biodiversity impacts. These areas are: offices and buildings, cafeteria, energy, IT, transport and mobility, office equipment and events. As a result we are implementing actions such as a greater offering of vegan and organic products in our cafeteria, and the deployment of refurbished iPhones.

But rather than only doing less harm, we have the ambition to contribute positively to nature and biodiversity. This is one of the drivers behind our mangrove project, our commitment to replant mangrove forests in the Dutch Caribbean starting with a one million tree pilot on Curacao. With this project, we aim to capture carbon on the one hand (study in cooperation with Wageningen University) while contributing to biodiversity on land and below water on the other hand. In addition, our project aims to provide employment to the local community and educate local people on the importance of the protection of biodiversity and nature.

Next to our active involvement in the mangrove project, we are a longstanding partner of The Ocean Cleanup, an organisation aimed at reducing the amount of plastics in surface water and of World Wildlife Fund, where Deloitte and a consortium of public and private entities have developed a tool that predicts deforestation through automated assessment of spectral satellite imagery and other geospatial data.



What we plan to be doing

In the coming year, we are planning the following activities:

- Study into the applicability of the framework of the Taskforce on Nature-related Financial Disclosures that is due to be finalised in September 2023;
- Successfully conclude the current mangrove pilot in Curacao and the studies that are conducted in its context: What is the best way to replant mangrove forests in this part of the world? How can we efficiently calculate and track carbon sequestration? What are measurable biodiversity gains of this reforestation project?;
- Assess the feasibility of a Nature-positive ambition for Deloitte;
- Continue and build our partnerships with organisations that promote biodiversity.

5.2 Sustainable procurement

Why we consider sustainable procurement an emerging impact

We buy goods and services to operate our business, with a total influenceable spend of around €250 million. Our main procurement categories are:

- Contingent Labour: our flexible workforce structurally consists of a variety of independent experts. In addition, we have contracts with staffing agencies through which we can employ temporary specialists on demand;

- Real Estate & Office Services: all our office space is rented, and all our facility services (such as cleaning, security, catering, maintenance) are outsourced;
- Travel: we operate a fleet of approximately 3,500 leased cars and have preferred suppliers for (international) travel;
- Technology: we purchase hardware, software, telecom, data centres and cloud services to deliver our services.

Due to the nature of our business, most of our suppliers are based in the Netherlands. In the reporting year there were no major changes in our strategic supplier base.

Our procurement activities have both positive and negative impacts. The main positive impact is that we fuel economic activity and growth. Secondly, by maintaining long-term relationships with strategic suppliers, we believe that we are able to grow together, not only economically, but as responsible businesses that are coming up with new solutions to the challenges that we jointly face. Examples of such relationships are our standing relationships with LeasePlan, CBRE and Shell.

On the downside, for certain goods there are potential risks of undesired activities further down the supply chain. These risks can be in the areas of ethics, environmental impact, or human rights compliance and require adequate mitigation.



Our activities to date

To ensure that we make the right purchasing decisions, we have implemented due processes. Every new vendor must be assessed using our Business Relationship Assessment Tool (BRAT). After an assessment request has been made, the supplier is subject to a due diligence process for independence issues (Does working with the supplier jeopardise our independence as an (audit) firm?), integrity related issues (Does the supplier have a known case history for corruption, money laundering or other unwanted behaviour?) and other relevant topics (What is the general reputation of the supplier? Is there a known case history regarding breaches of commonly accepted standards?). We maintain a list of preferred suppliers who are fully vetted in our BRAT process.

All suppliers are subject to our General Purchasing Conditions. These govern the relationship between the supplier and Deloitte, and contains – among others - the obligation for the supplier and their subcontractors to adhere to the Deloitte Supplier Code of Conduct. The Code contains provisions around human rights, labour, environment, ethics, and integrity and anti-corruption. In addition, the Code creates the possibility and channels to report suspected breaches of the [Supplier Code](#).

General oversight and support for our procurement process lies with our Procurement team. The Procurement team based in the Netherlands is part of our global procurement team (CoRe). CoRe Procurement manages global and local procurement programmes on behalf of Deloitte member firms. With subject matter experts located around the world, CoRe Procurement oversees our global supplier spend, while leveraging the full capabilities of the Deloitte network to reduce costs, create efficiencies, and improve supplier service levels.

As a large part of our total CO₂ emissions are caused by the goods and services that we buy, as part of our *WorldClimate* programme DTTL has committed to 67% of our suppliers (by emissions) to adopt Science Based Targets (SBT) congruent with the Paris 1.5° ambition by 2025.

We have put a lot of focus on our strategic suppliers developing Science Based Targets to help them create a strategy to achieve the goals of the Paris Agreement. A part of this is that we are working with our strategic suppliers to have them report their carbon emissions to the Carbon Disclosure Project (CDP).

Furthermore, even though our Supplier Code of Conduct contains a lot of requirements around sustainability, we have developed a sustainable procurement team that specialises in creating awareness around sustainability and how to ensure that sustainability aspects are becoming more apparent in our supplier selection, contracts and negotiations. Following analysis, we have developed ESG contract clauses and ESG questions for our sourcing process.

All of our procurement professionals are trained in our *WorldClimate* ambitions. They are equipped to support our businesses in sustainable decision making throughout the procurement process.

As our General Purchasing Conditions are mandatory in all our purchasing agreements, we believe the coverage of our Supplier Code of Conduct to be 100%. Our General Purchasing Conditions contain provisions on numerous topics, such as a general payment term of a maximum of 30 days for all suppliers.

We can still improve on including more sustainability requirements in our existing contracts. In order to achieve this, we need to continue connecting with our longer standing suppliers to start the conversation.

What we plan to be doing

In the near future we are working towards an environment where we have more data available to us about our suppliers and their environmental impact. We are looking at ways to evaluate our suppliers through sustainability scores. Based on this, we will work with our suppliers to help them achieve the goals set out in the Paris Agreement.

Currently, our global procurement sustainability team drives smart sustainable supplier selection, supplier engagement, and sustainable sourcing processes. It embeds sustainability into our processes with an additional focus on standardised Net Zero aligned principles, in support of the published World *Climate* goals, and will continue to mature in these areas.

5.3 Energy availability, affordability and transition

Why we consider energy availability, affordability and transition an emerging impact

Following Russia's invasion in Ukraine in February 2022, the countries of the EU - among other countries - have implemented trade restrictions with Russia. In response, Russia has ceased to supply natural gas to the EU. In a further escalation of sanctions and counter sanctions, also Russian oil has been affected leading to a global rearrangement of supply lines, pressure on supply and high prices for energy in a market where energy was already becoming increasingly scarce. This has had an effect on inflation affecting almost all economic sectors and a call to private and public sector employers to compensate workers for the consequent loss in spending power. Increased labour costs in turn have led to further price increases.

We are directly affected by rising costs as are our clients. Our people are affected by unpredictable energy costs and higher costs for their daily products.

Our activities to date and what we plan to be doing

Helping society to transition to more sustainable energy sources was already part and parcel of our Future of Energy programme. For more details on this initiative, please check out our [website](#).

For our employees, we have raised most salaries as a result of our annual benchmarking exercise. In addition, we will be looking into ways to help our employees to become less dependent on fossil fuels in their private life, among others with the aid of practical tips on GiKi Zero.



5.4 Human rights

Why we consider human rights an emerging impact

People are at the heart of our business. Respecting human rights therefore is inextricably linked to our shared future. We believe all people are endowed with fundamental human rights, including the right to equal treatment, liberty and security, freedom of religion, expression, health, education and culture, humane treatment, and safe and healthy working environments.

Currently, respecting, protecting and remedying human rights in our own operations as well as in our wider value chain is receiving increased attention from our professionals, clients, regulators and investors:

- In the previous years, we have discussed human rights in focus groups with our professionals. This has led to the conclusion that Human Rights are considered especially relevant in the context of the clients that we work for and the suppliers we source from. The human rights of people working for Deloitte are considered less at risk due to existing Dutch legal safeguards. Deloitte's Global 2022 GenZ & Millennial Survey on the other hand shows that new hires have a specific interest in human rights related topics such as wellbeing and work-life balance, income and cost of living, inclusiveness, diversity and equality, social impact and training and development. This provides a basis for ensuring that these themes are respected and supported in our operations as well as in our broader value chain;
- Especially larger corporate clients and public sector clients are aware that their responsibility reaches beyond their direct operations and also involves their value chain. We therefore are in increased need to report on our efforts ourselves to respect, protect and remedy human rights;
- Corporate Human Rights transparency and due diligence is becoming mandatory for Deloitte Netherlands as part of new European regulations such as the Corporate Sustainability Reporting Directive (CSRD), the EU taxonomy and the Corporate Sustainability Due Diligence Directive (CSDDD). We are also seeing the effects of new human rights regulation coming into effect in Norway, Luxembourg and Germany, in addition to the Modern Slavery Acts already in place in the UK and Australia;
- Our banks have indicated that upon completion of our new business strategy, they want to consider the inclusion of additional targets around inclusion & diversity and talent (engagement).

Our activities to date

Deloitte is committed to protecting human rights in accordance with the principles of the UN Global Compact and the Universal Declaration of Human Rights. As a People oriented organisation, our Talent is of the upmost importance. This is inherent in our Shared Values and ALL IN, our Talent, global diversity, equity and inclusion strategy. We will continue to operate and enhance those as times and demands process.

Regarding our wider value chain, we publish our human rights intentions and expectations through our Annual Impact Reports, Supplier Code of Conduct, Responsible Business Pledge and Global Principles of Business Conduct. This entails that we commit to respecting all fundamental human rights, including humane treatment of workers, and fostering a workplace culture of equality, dignity and respect. We expect a similar commitment of our Suppliers, sub-contractors, clients and business partners. Every new vendor, client and business partner is therefore assessed for independence issues, integrity related issues, and other relevant topics. We ensure that all of our new suppliers are approved by our Reputation and Risk Leadership office and we perform regular checks to confirm that this process is followed.

In the event of any human rights related misconduct or concern, we want to know about them. Any Deloitte employee, supplier, business relationship or other third party may contact any Deloitte personnel with whom a Supplier or member of the public is comfortable directly discussing the matter, report to our Complaints Committee or use Deloitte Speak Up. Deloitte Speak Up is our hotline for confidentially (and anonymously if so desired) reporting unwelcome conduct or suspicions thereof and for asking questions about rules of conduct and integrity.



What we plan to be doing

We are responsible global citizens and have the size, scale and reach to inspire others and help drive collective action. Like with our WorldClimate strategy, we have the ambition to raising awareness and empowering people across our value chain to uplift human rights. Collaborative action is vital for positive change. We will therefore collaborate with clients, alliance partners, NGOs, industry groups, suppliers, and others to address human rights at a systems and operations level.

Some of the practical actions we plan to initiate in 2023/2024 include:

- Conduct a human rights risk and impact assessment to deepen our understanding of our priority areas;
- Develop and publish a human rights statement that furthers our commitments;

- Enhance our tooling and visibility on human rights related data across our value chain;
- Further embed human rights due diligence to identify, prevent, mitigate, and account for human rights impacts in in our supplier, business relationship and client acceptance and monitoring processes;
- Enhance awareness around human rights with our partners in our value chain and explore opportunities for collaboration to improve our salient human rights risks;
- Raise awareness of our grievance mechanisms and ensure that our case management and follow-up processes are in good order to handle increased communications and integrate early warning signs and thematic patterns into our human rights due diligence insights;
- Ensure due diligence findings are integrated in our business practices and processes;
- Track the effectiveness and regularly assess our due diligence process.

Annex 3

Supporting documentation

- Glossary
- Basis of reporting
- GRI Content Index
- Deloitte tax policy
- Deloitte offices in the Netherlands

Glossary

A&FC	The Audit & Finance Committee of the Supervisory Board
ADR	Audit Dienst Rijk
AFM	Autoriteit Financiële Markten
AI	Artificial intelligence
BREEAM	Building Research Establishment's Environmental Assessment Method
Bta	Besluit toezicht accountantsorganisaties
CEO	Chief Executive Officer
COO	Chief Operations Officer
CPQO	Chief People & Quality Officer
CSA	Client Service Assessment
CSRD	Corporate Sustainability Reporting Directive
DDC	Deloitte Dutch Caribbean
DE&I	Diversity, Equity and Inclusion
DIF	Deloitte Impact Foundation
DNL	Deloitte Netherlands
DRAS	Data Risk Assessment Service
DTTL	Deloitte Touche Tohmatsu Limited
DU	Deloitte University
EMEA	Europe, Middle East & Africa
ER&I	Energy Resources & Industrials
ESG	Environmental, Social and Governance
ESRS	European Sustainability Reporting Standards
EVP	Employee Value Proposition
ExCo	Executive Committee
FA	Financial Advisory
FSI	Financial Services Industries
FY	Fiscal year
G&PS	Government and public sector
GDPR	General Data Protection Regulation
GRI	Global Reporting Initiative
GTOM	Global Technology Operating Model
H2X	Deloitte Global Hydrogen Excellence Centre
I&D	Inclusion and diversity
IAR	Integrated Annual Report
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
ISMS	Information Security Management System
ISO	International Standards Organisation
KPI	Key Performance Indicator
L&D	Learning and development
M&A	Mergers and acquisition
MDM	Multi Disciplinary Model
NBA	Nederlandse Beroepsorganisatie Accountants
NCFG	Nationale Coalitie Financiële Gezondheid
NGO	Non-governmental organisation
NSE	Deloitte North and South Europe
OECD	Organisation for Economic Cooperation and Development

PCAOB	Public Company Accounting Oversight Board
PMO	Project Management Office
QIRC	Quality Integrity & Risk Committee of the Supervisory Board
RC	Remuneration Commiittee from the Supervisory Board
RPA	Robot Process Automation
SAP S/4HANA®	The latest generation ERP software from SAP
SBTi	Science Based Targets initiative
SDG(s)	Sustainable Development Goal(s)
SME	Subject Matter Expert
SNC	Selection & Nomination Committee of the Supervisory Board
SROI	Social Return on Investment
SRS	Sustainability Reporting Standards
STEM	Science, Technology, Engineering en Mathematics
TMT	Technology, Media and Telecommunications
WIA	Wet Werk en Inkomen naar Arbeidsvermogen
Wta	Wet toezicht accountantsorganisaties

Basis of reporting

The information presented in this report is collected from various online and offline, internal and external resources. In many cases, interviews with partners and employees took place in order to write the text. For the data, a variety of systems were used, including but not limited to our SAP systems and specific project data.

This information should be read in conjunction with the basis of preparation, describing the scope, materiality, boundaries, reliability & completeness and reporting process (Annex 2).

Strategic KPIs

In calculating the value of our strategic KPIs, we have applied the following data definitions:

Regulatory quality: % of regulatory reviews (reviews issued by PCAOB, AFM, NBA, ADR, and Inspectie OCW), of which the results were communicated in the reporting year that are satisfactory as a percentage of all regulatory reviews issued in the reporting year.

Carbon emission reduction: the % by which our mobility and housing related carbon emissions were increased or decreased compared to comparable emissions in the base year 2018/2019 (32,662 tonnes). This year was chosen as reference year by DTTL for the global WorldClimate programme.

NPS at C-level among strategic clients: the net promotor score as determined during the client service assessment conversations, in which we regard a score of 9 or higher (on a 1-10 scale) as active promotors minus detractors (a 6 or lower). Where clients indicate to be an active promotor and is considering a score between 8 and 9, the independent interviewer will seek confirmation with the client. When confirmed, these clients are also categorised as active promotors.

Client satisfaction (engagements): the average satisfaction score received from clients on post-engagement questionnaires sent out by the businesses during the financial year.

employer of choice in relevant ranking: ranking in the benchmark study performed by Universum in the Netherlands for the universities: University of Amsterdam, VU University Amsterdam, University of Groningen, Erasmus University Rotterdam, University of Tilburg, Technical University Eindhoven, Delft University of Technology for Business / Commercial studies and for STEM profiles.

Talent data

Unless otherwise indicated, our Talent data excludes interns as inclusion would distort insights provided by the indicators used (e.g. on important areas such as % of employees receiving regular performance & career development reviews, and employee turnover). Also, only active employees on the payroll (excluding contractors/externals/WIA/WAO, among others) are included in the talent data. Lastly, average FTE and headcount is used when calculating talent indicators.

Female positions in leadership roles: # women in Supervisory Board, Executive Board and Executive Committee divided by total membership of Supervisory Board, Executive Board and Executive Committee as per the end of our fiscal year (May 31).

Sickness leave: total number of sick days divided by the total number of scheduled days.

Female partners as % of total partners: # of female partners divided by total # of partners (headcount on May 31).

Gender pay equity: The ratio of basic salary (fixed, monthly average paid to an employee) and remuneration of women to men per job level as per December 1.

Percentage of employees receiving regular performance and career development reviews: eligible employees for snapshot divided by the number of employees that have at least one requested and completed snapshot excluding partners and Interns. Our interns (e.g. thesis intern or internships) are not part of our regular performance cycle, as the main purpose for these functions are education and learning, rather than performance.

Average hours of training per year per employee: The average hours of internal and external training that our employee has undertaken during the reporting period, broken down by gender, jobgrade and per business. External trainings are training followed for example at external universities. Internal trainings are training followed through the learning management system SABA. Examples of internal trainings are anti-corruption trainings and independence policy awareness trainings.

Talent engagement score: average weighted score for talent engagement as measured by the Deloitte Talent Survey that is performed throughout the year. The Deloitte Talent Survey is sent out to all employees (excluding contractors) every quarter, provided that the employee has been employed for at least 180 days (otherwise the employees will receive a New Joiners Survey) and no departure date is known.

Ecological footprint

Our Ecological footprint includes the emissions related to our mobility, housing and purchased goods and services. For the allocation into the different scopes, we follow the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, using the operational control approach.

For buildings, we are tenants of our offices, meaning that we are for a large extend dependent on our landlord for the energy contracts. Where we do our own purchasing, GHG emissions resulting from energy usage are reported in our scopes 1 and 2, whereas those where we cannot influence the energy sources we report emissions in scope 3.

For the conversion of natural gas consumption to MJ, we used the conversion factor from the GasUnie: caloric value per m3 is 35,17 MJ.

For lease case, the data included are obtained from our fleet supplier. As we do not separately monitor business trips, commuting and private use of lease cars, our data includes all these elements. Our lease emissions are reported under Scope 1 and 2, seeing that we do our own purchasing of fuels and electricity.

For conversion of these fuels to CO emissions we used the most up to date emission factors based on www.co2emissiefactoren.nl :

- Petrol: 1 litre equals 2.821 kilogrammes CO₂
- Diesel: 1 litre equals 3.256 kilogrammes CO₂
- LPG: 1 litre equals 1.802 kilogrammes CO₂
- Electricity: 1 kWh equals 0.337 kilogrammes CO₂

Total kilometres travelled by plane are obtained from our travel agents. It is standing policy that we use the most recent conversion factors. Hence, for the calculation of the related CO₂ emissions, we have used the 2022 conversion factors as provided by DEFRA (www.defra.gov.uk) using a classification that distinguishes economy, premium economy, business class and first class and categorises air travel in domestic, short-haul international and long-haul international flights. For the various subgroups, the following CO₂ conversions are used:

- Domestic average: 0.24587 kg CO₂ /kilometre per passenger
- Short-haul international average: 0.15353 kg CO₂ /kilometre per passenger
- Short-haul international economy class: 0.15102 kg CO₂ /kilometre per passenger
- Short-haul international business class: 0.22652 kg CO₂ /kilometre per passenger
- Long-haul international average: 0.19309 kg CO₂ /kilometre per passenger
- Long-haul international economy class: 0.14787 kg CO₂ /kilometre per passenger
- Long-haul international premium economy class: 0.23659 kg CO₂ /kilometre per passenger
- Long-haul international business class: 0.42882 kg CO₂ /kilometre per passenger
- Long-haul-international first class: 0.59147 kg CO₂ /kilometre per passenger

The total kilometres travelled by train are obtained from our supplier Nederlandse Spoorwegen. For the calculation of related CO₂ emissions for national rail, we used a conversion factor of 0.003 kg CO₂ / kilometre per passenger as published by Nederlandse Spoorwegen.

For international rail, the total kilometres travelled are provided by our travel agency. For the calculation of related CO₂ emissions for international rail, we used a conversion factor of 0.0046 kg CO₂ / kilometre per passenger for intracontinental rail travel between different countries and of 0.0346 kg CO₂ / kilometre per passenger for intracontinental rail travel within the same country (taking an international train for a domestic journey).

To calculate the carbon emissions caused by hotel stays by Deloitte partners and employees, we have multiplied the total number of hotel nights with 29.7 kg CO₂. This conversion factor has been developed by DTTL on the basis of the Cornell University Hotel Benchmarking tool.

Others

Incident reporting includes the number of reported occurrences as registered in NAVEX, broken down into individual incident categories. Validation and follow-up on incidents reported lies with our ethics team and leader.

Number of hours spent on DIF projects: the KPI represents hours spent by Deloitte during the period June 1, 2022 to May 31, 2023 on pro bono work under the Deloitte Impact Foundation. These hours result from projects we perform at a large variety of societal initiatives in order to give back to society. Projects are evaluated based on their impact on society, which can either be initiated bottom-up (employees proposing a societal impact project) or top-down, including initiatives from Deloitte Global such as under our *WorldClass* programme or supporting Financial Health.

GRI content index

Statement of use	Deloitte Coöperatief U.A. has reported in accordance with the GRI Standards for the period June 1st, 2022 - May 31st, 2023
GRI-1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	No sector standard available (yet)

Standard	Disclosure	Location	Omission / explanation
GRI 2: General Disclosures 2021			
<i>1. The organization and its reporting practices</i>			
2-1	Organizational details	pages 57, 22	
2-2	Entities included in the organization's sustainability reporting	page 124	
2-3	Reporting period, frequency and contact point	page 4	
2-4	Restatements of information	-	There are no material restatements of information
2-5	External assurance	pages 45, 131, 185-XX	
<i>2. Activities and workers</i>			
2-6	Activities, value chain and other business relationships	pages 15-16, 28-40, 162-164	
2-7	Employees	pages 146, 176	No breakdown according for temporary and fixed contracts due to unavailability of data. We will amend in next year's report. Deloitte does not have non-guaranteed hours contracts.
2-8	Workers who are not employees	-	We have no data available for the reporting period. New software that we implemented during FY23 allows us to report this indicators in our next report
<i>3. Governance</i>			
2-9	Governance structure and composition	pages 41-48	
2-10	Nomination and selection of the highest governance body	https://www2.deloitte.com/nl/nl/pages/over-deloitte/articles/raad-van-commissarissen.html	
2-11	Chair of the highest governance body	https://www2.deloitte.com/nl/nl/pages/over-deloitte/articles/raad-van-commissarissen.html	
2-12	Role of the highest governance body in overseeing the management of impacts	pages 41-42	
2-13	Delegation of responsibility for managing impacts	pages 41-42	

2-14	Role of the highest governance body in sustainability reporting	page 131	
2-15	Conflicts of interest	page 42	
2-16	Communication of critical concerns	page 158	
2-17	Collective knowledge of the highest governance body	pages 41-48	
2-18	Evaluation of the performance of the highest governance body	pages 45	
2-19	Remuneration policies	https://www2.deloitte.com/nl/nl/pages/over-deloitte/articles/raad-van-commissarissen.html	
2-20	Process to determine remuneration	https://www2.deloitte.com/nl/nl/pages/over-deloitte/articles/raad-van-commissarissen.html	
2-21	Annual total compensation ratio	page 176	
<i>4. Strategy, policies and practices</i>			
2-22	Statement on sustainable development strategy	pages 10-11	
2-23	Policy commitments	-	As indicated in the report, we are working on our Human Rights policy. This policy is expected to be adopted in 2023/2024. Once this policy is adopted, we will fulfill the requirements of this provision in our reporting
2-24	Embedding policy commitments	pages 162-166	We partly comply with this requirement in the area of supply chain responsibility (through our supplier code of conduct) and in general in our current approach to human rights. We expect to be able to report in full on this indicator in our 2023/2024 Report.
2-25	Processes to remediate negative impacts	pages 165-166	
2-26	Mechanisms for seeking advice and raising concerns	page 176	
2-27	Compliance with laws and regulations	-	No fines or other sanctions were incurred in the reporting period
2-28	Membership associations	pages 176-177	
<i>5. Stakeholder engagement</i>			
2-29	Approach to stakeholder engagement	pages 124-130	
2-30	Collective bargaining agreements	page 177	
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	pages 124-130	
3-2	List of material topics	pages 124-130	

3-3	Management of material topics	Topics are managed per impact. The way in which material topics are managed, is described in the Governance section for each topic
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Climate and CO2 emissions

GRI 3: Material Topics (2021)

3-3	Management of material topics	pages 132-136	
<i>GRI 305: Emissions (2016)</i>			
305-1	Direct (Scope 1) GHG emissions	pages 132-136	
305-2	Energy indirect (Scope 2) GHG emissions	pages 132-136	
305-3	Other indirect (Scope 3) GHG emissions	pages 132-136	
305-4	GHG emissions intensity	pages 132-136	
305-5	Reduction of GHG emissions		Not available: it is impossible to indicate what percentage of GHG reduction emission derives from our initiatives and what from autonomous external developments
305-6	Emissions of ozone-depleting substances (ODS)		Not applicable: Deloitte doesn't emit ozone depleting substances
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions		Not applicable: there are no such significant emissions within Deloitte

Employee value proposition

GRI 3: Material Topics (2021)

3-3	Management of material topics	pages 138-144	
<i>GRI 404: Training and Education (2016)</i>			
404-2	Programs for upgrading employee skills and transition assistance programs	page 177	
404-3	Percentage of employees receiving regular performance and career development reviews	pages 138-144	

Inclusion and diversity

GRI 3: Material Topics (2021)

3-3	Management of material topics	pages 144-147	
<i>GRI 405: Diversity and Equal Opportunity (2016)</i>			
405-1	Diversity of governance bodies and employees	pages 144-147	
405-2	Ratio of basic salary and remuneration of women to men	pages 144-147	
Own indicator	Female positions in leadership roles	page 122	
Own indicator	Female partners as % of total partners	page 122	

Learning and development

GRI 3: Material Topics (2021)

3-3	Management of material topics	page 147-149
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GRI 404: Training and Education (2016)

404-1	Average hours of training per year per employee	page 147-149
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Wellbeing

GRI 3: Material Topics (2021)

3-3	Management of material topics	page 149-150
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Own indicator	Sickness leave	page 150
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Impact on society

GRI 3: Material Topics (2021)

3-3	Management of material topics	page 151-154
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Own indicator	#hours spent on DIF projects	page 122
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Quality of services

GRI 3: Material Topics (2021)

3-3	Management of material topics	page 155-156
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Own indicator	Total engagement satisfaction	page 122
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Own indicator	Net promotor score	page 122
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Own indicator	% regulatory reviews that are satisfactory	page 122
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Ethics and integrity

GRI 3: Material Topics (2021)

3-3	Management of material topics	pages 156-159
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Own indicator	Ethics incidents	page 158
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Data security

GRI 3: Material Topics (2021)

3-3	Management of material topics	pages 159-160
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Innovation

GRI 3: Material Topics (2021)

3-3	Management of material topics	pages 160-161
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Employment and turnover

	2022/2023	2021/2022
Average FTEs	7,707	6,796
Average headcount	8,180	7,191
Total experienced hires (excl. partners)	286	277
● < 30 years old	26	19
● 30 - 40 years old	187	164
● 40 - 50 years old	56	79
● > 50 years old	17	15
Total partner hires	29	19
Total graduate hires	1,504	1,449
● < 30 years old	1,212	1,217
● 30 - 40 years old	247	200
● 40 - 50 years old	37	21
● > 50 years old	8	11
Total internship (Stagiairs)	842	812
Total exits	1,054	1,059
● < 30 years old	473	498
● 30 - 40 years old	428	409
● 40 - 50 years old	97	95
● > 50 years old	56	57
Total divestments	0	0

Part-time / Full time population (%)

	Part-time 2021/2022	Full-time 2021/2022	Part-time 2020/2021	Full-time 2020/2021
Population of Deloitte	19%	81%	17%	83%

Universal Standards 2-21 Annual total compensation ratio

In 2022/2023, the ratio within Deloitte amounted to 14.2 (2021/2022: 11.0).

The income of the highest paid individual increased with 17.5% in 2022/2023 (2021/2022: 0.8%). At the same time the decrease of the average income for partners and employees amounted to -9.5% (2021/2022: +8.2%) mainly caused by a decrease in the amount of management fees paid to partners.

Universal Standards 2-26 Communicating critical concerns

We maintain formal and informal ways of raising critical concerns. Formal ways include the General Meeting of Members of Coöperatief Deloitte U.A., functional meetings and the Works Council meetings.

Our culture is characterised by low thresholds. This is illustrated by open communication channels between the Board and employees. During special focus meetings and in internal media such as townhall meetings and other channels, employees are invited to give their constructive feedback on policies and organisational performance.

Universal Standards 2-28: Memberships associations

Deloitte Netherlands fully supports the commitments made by the global DTTL organisation to the UN Global Compact (UNG), the World Economic Forum's Partnering Against Corruption Initiative (PACI) Principles, the Global Corporate Citizenship Initiative (GCC), and the Global Reporting Initiative (GRI). Wherever possible, we translate these initiatives into local activities and initiatives and share our knowledge and experience with other member firms and our clients.

Our support for these commitments enables us to:

- Have an understanding of sustainability initiatives undertaken by other geographies and member firms, and identify opportunities to leverage and learn from these activities
- Translate the commitments made by DTTL to the UNGC, World Economic Forum's PACI Principles and Global Corporate Citizenship Initiative and the GRI, into activities for Deloitte Netherlands
- Set targets for Deloitte Netherlands.

UN Global Compact (UNGC)

The UNGC is a voluntary international network of corporations, UN agencies, trade unions and non-governmental organisations that supports ten universal principles. Deloitte has made a public pledge to promote corporate responsibility in the areas of human rights, labour, the environment and anti-corruption.

The Netherlands Network of the UNGC is an initiative of Dutch business leaders that aims to further the contribution of private business – within its sphere of influence – to sustainable development. We actively participated in the Board of the Netherlands Network. The Integrated Annual Report also serves as the annual communication on progress regarding the UNGC.

GRI

We are an organisational stakeholder of the Global Reporting Initiative (GRI) and have published external sustainability reports based on the GRI Reporting Guidelines and Standards for a number of years. Due to our continued support, we were awarded inclusion in the GRI Gold community.

MVO Nederland

We are an active member of the network of Sustainably Responsible Organisations (MVO) in the Netherlands.

World Economic Forum

Deloitte supports the World Economic Forum and its initiatives. We focus on the role of business in society; a theme that was originally introduced in 2012 and has consistently been built on since then.

International Integrated Reporting Council (IIRC)

Deloitte has joined the IIRC, an international body that aims to develop standards for integrated reporting. Integrated Reporting is an approach to corporate reporting that demonstrates the linkages between an organisation's strategy, governance and financial performance and the social, environmental and economic context within which it operates. By reinforcing these connections, Integrated Reporting can help business to take more sustainable decisions and enable investors and other stakeholders to understand how an organisation is really performing. On an international level, Deloitte is part of the Council and participates in Working Groups.

Anders reizen

'Anders reizen' is a platform of Dutch companies and (non-) governmental organisations that shares knowledge and best practices between participants in the area of carbon friendly travel (road, rail and air) and thus inspires a change of behaviour within the participating organisations and in Dutch society at large.

Universal Standards 2-30 Collective bargaining agreements

There are no collective bargaining agreements applicable to Deloitte.

SRS 404-2 Programs for upgrading employee skills and transition assistance programs

We manage career endings on a case-by-case basis depending on the circumstances and the needs of the employee.

CSRD reference table

In the table below, we present our self-assessment of our implementation of the provisions from the draft European Sustainability Reporting Standards as published by the European Commission on June 9, 2023 in this Report. Where we feel we still have considerable work to do, we clearly indicate so together with our actions to become compliant and our expected timeframe for such actions. 'On track' means that in our opinion, we well positioned to becoming fully compliant once the ESRS are finalised.

#	Description	Status	Reference	Explanatory notes
<i>ESRS 2: General disclosures (June 2023)</i>				
BP-1	General basis for preparation of the sustainability statements	On track	pages 123-131	Our strategy contains both financial and non-financial provisions. We don't disclose some of our financial goals for reasons of confidentiality
BP-2	Disclosures in relation to specific circumstances	On track	pages 123-131	-
GOV-1	The role of the administrative, management and supervisory bodies	On track	pages 41-42	-
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	On track	pages 41-48	-
GOV-3	Integration of sustainability-related performance in incentive schemes	On track	page 133	-
GOV-4	Statement on sustainability due diligence	On track	page 163	Reporting to be extended to the whole value chain
GOV-5	Risk management and internal controls over sustainability reporting	To be elaborated	pages 123-131	Basic reporting in place but to be extended with control framework description in 2023/2024 reporting
SBM-1	Market position, strategy, business model(s) and value chain	On track	pages 10-19, 28-40, 162-164	-
SBM-2	Interests and views of stakeholders	On track	pages 124-130	-
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model(s)	On track	pages 132-161	To be fortified in communication on our new strategy in our 2023/2024 Report
IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	On track	pages 124-130	-
IRO-2	Disclosure Requirements in ESRS covered by the undertaking's sustainability statements	On track	pages 123-161	-
MDR-P	Policies adopted to manage material sustainability matters	On track	pages 132-161	Not for all material topics, a comprehensive description of policies is included
MDR-A	Actions and resources in relation to material sustainability matters	On track	pages 132-161	Not for all material topics we have set targets as this is not always practical (e.g. for reported ethics cases)
MDR-M	Metrics in relation to material sustainability matters	Fragmented	pages 132-161	Not for all material topics metrics have been included in the Report
MDR-T	Tracking effectiveness of policies and actions through targets	On track	pages 122, 132-161	Not for all material topics we have set targets as this is not always practical (e.g. for reported ethics cases)

ESRS E1: Climate change (June 2023)

E1-1	Transition plan for climate change mitigation	In progress	pages 132-137	A fair part of the information required is already included in the Report
E1-2	Policies related to climate change mitigation and adaptation	On track	pages 132-137	-
E1-3	Actions and resources in relation to climate change policies	In progress	Not available	Financial implications of our climate strategy are not yet included as we have not yet aligned our eligible EU Taxonomy activities
E1-4	Targets related to climate change mitigation and adaptation	On track	pages 132-137	-
E1-5	Energy consumption and mix	On track	pages 132-137	-
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	On track	pages 132-137	Downstream effects still subject of further investigation
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	On track	pages 132-137	-
E1-8	Internal carbon pricing	In progress	Not available	Together with DTTL and Deloitte NSE, we are examining the possibilities to introduce an internal carbon price
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	In progress	Not available	Deloitte NSE will report on this aspect. Their report will also cover Deloitte Netherlands

ESRS S1: Own workforce (June 2023)

S1-1	Policies related to own workforce	On track	pages 138-150	-
S1-2	Processes for engaging with own workforce and workers' representatives about impacts	To be developed	pages 138-150	Currently a fragmented approach around carbon and employee related topics (EVP, I&D, Wellbeing, Learning, DIF). Process to be formalised
S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	On track	pages 138-150, 156-158	-
S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	On track	pages 138-150	-
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Partly on track	pages 138-150	Not for all aspects targets have been set yet
S1-6	Characteristics of the undertaking's employees	On track	pages 138-150	-
S1-7	Characteristics of non-employees in the undertaking's own workforce	To be developed	Not available	A section with the characteristics of non employees is to be developed for our 2023/2024 report
S1-8	Collective bargaining coverage and social dialogue	To be developed	Not available	A section on our formalised social dialogue is to be developed for our 2023/2024 report
S1-9	Diversity metrics	On track	pages 122, 144-147	-
S1-10	Adequate wages	On track	page 141	-
S1-11	Social protection	On track	page 142	-
S1-12	Persons with disabilities	Not available	Not available	Dutch law prevents us from separately registering employees with disabilities

S1-13	Training and skills development metrics	On track	pages 144, 149	-
S1-14	Health and safety metrics	On track	page 150	-
S1-15	Work-life balance metrics	On track	pages 142-143	Only qualitative description
S1-16	Remuneration metrics (pay gap and total remuneration)	On track	pages 147, 177	-
S1-17	Incidents, complaints and severe human rights impacts	On track	pages 156-159	-
<i>ESRS G1: Business conduct (June 2023)</i>				
G1-1	Business conduct policies and corporate culture	On track	pages 156-159	-
G1-2	Management of relationships with suppliers	On track	pages 162-164	-
G1-3	Procedures to address corruption and bribery	On track	pages 156-159	-
G1-4	Incidents of corruption or bribery	On track	pages 158-159	-
G1-5	Political influence and lobbying activities	On track	page 156	-
G1-6	Payment practices	On track	page 164	-

Deloitte tax policy

Introduction

The public debate around tax has been shifting rapidly for a number of years. Whereas past discussions were generally focused on effective tax rates or being in control of tax risks, the topic has now evolved and sits within a much broader context. For example, themes like tax in the boardroom, sustainable tax and fair share are now widely discussed. Society's general mindset around tax has shifted.

In this context, stakeholders expect Deloitte Netherlands to reflect on how we deal with our own tax affairs – and not only our internal stakeholders, such as the Supervisory Board, the global Deloitte organisation or the Workers Council, but also external stakeholders like our business partners, or the public in general.

In this section, we describe our attitude as a taxpayer, regarding both Deloitte and our partners/owners, our relationship with the Dutch tax authorities and our responsibilities as a member of the global Deloitte community. This section aims to reflect on our transparency about our tax position and to address our leading role on this topic in society.

For the avoidance of doubt, this document does not refer to Deloitte's position as a financial and tax advisor during its business operations.

Deloitte policy

Deloitte's tax policy is based on three pillars.

1. Deloitte is a purpose-driven organisation acting within a global network. In this network, our Global Principles guide the way we do business, enabling us to take a leading role in society and protecting our brand and reputation. As part of these principles, every Deloitte member firm needs to obey international and local tax rules. This applies to the organisation itself and to its partners/owners. Among other requirements, all tax reporting in the name of Deloitte and of the corporate entities held by the partners who own Deloitte must be done in a timely manner and in compliance with all relevant local tax rules. Furthermore, Deloitte will not enter into aggressive tax planning positions. Deloitte Global requires Deloitte to confirm annually that it meets these principles.
2. Deloitte aims to act as a responsible party in Dutch society, not only meeting the requirements according to local rules, but also showing leadership towards its stakeholders. Therefore, Deloitte and its partners/owners will not be involved in aggressive tax planning or in structures which could be defined as artificial. We pay our fair share of corporate income tax in the countries where we do business. We commit ourselves to pay wage withholding tax in the countries where our employees do work according to the applicable rules. We do not make use of so-called tax havens where no effective business is carried out. All our tax-related reporting is part of an integrated internal control framework that includes a range of checks and balances to minimise the risks where possible.
3. Deloitte has entered into an agreement with the Dutch Tax Authority (DTA), which is called Individual Control Plan ('Individueel Toezicht-plan'). This Individual Control Plan ('ICP') consists of three elements:
 - i. We regularly discuss our tax control framework, as part of our overall Internal Control Framework over Financial Reporting (ICFR), with the DTA. Suggested improvements are implemented after approval;
 - ii. Annually, we perform a randomly selected sample in our system on all our incoming and outgoing payments to test the compliance of the relevant tax aspects. The DTA is involved throughout this process and receives an integral report on findings and identified improvements;
 - iii. We discuss, in our quarterly meetings with the DTA, all our pending and new tax affairs and our filings in a fully transparent manner.

Governance

Deloitte is organised as a corporate entity. The Executive Board consists of three persons, of which one has the function of Chief Operating Officer (COO). The COO is responsible for all finance matters including tax matters. The CTO issues an annual report on Deloitte's tax position to the Supervisory Board's Audit & Finance Committee.

The CTO leads a group of experts dedicated to corporate tax, wage tax and indirect tax matters. These specialists regularly discuss pending issues, the impact of new regulations and new developments within the organisation, and they take appropriate actions if needed. These actions can be proactive, when new regulations or developments are recognised, or reactive, if matters arise from the ICFR or the annual sample mechanism. All findings and changes are discussed in full transparency with the DTA in the context of the Individual Control Plan.

Furthermore, Deloitte's CTO is part of a group of CTOs within Deloitte Global. The group discusses, on a regular basis, anticipated trends and developments in the tax environment and possible measures or adjustments in the global Deloitte organisation's tax policy.

Tax position

Corporate tax

Deloitte's partners/owners charge Deloitte a management fee through a personal management company. These management fees are fully taxable at the level of the individual management company, in accordance with the regular Dutch corporate income tax rates. Deloitte's remaining profit is taxable at Deloitte level, subject to the regular Dutch corporate income tax rates.

All filings for corporate income tax returns from Deloitte and the individual management companies of the partners/owners are prepared centrally by Deloitte in line with the guidelines agreed with the DTA.

Cross-border projects or other international services are fine-tuned with CTOs in other countries to ensure Deloitte meets local rules and regulations.

Wage tax

All relevant filings are carried out in a timely manner and in accordance with local rules and regulations. Meetings are held regularly with specialists from the DTA to discuss pending and new tax issues, such as charging travel expenses, cost reimbursements and the so-called free space in the wage tax declaration.

All cross-border work situations (including secondments, projects and expats) are handled by a dedicated group of specialists to ensure that Deloitte and its employees meet all Dutch and local requirements.

Findings from the annual self-initiated sample as described above (in B.3.ii) are reported in full transparency. We also indicate potential improvements or adjustments that can be made to prevent issues recurring in the future.

Value added tax

On all incoming and outgoing transactions, we follow the rules and guidelines for value added tax (VAT). Specific transactions are subject to strict protocols to ascertain that VAT is reported correctly. VAT is also subject to the self-initiated sample as described above, and findings are reported to the DTA in full transparency.

Relationship with stakeholders

We address this subject in three parts: (i) our shareholders, (ii) the Deloitte Organisation and (iii) our business partners, clients and society.

1. For Deloitte's direct shareholders (the partner/owners), we have implemented a system of internal controls to ascertain that all partners/owners are aligned to the same principles. The partners/owners charge Deloitte through a personal management and holding company. All matters related to tax compliance for these entities are serviced by a dedicated group of specialists (Partner Administration Services, PAS) to ensure all tax positions are aligned to our Global Principles. The CTO is involved throughout the process. Furthermore, all partners/owners are required to file their personal income tax returns annually. The returns are monitored by PAS to ascertain that no tax positions are used that might conflict with our tax compliance principles.
2. Regarding Deloitte as an organisation, as mentioned above, tax is a theme discussed within the Audit & Finance Committee of the Supervisory Board. This is a safeguard to ascertain that no positions are taken that might result in tax charges afterwards or that might trigger reputational consequences.
3. Deloitte acts as a responsible party in the business community, taking the lead in debates and actively accompanying clients as they navigate business decisions and sustainability questions. In that context, Deloitte recognises that a proper tax policy is essential to being regarded as a professional organisation within our business community.

With attitudes towards tax in our societies rapidly evolving, large corporates in particular are subject to scrutiny. Consequently, we understand that, as Deloitte is one of the leading voices in these public debates, we need to establish and abide by clear policies and controls within our own organisation.

Deloitte offices in the Netherlands



Annex 4

Other information

- Appropriation of result according to articles of association
- Combined independent auditor's and assurance report

Appropriation of result according to articles of association

In Article 18 of the Cooperative's articles of association the following has been presented concerning the appropriation of result:

1. The profit is fully distributed to the Members.
2. The General Meeting decides on appropriation of the profit based on a proposal by the Executive Board approved by the Supervisory Board. Profit will be distributed after adoption of the financial statements evidencing that this is permissible.
3. Based on a proposal by the Executive Board approved by the Supervisory Board, the General Meeting may decide to distribute to the Members profit of the current fiscal year.
4. If the Cooperative sustains a loss in any fiscal year, the Executive Board will submit to the General Meeting a proposal approved by the Supervisory Board regarding treatment of the loss. The General Meeting will take a decision with respect to treatment of the loss following the proposal submitted by the Executive Board as referred to in the first sentence of this paragraph. If losses have been charged to the capital accounts, no profit will be distributed until such losses have been made up.

Combined independent auditor's and assurance report

To: the general meeting and Supervisory Board of Coöperatief Deloitte U.A.

Summary

The full text of the independent auditor's report, which includes the audit opinion on the financial statements and the reasonable assurance report on the other (integrated) information included in the Integrated Annual Report has been included in the following pages.

The other (integrated) information in scope of our audit is included in the sections Key numbers of value creation, About this Report, Executive Board highlights, lessons learned and outlook (excluding outlook), Our Purpose and Strategy, About Deloitte, Roles and Responsibilities, Risk management, Annex 2: Non-financial statements, Basis of reporting and GRI content index (hereafter: the other (integrated) information in the Integrated Annual Report).

	Financial statements	Other (integrated) information in the Integrated Annual Report
Opinion	Unqualified opinion on financial statements.	Unqualified reasonable assurance opinion on the other (integrated) information in the Integrated Annual Report.
Materiality	- Materiality of €11,400,000. - Approximately 7% of reported income before tax and management fee.	Based on our professional judgement we determined materiality levels for each relevant part of the other (integrated) information and for the other (integrated) information as a whole.
Key audit matters	- Valuation of unbilled services and advance billings to customers. - Valuation of professional liability provision.	Reliable and adequate view on material theme Quality of services.

A. Report on the audit of the financial statements and other (integrated) information 2022/2023 included in the Integrated Annual Report

Our opinion

We have audited the financial statements 2022/2023 of Coöperatief Deloitte U.A. based in Rotterdam, the Netherlands. The financial statements comprise the consolidated financial statements and the company financial statements.

WE HAVE AUDITED	OUR OPINION
The financial statements comprise: 1. the consolidated and company statement of financial position as at May 31, 2023; 2. the following statements for 2022/2023: the consolidated and company income statement, the consolidated and company statements of comprehensive income, changes in equity and cash flows; and 3. the notes comprising a summary of the significant accounting policies and other explanatory information.	In our opinion, the accompanying financial statements give a true and fair view of the financial position of Coöperatief Deloitte U.A. as at May 31, 2023 and of its result and its cash flows for 2022/2023 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing and Dutch Standard 3810N 'Assurance-opdrachten inzake maatschappelijke verslagen' (Assurance engagements relating to sustainability reports). Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements and the other (integrated) information in the Annual Report' section of our report.

We are independent of Coöperatief Deloitte U.A. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

B. Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements and the (other) integrated information as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Reporting criteria financial statements

The information outlined in the scope of our engagements needs to be read and understood together with the reporting criteria, for which Coöperatief Deloitte U.A. is solely responsible for selecting and applying, taking into account applicable laws and regulations related to reporting. The criteria used for the preparation of the consolidated and company financial statements are EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code, respectively.

Reporting criteria other (integrated) information in the Integrated Annual Report

The reporting criteria used for the preparation of the other (integrated) information are the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the applied supplemental reporting criteria as disclosed on page 123-124 of the annual report.

The sustainability information is prepared in accordance with the GRI Standards. The GRI Standards used are listed in the GRI content index as disclosed on page 173-175 of the annual report.

The absence of an established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time. Consequently, the other (integrated) information needs to be read and understood together with the reporting criteria used.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 11,400,000. The materiality is based on a benchmark of income before tax and management fee (representing approximately 7% of reported income before tax and management fee). We applied this benchmark based on our analysis of the common information needs of users of the financial statements. On this basis, we believe that the income before tax and management fee is an important metric for the financial performance of the group. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of € 550,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Materiality other (integrated) information in the Integrated Annual Report

Based on our professional judgement we determined materiality levels for each relevant part of the other (integrated) information and for the other (integrated) information as a whole. When evaluating our materiality levels, we have taken into account quantitative and qualitative considerations as well as the relevance of information for both stakeholders and the company.

We agreed with the Supervisory Board that misstatements which are identified during the audit and which in our view must be reported on quantitative or qualitative grounds, would be reported to them.

Scope of the group audit

Coöperatief Deloitte U.A. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Coöperatief Deloitte U.A.

Our group audit mainly focused on significant group entities. We consider an entity significant when:

- it is of individual financial significance to the group;

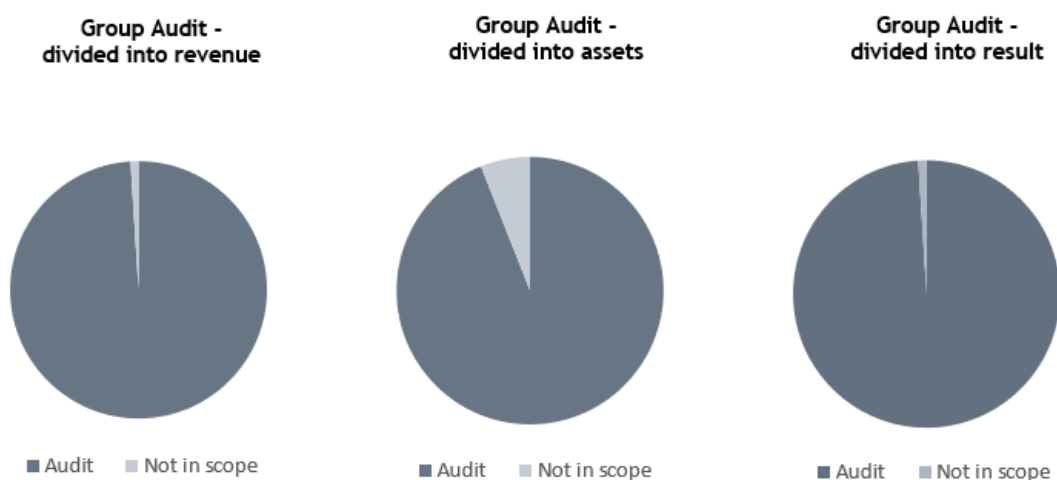
- the component, due to its specific nature or circumstances, is likely to include significant risks of material misstatement, whether due to fraud or error of the group financial statements.

To this extent, for the purpose of the audit of the consolidated financial statements, we performed audit procedures for all of the following significant group entities:

- Deloitte Risk Advisory B.V.
- Deloitte Accountants B.V.
- Deloitte Belastingadviseurs B.V.
- Deloitte Consulting B.V.
- Deloitte Financial Advisory B.V.
- Deloitte Holding B.V.

In addition, we performed specific audit procedures for other group entities.

For clarification purposes we hereby show our scope divided into revenue, assets and result:



By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

Audit approach going concern

As explained in the section 'Going concern' in note 1 of the financial statements, management has carried out a going concern assessment and identified no going concern risks. Our procedures to evaluate the going concern assessment of management includes:

- We agreed the opening cash position used in the cash flow forecast to the audited position at 31 May 2023;
- We performed an accuracy check on the mechanics of the cash flow forecast model prepared by management;
- We assessed managements' financial forecasts prepared for a period of at least 12 months from the date of these financial statements. This included consideration of the reasonableness of key underlying assumptions by reference to current and future expected operating and capital expenditure; and
- We evaluated the adequacy of disclosures made in the financial statements in respect of going concern.

These audit procedures did not lead to any material findings regarding the going concern assumption of the Company.

Audit approach fraud risks and non-compliance with laws and regulations

We identified and assessed the risks of material misstatements of the financial statements due to fraud and non-compliance with laws and regulations.

During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes.

We refer to section 'Risk management' of the management report for the fraud risk assessment and section 'Report from the Supervisory Board', in which the supervisory board reflects on management's fraud risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

We performed risk assessment procedures to identify potential risks of material misstatements due to fraud and non-compliances with laws and regulations. As part of this work we evaluated the group's risk assessment and performed inquiries with management and those charged with governance. We also specifically evaluated whether fraud risk factors are present based on the framework of the fraud triangle during several team discussions and considered any unusual or unexpected relationships based on analytical procedures. As part of this assessment, we specifically assessed how fraud risks can arise in the revenue recognition as part of the unbilled revenue process and reflected this in our risk assessment and audit approach.

Following these procedures, and the presumed risks under the prevailing audit standards, we considered (presumed) fraud risks related to management override of controls and related to the overstatement of (unbilled) revenues. We consider these fraud risks to also be prevalent as a result of the nature of the group, where the compensation of partners and senior management personnel are driven and based on the annual profits achieved. The partners/senior management therefore might have pressure or incentives to unjustly modify certain aspects of the financial statements in order to increase the profits achieved with the aim to increase their respective compensation. This would especially be relevant for financial statement areas such as unbilled revenue and provisions, such as the professional liability provision or other areas involving significant estimates.

In relation to our risk assessment on non-compliance with laws and regulation, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable for Coöperatief Deloitte U.A.. The potential effect of laws and regulations on the financial statements varies considerably. Resulting from our risk assessment procedures, we considered adherence to (corporate) tax law and financial reporting with a direct effect on the financial statements as an integrated part of our audit procedures to the extent these are material for the financial statements.

In addition to the aforementioned laws and regulation, Coöperatief Deloitte U.A. is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance through imposing fines or litigation. Examples of such other laws and regulations are those relating to the supervision of the Financial Market Authority (AFM) based on the Wta and data privacy laws. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect such breaches.

Our audit procedures to respond to the risk of management override and identify potential other fraud elements include, amongst others:

- We inquired the procedures for compliance with laws and regulations with relevant personnel, including Board of Directors, Reputation & Risk Leader and the Ethics Officer.
- We inspected minutes of meetings of the Supervisory Board, Executive Board and Quality Integrity & Risk Committee.
- We inspected correspondence with regulators.
- We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud risks.

- Supplementary to reliance on the internal controls, we performed substantive audit procedures, including detailed testing of journal entries with a risk-based approach.
- We reviewed significant accounting estimates for biases and evaluated whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud. As part of this we performed a retrospective review and evaluated the judgements and decisions made by management in making the estimates in the current year.
- We remained alert for indications of fraud throughout our other audit procedures and evaluated whether identified findings or misstatements were indicative of fraud.
- We assessed matters reported on the group's whistleblowing and complaints procedures and assessed, where deemed necessary, the results of management's follow-up of such matters.
- We performed an assessment of any significant extraordinary events outside of the normal course of business
- We obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.
- We evaluated whether final analytical procedures performed near the end of the audit, when forming an overall conclusion as to whether the financial statements are consistent with our understanding of the group, indicate a previously unrecognized risk of material misstatement due to fraud.

Our response in addressing fraud risks related to the valuation of unbilled services and advance billings to customers is detailed in our key audit matters.

Our audit procedures in relation to non-compliance with laws and regulations notably consists of:

- We inquired the procedures for compliance with laws and regulations with relevant personnel, including Board of Directors, Reputation & Risk Leader and the Ethics Officer.
- We inspected minutes of meetings of the Supervisory Board, Executive Board and Quality Integrity & Risk Committee.
- We inspected correspondence with regulators.
- We obtained sufficient appropriate audit evidence regarding compliance with the provisions of those laws and regulations generally recognized to have a direct effect on the determination of material amounts and disclosures in the financial statements, where we also included a specialist in the area of corporate tax law.
- We performed limited procedures in relation to other laws and regulations, i.e. we performed inquiries with management and those charged with governance as to whether the group is in compliance with such laws and regulations and we inspected correspondence, if any, with the relevant authorities.
- During the audit, we remained alert to the possibility that other audit procedures applied may bring instances of non-compliance or suspected non-compliance with laws and regulations to our attention.
- We obtained management representation that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing integrated annual report are adequately disclosed in the financial statements.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We considered available information and made enquiries of relevant executives, directors (including internal audit, legal, risk) and the supervisory board.

The audit procedures described above have resulted in sufficient and appropriate audit evidence to mitigate the potential fraud risks and non-compliance risks. Our audit procedures did not lead to indications or suspicions for fraud potentially resulting in material misstatements.

For an overview of our responsibilities and those of the management regarding the financial statements and the risks of fraud and non-compliance, we refer to section D. of this report.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements and the other (integrated) information. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements and the other (integrated) information as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

VALUATION OF UNBILLED SERVICES AND ADVANCE BILLINGS TO CUSTOMERS	OUR AUDIT APPROACH
As at May 31, 2023 the recognised unbilled services (contract assets) amounts to € 139 million. Refer to note 3.2 - Unbilled services and advance billings to customers. The valuation of unbilled revenues and advanced billings to customers as at the financial year-end requires a significant degree of management estimate that may be complex and inherently subjective in nature. This requires the group to estimate the expected results of current engagements based on an estimate of time and costs to be incurred, the estimate of expected additional billing on fixed fee projects and the assessment of the collectability of unbilled amounts. We considered the valuation of unbilled services to be a key audit matter due to its significance, subjectivity in the estimates of the valuation of the unbilled revenues and the fraud risk in revenue recognition.	We evaluated the design and tested implementation of both automated and manual internal controls within the organisation relating to the valuation of the unbilled revenues and advance billings to customers. We tested the operational effectiveness of the internal controls that were considered relevant for our audit, to validate the appropriate recognition of revenues and the existence and accuracy of gross unbilled revenue prior to the application of provisions. In addition to the reliance taken on effective internal control measures in place, we applied tailored data analytical procedures focusing on partner portfolio profitability and partner portfolio profitability trends -including major contrary effects within portfolios- to identify any tendencies through management bias. Furthermore, we performed substantive audit procedures on specific elements not yet fully addressed by aforementioned procedures, i.e. cut-off testing including realisation of success fees, onerous contracts and (non) chargeable hours. In addition, we performed substantive audit procedures regarding the valuation of unbilled services and advance billings by testing the estimate of expected results and recorded fees, including any overruns and scope changes to supporting documentation (e.g. contracts) for a sample of projects. We also tested journal entries related to unbilled services and advance billings to customers. Finally, we assessed the adequacy of the related disclosures in the financial statements.
VALUATION OF PROFESSIONAL LIABILITY PROVISION	OUR AUDIT APPROACH
The group is involved in a number of disputes in the ordinary course of business which may give rise to claims. Refer to note 8.2 – Provisions and note 8.3 Commitments and guarantees for the disclosures with respect to such claims and legal proceedings. The professional liability provision is based on assumptions of, amongst others the existence of a present obligation and measurement of the expected amount to settle the claim. Furthermore an assessment is made if the estimated provision falls inside the scope of insurance policies or if the amount exceeds the maximum coverage of the insurance policies. We considered the valuation of the provision for professional liability provision a key audit matter due to the high degree of subjectivity and complexity in the assumptions.	In addition to testing the design and operating effectiveness of the provisional indemnity claims process and related control procedures, the audit procedures mainly comprised of substantive audit procedures. These procedures notably consisted of: • obtained and read the company's insurance arrangements related to professional liability; • assessed the completeness of registered claims by discussing the claims with the in-house legal counsel, validating that registered claims are consistent with the partner confirmations, a review of legal expenses, internet research, review of the minutes of meetings of the company's Executive Board and Supervisory Board and obtaining the correspondence with regulators; • discussed and challenged the appropriateness of key assumptions and on the existence of a present obligation by evaluating management position papers, discussion with in-house legal counsel and by having direct communication with the company's external lawyers, in respect of a sample of both current year and prior year matters, including review of supporting documentation and correspondence; • obtained confirmation from insurers of the claims notified to them as at May 31, 2023 to verify the completeness of registered claims; • attended meetings of the Audit & Finance Committee of Deloitte Coöperatief U.A. where the professional liability matters were discussed, including claims received, as well as the results of internal and external (regulatory) investigations; • performed back-testing procedures to assess the appropriateness of the estimates of prior year; and • reviewed the website of the Authority of the Financial Markets (AFM) to assess the completeness of matters that we have been made aware of, as well as their current status. Furthermore, we assessed the adequacy of the related disclosures relating to professional liability in the financial statements.

FAIR VIEW ON MATERIAL THEME QUALITY OF SERVICES	OUR AUDIT APPROACH
With regard to the other (integrated) information, one of the most material topics is Quality of services. As a result, this topic is the most important part of our audit of the other (integrated) information in the Integrated Annual Report.	We determined which information in the other (integrated) information refers to the material topic Quality of services. We made a distinction between numerical information and text claims. With respect to this information we determined the design of the internal control framework regarding this theme. Regarding the numerical information, we reconciled the numerical information to underlying databases. We determined the reliability of the information in these databases by reconciling the information to supporting external and internal information. For the text claims, we examined a selection of the texts based on professional judgement, and made a reconciliation with supporting external and internal information.

Limitations to the scope of our audit

The other (integrated) information includes prospective information such as ambitions, strategy, plans, expectations, estimates and risk assessments. Inherent to this prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the other (integrated) information in the Integrated Annual Report.

The references to external sources or websites in the other (integrated) information are not part of the other (integrated) information in the Integrated Annual Report as audited by us. We therefore do not provide assurance on this information. Our opinion is not modified in respect to these matters.

C. Report on other information included in the Integrated Annual Report

In addition to the financial statements and our auditor's report thereon, the Integrated Annual Report contains other information that consists of:

- Key numbers of value creation;
- About this Report;
- Executive Board highlights, lessons learned and outlook;
- Our Purpose and strategy;
- About Deloitte;
- Report of the Supervisory Board;
- Risk management;
- Annex 2: Non-financial statements;
- Annex 3: Supporting documentation;
- Annex 4: Other information.

Based on the following procedures performed, we conclude that the other information (excluding outlook information):

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements. Refer to paragraph A for elaboration of the elements of other information for which we obtained reasonable assurance.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

D. Report on other legal and regulatory requirements

Engagement

We were engaged by the Supervisory Board as auditor of Coöperatief Deloitte U.A. for the audit of the financial year ended May 31, 2023 on January 16, 2023.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

E. Description of responsibilities regarding the financial statements

Responsibilities of management and the Supervisory Board for the financial statements and other (integrated) information in the Integrated Annual Report

Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. The Management Board is also responsible for the preparation of reliable and adequate other (integrated) information in accordance with the reporting criteria in the 'Reporting criteria other (integrated) information in the Integrated Annual Report' section, including the identification of stakeholders and the definition of material matters. The management board is also responsible for selecting and applying the reporting criteria and for determining that these reporting criteria are suitable for the legitimate information needs of stakeholders, taking into account applicable law and regulations related to reporting. The choices made by the management board regarding the scope of the other (integrated) information and the reporting policy are summarised in chapter 'Basis of preparation' of the Integrated Annual Report.

Furthermore, management is responsible for such internal control as it determines necessary to enable the preparation of the financial statements and the other (integrated) information that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing Coöperatief Deloitte U.A.'s reporting process.

Our responsibilities for the audit of the financial statements and the other (integrated) information in the Integrated Annual Report

Our responsibility is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit on the financial statements included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Our audit of the other (integrated) information in the Integrated Annual Report included among others:

- Performing an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues, and the characteristics of the company;
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the other (integrated) information. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the management board;
- Obtaining an understanding of the systems and processes for collecting, reporting and consolidating the other (integrated) information, including obtaining an understanding of internal control relevant to our audit, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Identifying and assessing the risks if the other (integrated) information is misleading or unbalanced, or contains material misstatements, whether due to fraud or error. Designing and performing further audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk that the other (integrated) information is misleading or unbalanced, or the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. These procedures consisted amongst others of:
 - Interviewing management (and/or relevant staff) at corporate (and business/division/cluster/local) level responsible for the sustainability strategy, policy and results;
 - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability information;
 - Determining the nature and extent of the audit procedures for the group components and locations. For this, the nature, extent and/or risk profile of these components are decisive.
 - Obtaining assurance evidence that the sustainability information reconciles with underlying records of the company;
 - Evaluating relevant internal and external documentation, on a test basis, to determine the reliability of the information in the sustainability information;
 - Performing an analytical review of the data and trends.
- Reconciling the relevant financial information with the financial statements;
- Evaluating the consistency of the other (integrated) information with the information in the annual report which is not included in the scope of our audit
- Evaluating the overall presentation and content of the other (integrated) information;
- Considering whether the other (integrated) information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

For and on behalf of BDO Audit & Assurance B.V.,

Rotterdam, July 18, 2023

Drs. A. Thomson RA



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