



2022 Transparency Report

Deloitte US

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The Deloitte US 2022 Transparency Report is published in accordance with the requirement set forth in the European Union’s Directive on Statutory Audit 2006/43/EC for our fiscal year ended May 28, 2022.



# A message from leadership

To our clients and stakeholders:

Quality is the very foundation of our profession, and our brand is defined by the high-quality audit and assurance services we deliver each and every day. We're proud of our quality-first culture and the ways our professionals demonstrate our collective commitment to professional excellence through the highest standard of execution on each of their engagements. Our significant investments in our workforce and our digital platforms position us to deliver on our responsibilities to the investing public and the capital markets today and into the future.



Given the critical role that we play in society, in protecting investors, and enabling the capital markets, we operate with an unwavering commitment to integrity and ethical behavior. Our profession is rightly held to the highest of standards, and so our expectations around integrity and ethical behavior are clear to every professional—they are at the very core of all that we do, and we hold strong to these ideals as we execute our work every day in an ever-evolving environment.

For example, we continue to see a significant shift in the ways environmental, social, and governance initiatives and regulations impact businesses. Shifts in the regulatory environment and evolving investor interests are driving demand for expanded disclosures, including non-financial metrics, that are relevant and timely. Given the deep industry experience of our professionals and their knowledge of risks, controls, and disclosures, along with investments in technology advancements to enrich our capabilities and offerings, Deloitte is well-positioned to address these emerging needs and continue our leadership in the delivery of high-quality audit and assurance engagements.

Additionally, we're defining the Future of Work for our business—elevating the Deloitte experience for our people and clients through modernized approaches that challenge how, where, and what specific aspects of audit and assurance work our professionals execute. As we turn ideation into action, we will continue to drive high quality, while offering our professionals tailored deployment experiences that align with their interests and promote a sustainable hybrid working model, while meeting the evolving needs of our clients and the capital markets.

The 2022 Transparency Report provides an in-depth look at our structure, governance, and approach to delivering high-quality audit and assurance services—all of which is grounded in a strong system of quality controls. We publish this report annually to provide disclosure on certain categories of information identified in the United States and European Union standards related to corporate governance and transparency.

We remain the leader in high-quality audit and assurance services through our professionals' commitment to trust and integrity. We embrace our responsibilities to our clients, communities, the capital markets, and to one another, and we will constantly strive to maintain the highest quality standards in every aspect of our work. Thank you for the opportunity to highlight our progress.

Sincerely,

A handwritten signature in black ink that reads "Lara".

Lara Abrash  
Chair and Chief Executive Officer  
Deloitte & Touche LLP



# What we bring to the capital markets

## A focus on audit quality

Our commitment to audit quality permeates everything we do—from our culture and business priorities to the resources and processes through which we design and carry out our audits.

The independent audit is a central element of the financial reporting system in place to protect investors and promote the effective functioning of the capital markets. Making sure audit quality keeps pace with emerging economic, business, financial, and regulatory conditions, as well as advancements in technology, is crucial to continuously enhancing the overall strength and integrity of the financial reporting system. We are keenly aware of our obligation to deliver audit services that meet the challenges and complexities of the current environment and that comply with professional and regulatory standards. For the financial reporting system to function as intended, it is vital that the auditor's role be executed effectively.

We are committed to doing more than simply meeting requirements and conforming to expectations. Our desire is to set the standard of excellence for the profession. In keeping with that objective, our commitment to audit quality is unequivocal.

## Commitment of our leadership

We believe a key element of professional excellence is setting the right tone at the top. Effective tone at the top begins with senior leadership and continues through to leadership in our local offices and on our engagement teams. Our focus on audit quality and our commitment to integrity are evident through the direct involvement of leaders at all levels and are consistently emphasized through leadership communications. Our philosophy calls for embedding professional excellence into our definition of what it takes to be an auditor and what it means to conduct an audit. Exercising professional skepticism and acting with integrity are core to our quality principles and are shared responsibilities for which all our professionals, including our partners, principals, managing directors, and other professional staff (collectively “professionals”), are held accountable. We understand our unique role in helping to enhance trust in the capital markets, which includes holding ourselves to the highest standards of integrity.

## Independence, objectivity, and professional skepticism

Performing high-quality audits require independence, objectivity, and professional skepticism. In essence, this means defining the investing public as the ultimate stakeholder, creating a culture in which doing the right thing is foundational, and managing our Audit & Assurance business such that short-term financial and operational considerations do not override fidelity to professional standards or serving the public interest.

Internal messaging to our professionals emphasizes that we, as auditors, are evaluators who must maintain a mindset of professional skepticism throughout the conduct of our work. This approach to the audit is reflected in many aspects of our policies, methods, procedures, and training, and is reinforced through high-quality control and accountability measures.

## Capability for high-quality audits

Aligning the appropriate competencies and resources in the conduct of our audits is one way in which we achieve our aim of high audit quality.

Our primary resources are qualified and trained professionals. Developing our professionals includes a focus on recruitment, training, and deployment. Our objective is to have a full complement of professionals who understand and apply the standards, policies, and procedures that constitute the audit, including professionals with deep technical, subject matter, and industry knowledge.

Other resources include the proprietary tools, guidance materials, and practice aids that are used in conducting audits, which are available to all our professionals in the Deloitte Technical Library, an extensive online library. Access to the latest information, including industry, marketplace, and news data, is critical to the effectiveness of our audit teams; we regularly issue accounting and auditing guidance to audit professionals and communicate developments that may affect audit quality. Various other required processes also assist in achieving high-quality audits. Among these are activities for making client acceptance and continuance decisions, agreeing on the scope and terms of the engagement, maintaining independence, staffing the engagement team, planning and performing the audit, managing engagements, conducting consultations on complex issues, evaluating



performance, implementing improvements, and communicating with the audit committee.

## Audit engagement acceptance and continuance

To evaluate whether to accept or to continue an audit engagement, we assess the risks associated with performing the audit and the risk that we will be exposed to adverse consequences as a result of association with the entity; the results of our assessment are one of many inputs that inform decisions about the planning and performance of the audit.

Our procedures for assessing whether to accept a new audit engagement or to continue an existing engagement are rigorous and encompass many considerations, including:

- Independence and conflict-of-interest assessments and considerations.
- The reputation and integrity of the audit committee and management, including the results of background checks and searches for regulatory sanctions.
- The management culture, including management's commitment to the appropriate application of accounting standards (e.g., generally accepted accounting principles in the United States of America (US GAAP)) and to implementing and maintaining effective internal control over financial reporting.
- The evaluation of certain risk factors relative to the engagement as well as the nature of the services we are requested to perform.
- The nature of the business, with special focus on emerging or unusual businesses where association may impair our brand or reputation.
- The apparent financial viability of the entity at the time of our assessment.

Our assessment of audit engagement risk begins during the acceptance or continuance process and lasts throughout the engagement. It influences the nature, timing, and extent of audit procedures we perform, as well as the resources within the Deloitte network that we involve in the performance of our audit services.

## Audit approach

Our approach to a high-quality audit involves an audit methodology, common across the Deloitte network, supplemented by audit tools, including Deloitte Omnia, our next-generation cloud-based audit delivery platform, for use by our professionals to plan, perform, supervise, review, document, conclude, and communicate the results of each audit. Our audit approach is underpinned by professional standards.

Our audit methodology is dynamic—it is ever-evolving to keep pace with the changing demands of companies, investors, and other stakeholders. It recognizes that advances in the availability and management of large data sets and in statistical science are relevant to continuing to enhance the quality of our audits.

Our audit methodology is fueled by innovation. Our investments in cloud technology and digital solutions are bringing artificial intelligence, automated workflow processes, and advanced analytics into the audit process.

Our audit methodology is risk-based, focusing on those financial statement account balances, disclosures, and underlying assertions that have a reasonable possibility of being materially misstated. During the planning phase of the audit, we identify risks of material misstatement and then tailor the audit to respond to such risks. Our risk assessment process draws on our understanding of the entity and its environment, including internal control. As an iterative process, we reevaluate risks of material misstatement throughout the audit and revise our audit plan, as needed.

The engagement team tailors and executes procedures to address the assessed risks of material misstatement, focusing on gathering sufficient, appropriate audit evidence. If we perform an integrated audit—i.e., an audit of both the financial statements and the effectiveness of the entity's internal control over financial reporting—our identification and testing of internal controls that address those assessed risks of material misstatement become a required part of our audit.

## The engagement team

The selection of the engagement team is important to the execution of an effective and efficient audit. An audit partner or managing director has leadership responsibilities for the audit. In the case of public company audits, a partner is required to lead the engagement team. In this report, we use "engagement partner" to describe the partner or managing director responsible for the overall quality of each audit. The engagement team may also include other partners or managing directors and typically includes one or more of the following professionals: audit senior manager, audit manager, audit senior, audit staff, as well as relevant internal specialists. The engagement team's composition varies depending on the size, nature, and complexity of the company's operations.

**Rotation of key audit partners and professionals**—The periodic rotation of partners on audit engagement teams helps us maintain our objectivity and professional skepticism. It is also an opportunity to develop leaders.



We have a deliberate and objective succession planning process that identifies leaders to fill engagement partner roles and other senior leadership positions on the engagement team. In addition to the rotation requirements for partners, consideration is given to potential long association risks of other professionals on audit engagements.

In rotating our partners on audit engagements, we follow applicable ethical guidelines and regulatory requirements. For example, the US Securities and Exchange Commission (US SEC) requires that the engagement partner and the partner serving as the engagement quality control reviewer (EQCR) for public companies may not serve in those capacities for more than five consecutive years. A time-out period of at least five years is required before either partner may return to the engagement. Certain other partners who provide audit services must rotate every seven years and are subject to a two-year time-out period.

**Engagement supervision and review**—The engagement partner leads the overall planning and conduct of the audit. More experienced team members supervise less experienced members so that professionals at all levels receive guidance to help perform their work effectively. A review of the audit documentation prepared on an engagement is done to ensure the work was performed and documented, the objectives of the procedures were achieved, and the results of the work support the conclusions reached.

**Audit documentation**—Audit documentation is the record of our audit engagement. It demonstrates that the work performed complies with professional standards, provides evidence of the basis for our conclusions, and shows that the underlying accounting records agree or reconcile with the financial statements. We have clearly articulated policies and practice aids that assist our professionals in understanding and complying with documentation and archiving processes and requirements. The engagement partner is ultimately responsible for the timely assembly and archiving of the audit documentation.

**Engagement quality control review**—In addition to the engagement partner review, every public company audit engagement is subject to an independent engagement quality control review. This review is performed by a partner designated by the leadership in our Quality and Professional Practice Network (Quality Network). The EQCR evaluates the engagement team's significant judgments and related conclusions regarding both the overall engagement and the preparation of the audit report(s) and determines whether to provide a concurring approval of issuance.

**Consultation**—Quality and risk management considerations are integral to our audit business and at times may require consultation with the Quality Network. We view consultation as an essential, collaborative process—one that helps determine the most appropriate answers to complex questions. Our consultation policies require that conclusions are documented, understood, and implemented. Further, our consultation policies establish a process for resolving differences of opinion, demonstrating our commitment to encouraging open exchange and appropriate resolution when there are differing views. In addition to consultations, whenever partners and managing directors need additional information or perspectives, they are encouraged to seek assistance from the Quality Network or others in the organization with specialized knowledge.

## The Quality and Professional Practice Network

The Quality Network is composed of a team of partners, managing directors, and other professionals. This national team is supplemented by experienced regional and local professionals and supporting technology. The Quality Network's primary goals are to provide consultation resources with deep technical knowledge in accounting, auditing, industry, and risk; to design, operate, and monitor our System of Quality Control (SQC), including monitoring and inspecting our audits; to provide oversight, leadership, and direction on quality activities; to maintain audit manuals, policies, and guidance used by our professionals; to assist engagement teams with questions; and to engage with regulators and standard setters.

Through consultation and collaboration, this Quality Network provides our audit engagement teams with access to knowledgeable, competent, and objective professionals who provide authoritative insights that are essential to delivering high-quality audits.

## System of quality control

We believe an effective SQC is crucial for the consistent performance of high-quality audit engagements, and we continue to make significant investments in the people, processes, and technologies that underlie Deloitte's SQC. Our SQC includes numerous elements, such as documenting key areas of the SQC processes and controls and performing procedures for testing the operating effectiveness of the SQC, including the execution of a comprehensive SQC review program.

Used in conjunction with other metrics, Audit Quality Indicators (AQIs) further assist in developing and monitoring audit quality action plans and reporting on the progress of our audit quality journey. AQIs are integrated



with ongoing Quality Network monitoring activities (see *External and internal audit quality monitoring* later in this report).

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

In December 2020, the International Auditing and Assurance Standards Board released its revised suite of quality management standards, including International Standard on Quality Management 1 (ISQM 1). Effective December 15, 2022, ISQM 1 focuses on quality management at the firm level.

We are completing the implementation phase of ISQM 1, which will further enhance our proactive approach to managing the quality of engagements performed—identifying and addressing risks to audit quality and driving continued advancements in quality control processes.

We are collaborating with Deloitte Global Audit & Assurance on a new technology solution to facilitate our ISQM 1 implementation and ongoing monitoring. This technology solution will allow us to: efficiently manage data across our SQC; enable identification of components of ISQM 1 where enhancements can be made; and allow for self-reporting of significant changes or findings, if any, in the design or operation of our SQC.

Additionally, in May 2022, the Public Company Accounting Oversight Board (PCAOB) announced a short-term project to consider how to revise their Quality Control standards. Consistent with Deloitte's culture of continuous improvement and innovation, these US and international standard-setting activities provide the opportunity to challenge ourselves—examining those areas where we can further support and transform our SQC. Audit quality is always front and center, and robust audit quality monitoring and measurement processes play an integral role in our ability to continually improve.

## Audit transformation

Innovation and technology enablement are expected in today's fast-changing business environment, and this expectation holds true for the audit profession, as well. Today's complex business environment requires the audit to be dynamic, multidimensional, and insightful. There is a demand for real-time, relevant information, and an expectation that audit firms will evolve as they innovate and digitize their businesses and processes.

Our approach to Audit & Assurance transformation is holistic and purpose driven, bringing together our world-class, industry-experienced professionals; our audit methodology; and our advanced technology to support our unwavering commitment to audit quality. With Deloitte Omnia, our next-generation cloud-based audit delivery platform that enables a differentiated, digital audit experience, Deloitte is embedding agile innovation into the core of how we audit, including automation that simplifies routine tasks, analytics that yield a deeper and more insightful view into data, and artificial intelligence with workflow automation that enhances human discovery and problem solving.

Audit quality is at the center of our culture of continuous improvement and innovation. Deloitte is committed to the continued investment in emerging technologies that enable the delivery of quality, insights, and value. This includes our integrated suite of enhanced innovation features all connected through the cloud, such as:

- Artificial intelligence and natural language processing for document interrogation, analysis, and financial statement version management.
- Digital, collaborative client, and audit team communications and progress tracking.
- Sophisticated predictive analytics to assist audit teams in performing enhanced risk assessment and substantive analytical procedures.
- A valuation cloud-based solution that revolutionizes the audit of securities and investments by using sophisticated algorithms to instantly execute investment valuations and automate procedures.



## Audit & Assurance—the future, today

Our commitment to quality, integrity, and to serving the public interest expands beyond financial statement audits, to all assurance we provide in the areas that matter most to our stakeholders.

What does this look like? A constantly evolving Audit & Assurance business that leverages bright minds, effective processes, and world-class technologies, while drawing on our years of experience. We deliver high-quality services in an efficient and effective way that upholds integrity, builds confidence, and drives value by focusing on what really matters.

Digital acceleration, cloud, blockchain, artificial intelligence, and other enablers are driving change in how businesses operate and areas for which stakeholders are seeking third-party assurance services. Regardless of the subject matter, our purpose remains the same—to provide services that instill trust and confidence to our clients, stakeholders, and society.

## Auditing in disruptive times

The last few years have brought exceptional challenges and uncertainty to our capital markets, including fluctuating macroeconomic conditions, supply-chain disruptions, the COVID-19 pandemic, and the war in Ukraine. Now more than ever, investors and stakeholders are looking to auditors to enhance trust and objectivity to capital markets.

Throughout this period, we prioritized the safety and well-being of our people. At the same time, we have not wavered from our commitment to ethics, integrity, independence, and quality, which is the foundation of our role in serving the public interest by enhancing trust in the financial reporting system. We remain vigilant in recognizing differentiated risks related to the fluid environment, including the heightened risk of fraud, the presence of new or different risk factors, and potential changes in internal control environments.

Professional standards, Deloitte policies and guidance, strong consultation and specialist networks, and diligence continue to be the basis for our execution of high-quality audits. Our technology and infrastructure have allowed

for an agile and rapid response to the various disruptions to the workplace, including the initial shift to virtual-only working and supporting our people through the transition to a hybrid working environment.

We remain committed to continued focus on providing high-quality audits, in a way that embraces the evolving expectations of the capital markets and our people.

## Multidisciplinary business model

Our robust multidisciplinary business model is an indispensable asset that contributes to performing high-quality audits. In order to audit the most difficult and complex areas of a company's business, it is essential for us to have a vibrant multidisciplinary organization where leading functional and industry subject matter resources across a range of disciplines reside under one umbrella. Among the benefits of our multidisciplinary business model are:

- Immediate access to specialized, market-leading resources and experience that is crucial to performing high-quality audits
- The strength of the combined organization has made possible the significant investments in audit quality, particularly as we invest in technology-enabled delivery of our services
- Industry insights through multiple lenses enhance our understanding of business risks
- Intellectual capital from other service lines is deployed back into our audit processes
- A thriving multidisciplinary organization attracts top-caliber individuals from universities and the experienced talent market.

We recognize there are risks inherent to this model and we proactively manage these risks with controls and safeguards to ensure that the fulfillment of our public interest mandate—performing high-quality audits—remains the bedrock of our professional services organization. We employ comprehensive independence-monitoring systems and processes to maintain compliance with all applicable regulations. Culture, leadership, and tone at the top are all critical components of managing our multidisciplinary business model to the benefit of our clients, our professionals, and the investing public. We have demonstrated that, when managed well, having a robust multidisciplinary business model and executing high-quality audits are complementary to one another.



## Environmental, social, and governance reporting<sup>1</sup>

We have observed that the demand for disclosure in the areas of environmental, social, and governance (ESG)—especially climate—has accelerated, in part, because of an increasing focus by investors and other users on the importance of this information to companies' performance.

This increased focus has led to discussions about potential ways to enhance the quality of the information being disclosed, including through enhanced company IT systems, processes, and governance, as well as independent external assurance over ESG information. It has also contributed to

developments in the standards for disclosure, including proposed disclosure standards by the International Sustainability Standards Board, the US SEC, and other jurisdictions around the world.

Deloitte is actively participating in these discussions, with the goal of supporting improvements in the usefulness, reliability, and comparability of ESG disclosures. We look forward to continuing robust dialogue on this topic with our stakeholders and policy makers, as they collectively navigate the impact of ESG topics on disclosures and decision making.

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<sup>1</sup> For more information about Deloitte's alignment with ESG, please refer to the [Global Impact Report](#).



# External and internal audit quality monitoring

## Audit Quality Monitoring & Measurement

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

The objectives of our Quality Network monitoring activities are to communicate relevant, reliable, and timely information to leadership in order to enable swift responsive remedial actions and continuous improvement in Deloitte's SQC. This includes the identification of deficiencies and good practices in the SQC and the assessment of the effectiveness of remedial actions in driving audit quality.

## In-flight monitoring

Monitoring of a sample of engagements "in-flight" provides timely visibility into the effectiveness of updates or changes to the audit methodology and tools resulting from new standards or in response to feedback from internal and external monitoring activities. In-flight monitoring results are evaluated overall to determine whether additional communication and support to the Audit & Assurance business is needed with respect to adherence to the updates or changes to the audit methodology.

## Internal engagement reviews

Our Internal Inspections group evaluates the work performed for a sample of audit engagements to assess compliance with our SQC, as well as US GAAP and the relevant body of audit standards (predominantly, the PCAOB and American Institute of Certified Public Accountants (AICPA)). The scope of an internal inspection includes an evaluation of the quality of the audit work performed on the selected audit and a review of certain practices, policies, and procedures related to audit quality and performance.

Any partner or managing director who supervises audits or other attest engagements ordinarily has a sample of his or her engagements reviewed at intervals generally not to exceed four years. This approach provides a representative cross-section of engagements of both public and nonpublic companies selected for inspection

each year. Additionally, certain risk-based selections are made each year, which adds a level of unpredictability to the selection process.

A dedicated group of audit partners, managing directors, and senior managers make up our core inspection team and lead, or are reviewers for, a portion of the inspections. Other partners, managing directors, and senior managers, including those with industry or other specialized knowledge, lead and perform inspections with oversight from our core inspection team.

Our internal inspectors share their findings on a specific audit engagement with the engagement team, the Audit Professional Practice Director in the applicable office, and the regional National Professional Practice Director. Remediation of inspection findings is undertaken, when necessary, on individual engagements and the lessons learned from the inspections are more broadly used to enhance audit quality, including through communication with the Audit & Assurance business and integration with the learning curriculum.

The findings of our internal inspections and the themes identified by the PCAOB's inspections are generally consistent.

## External inspections

In addition to reviews conducted by our own Internal Inspections group, our public company audits are subject to inspection by the PCAOB, and our nonpublic engagements are subject to inspection triennially by another accounting firm as part of the AICPA peer review program.

Annual PCAOB inspections are required for registered public accounting firms that perform more than 100 US public company audits annually. We are supportive of the role the PCAOB plays in strengthening confidence in the integrity of the independent audit process. The PCAOB's rigorous inspection process is an important element in achieving our shared objectives, and we are committed to the consistent execution of high-quality audits for the benefit of the investing public. The scope of the inspections includes an evaluation of the quality of the audit work performed on selected audits, as well as a



review of firm practices, policies, and procedures. The [inspections page](#) of the PCAOB website and the [Guide to PCAOB Inspections](#), published by the Center for Audit Quality (CAQ), provide more information about the PCAOB's process for inspecting public company auditing firms.

The annual PCAOB inspection report for audit firms includes a public and a nonpublic portion.

**Public portion of inspection reports**—Part I of the PCAOB's inspection reports contains two parts (specific to engagements inspected) as follows:

- Part I.A: Deficiencies that were of such significance that the PCAOB believes the firm at the time it issued its audit report(s) had not obtained sufficient appropriate audit evidence to support its opinion on the issuer's financial statements and/or internal control over financial reporting.
- Part I.B: Deficiencies that do not relate directly to the sufficiency or appropriateness of evidence the firm obtained to support its opinion(s), but nevertheless relate to instances of noncompliance with PCAOB standards or rules.

For these deficiencies and for any other auditing deficiencies identified during the inspection process, PCAOB standards require that the firm under inspection assess whether the PCAOB findings affect its ability to support previously expressed audit opinions and, accordingly, whether corrective actions are needed. Corrective actions generally include remediating omitted procedures by performing additional or enhanced audit procedures and, if necessary, reissuance of an audit report.

The report on the 2020 Inspection of Deloitte & Touche LLP<sup>2</sup>, dated September 30, 2021, is the PCAOB's most recent inspection report on our audit business. The full text of the public portion of the PCAOB's 2020 inspection report is available on the PCAOB's [website](#).

**Nonpublic portion of inspection reports**—The nonpublic portion of each PCAOB inspection report contains certain observations about the firm's audit performance and SQC. The Sarbanes-Oxley Act of 2002 requires that the PCAOB's observations on the firm's quality control procedures not be made public by the PCAOB provided that, within 12 months of the date of the inspection report, the firm addresses those observations to the PCAOB's satisfaction.

This is evidenced by the PCAOB communicating their acceptance of the firms' response to the report.

In August 2020, the PCAOB determined that the remedial actions we took in response to Part II of our 2017 inspection report, issued December 20, 2018, addressed the quality control observations to the satisfaction of the PCAOB, which represents our ninth consecutive year of PCAOB Part II acceptances.

Our remediation responses to the findings in Part II of the PCAOB's 2018, 2019, and 2020 Inspection Reports of Deloitte & Touche LLP have been submitted and the PCAOB is currently reviewing these responses.

**Peer review—audits of nonpublic entities**—In addition to the PCAOB inspections of public company audits, professional requirements of the AICPA and many state accountancy boards require that public accounting firms undergo a peer review of their accounting and auditing practices related to nonpublic entities. Another public accounting firm conducts the peer review every three years.

A peer review of our SQC for the year ended March 31, 2020, was completed in December 2020. The peer review was primarily related to audit engagements for the year ended December 31, 2019. Our 2020 report, with the highest rating of "pass," is posted to the AICPA [website](#).

## Causal factor analysis and remediation

We take all inspection observations very seriously. In addition to holding our professionals accountable for inspection findings, we as a firm seize opportunities to enhance the quality of our audits and have taken the constructive feedback from past inspections to make changes that are yielding desired improvements in audit quality. We are committed to constructive engagement with the PCAOB, and we analyze and perform remedial procedures relative to each written inspection comment we receive. In addition, we perform analyses to identify the causal factors behind our positive inspection outcomes and written inspection comments, and we develop action plans accordingly to continuously enhance audit quality. Furthermore, we assess whether corrective actions to our SQC may also be appropriate and, if so, such actions are designed, implemented, and monitored.

<sup>2</sup> Deloitte & Touche LLP is the Deloitte US entity that provides audit, assurance, and other attest and advisory services, and is registered with the PCAOB to perform audits of US public companies. For more information regarding the legal structure and governance mechanisms of the Deloitte US entities, see the *Legal structure of the Deloitte network and the Deloitte US entities* section of this report.



We are managing our Audit & Assurance business with audit quality as our number one priority, using consistent, nationally driven policies. We have made substantial, comprehensive investments in our Audit & Assurance

business to enhance the consistency of our audit execution in an increasingly dynamic economic environment and respond to the evolving requirements of capital markets.

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

As we strive to be the standard of professional excellence, we are committed to the consistent delivery of high-quality audits and the effective functioning of our system of quality control. Our monitoring and review activities confirm that our system of quality control is operating effectively. The results of these activities are communicated regularly to our leadership and allow us to identify areas in need of potential improvement now or in the future. These activities support the Chair and Chief Executive Officer (CEO) of Deloitte & Touche LLP's responsibility for our system of quality control.



# Independence, ethics, and additional disclosures

## Deloitte Global Independence



Sets independence policies and procedural expectations based upon the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and, where applicable, the independence rules of the US SEC and the PCAOB.



Supports firms, as needed, with their annual SQC review and gives insights into global areas of focus. Deloitte Global Independence provides independence subject matter expertise that is leveraged during the firms' annual SQC review as part of firm monitoring.



Provides firms with ongoing independence expertise through consultation—enabling continuous enhancements to global policies, procedural expectations, tools, and practice support activities.



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



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

All professionals of the Deloitte US entities are expected to act with integrity in accordance with high ethical standards as presented in our [US Code of Ethics and Professional Conduct](#) (the “Code”), which includes our Global Principles of Business Conduct. The Code specifies expectations for all professionals of the Deloitte US entities regarding ethics and compliance standards, as well as explaining each individual’s responsibilities to the public, clients, and colleagues. Professionals receive a variety of communications and training promoting ethical behavior. Channels for discussing issues regarding ethics and compliance are well established and used regularly.

High ethical standards within the Audit & Assurance business are reflected in a set of policies and programs that function across all the Deloitte US entities. Our professionals are accountable for demonstrating high levels of integrity and professionalism at all times.

Our independence requirements apply to all Deloitte US entities’ professionals, regardless of whether they are directly involved in delivering audit services. The National Managing Partner for the Independence & Conflicts Network (ICN) is responsible for overseeing independence

matters, including the design, implementation, operation, monitoring, and maintenance of the SQC related to independence. The Chief Ethics & Compliance Officer is responsible for making sure appropriate disciplinary action is taken when independence policy or regulatory violations occur.

### Communications to our professionals

We use a variety of communication channels and approaches, such as our intranet site, newsletters, email communication campaigns, leadership messages, mandatory training, and embedded messaging, in various career milestone learning programs (including prehire and onboarding) to promote and reinforce the importance of ethical behavior; compliance with laws, and professional standards and responsibilities; and compliance with policies across the Deloitte US entities, including timely and accurately reporting personal financial relationships in the Deloitte Tracking & Trading system.

### Part of our culture from the beginning

During our onboarding process for new hires, professionals are introduced to Deloitte’s standards and



expectations for ethics, independence, confidentiality, data privacy, and compliance. After the initial onboarding program, we require all new professionals to complete several trainings covering these topics in more detail during the first 60 days with our organization. We also conduct periodic mandatory training for our professionals related to specific ethics and independence-related topics.

## Tools and resources

Our readily accessible tools and resources support our professionals in meeting their independence and compliance requirements.

Our Compliance HelpDesk is available to both professionals and their spouses/spousal equivalents to assist in answering questions about independence and compliance requirements. In addition, our professionals can access and track their compliance status on My Compliance Dashboard via our intranet or mobile application.

We actively encourage our professionals to speak with their supervisors or contact the Ethics and Compliance Office about ethics and compliance issues, and offer the Integrity Helpline, a confidential, 24-hours-a-day, 365-days-a-year service that is accessible from any location. Each reported incident is investigated thoroughly to resolution.

## Individual compliance and internal monitoring

To help our professionals maintain their personal independence, the Deloitte US entities provide access to integrated systems that contain regularly updated information about companies that are restricted for independence reasons (restricted entities), and a platform for tracking and monitoring professionals and their immediate family members' investments and financial relationships in the Deloitte Tracking & Trading System. These systems are also used to track and monitor firm financial relationships.

Our broker data import program enables professionals to authorize their brokerage account holdings to be automatically imported into their Deloitte Tracking & Trading System portfolio. A Tracking & Trading Service Center was created to assist professionals with their compliance of maintaining a timely and accurate Tracking & Trading portfolio with a specific focus on their financial relationships that cannot be automatically imported into Tracking & Trading. To monitor the accuracy and completeness of information reported in the Deloitte Tracking & Trading System, the Independence Monitoring

team performs audits of selected professionals across all levels within the Deloitte US entities.

## Personal representations and reporting of potential independence violations

US professionals are required to submit a semiannual "Representation on Independence, Ethics, and Compliance" to confirm they have read, understood, and complied with our Code, as well as independence policies and guidance. US professionals who have a Tracking & Trading portfolio are required to complete an additional representation twice a year focused solely on maintaining a timely and accurate Tracking & Trading portfolio. All representations in which professionals make self-disclosures of potential policy violations are reviewed by the Independence Monitoring team.

Professionals are required to report potential independence violations involving themselves, their spouses/spousal equivalents, or dependents when they are identified. ICN is informed of potential independence violations to determine the appropriateness of the corrective actions and the need for communications and/or actions with respect to the clients involved. Ethics & Compliance considers the need for any disciplinary measures, and the Chief Ethics & Compliance Officer regularly reports to Deloitte's senior leadership regarding regulatory and policy violations and disciplinary actions taken.

## Scope of services for attest clients

Our engagement acceptance policies for non-audit services require that the partner, principal, or managing director for each potential engagement undertakes a process that determines whether independence must be maintained with respect to the client, even if the client is not an attest client.

Because of limitations on the permissible services for attest clients and their affiliates, independence is considered as part of the engagement acceptance process described above. If independence from the client is required, the partner, principal, or managing director must verify, prior to beginning the engagement, that the services to be provided are permissible and have been preapproved by the lead client service partner and, where necessary, the audit committee or its equivalent.

Each year, the Independence Monitoring team conducts engagement independence inspections of selected restricted entity audit clients for review of scope-of-service approvals and related documentation, including documentation of communications and discussions with those charged with governance (e.g., audit committee)



and the permissibility of the services. The results of the inspections are communicated to the engagement partner as well as Audit & Assurance leadership.

### **Monitoring business relationships**

A marketplace business relationship is one where a Deloitte US entity engages with a third party to provide services to clients or to promote one another in the marketplace. All new marketplace business relationships require reviews by the lead relationship partner and the ICN Business Relationship team. A database of approved marketplace business relationships is maintained, and continuing relationships undergo an independence update at least annually.

Vendor business relationships are relationships wherein a Deloitte US entity or its personnel purchases goods or services for Deloitte's use in the ordinary course of business. All such relationships are assessed for compliance with established policies and procedures.

The Independence Monitoring team conducts annual reviews of the processes used by, and the controls in place for, each Deloitte US entity to ascertain whether marketplace business relationships are identified and submitted for review and approval in a timely manner and in compliance with established policies. It also evaluates a sample of all vendor business relationships, including those with restricted entities, to assess whether they have been through the appropriate processes and protocols and comply with established policies.

### **Internal review of independence practices**

The Deloitte US entities have conducted a thorough internal review of our independence practices. The results have been reported to leadership and provide reasonable assurance that our professionals are compliant with the requisite independence policies and procedures. In the event of noncompliance, we have addressed each matter on a case-by-case basis at a programmatic and individual level, providing additional training, guidance, or disciplinary action as appropriate.

We also take the findings from these reviews, as well as PCAOB inspections of our independence practices, as an opportunity to consider ways to strengthen and improve our SQC. We are committed to continuously evolving and identifying meaningful changes to support continuous improvement in the ways that we safeguard our independence.

### **Results of noncompliance**

Our policies include expectations concerning independence policies and the consequences of noncompliance. Such actions may involve written reprimands, additional required training, counseling by applicable leadership, additional independence audits, monetary penalties, reductions in performance ratings, restrictions on the individual from providing services, changing the individual's job responsibilities, and termination/separation from the Deloitte US entities. A national independence compliance review committee composed of senior leaders addresses more serious violations by partners, principals, and managing directors.



# Professional development and performance management

## Attraction and retention

The current environment for talent is extremely competitive and attraction and retention of our people is a strategic priority for Deloitte. We acknowledge the challenges our people are facing and recognize our part to reestablish connections that so many have missed.

We are focused on transforming the Audit & Assurance talent experience, including reimagining the ways of working to improve retention and further advance the diversity, equity, and inclusion (DEI), and well-being of our people. An example of our DEI-driven initiatives includes our commitment to generate more career opportunities and leadership pathways for the next generation of CPAs. MADE—Making Accounting Diverse and Equitable—represents a bold vision for the accounting profession, both in terms of increasing racial and ethnic diversity, and helping racially and ethnically diverse students see and realize their future in business through the prism and possibilities of accounting.

We are always looking at opportunities to collectively expand the talent experience. This focus on our people and retention of top talent enhances our ability to deliver high-quality audit and assurance services.

## Learning and development programs

Our professional development program illustrates our recognition that continuous improvement requires continuous learning. We provide training and education on technical and regulatory matters, professional ethics and independence, and nontechnical programming that focuses on leadership development, well-being, and inclusion.

Our professional development program is designed to build the technical, industry, and leadership skills essential to delivering high-quality audits and to attract and retain top talent in the profession. In tandem with our hybrid working model, our fiscal year 2022 curriculum was delivered virtually (digital and instructor-led) and in live instructor-led formats. We also capitalized on the reopening of Deloitte University – our leadership centers located in Westlake, Texas, and Hyderabad, India – in fall 2021 and spring 2022. This marked the start of our return

to in-person learning with milestone leadership development programs for pandemic new hires and newly promoted managers/senior managers. In the fiscal year 2022, Deloitte auditors completed more than one million learning hours in innovative programs, incorporating interactive modular-based programs with case studies, facilitated discussions, simulations/role-plays, and videos. As we embrace in-person learning in a hybrid workplace, creating a learning environment that includes a more balanced and intentional mix of in-person, virtual instructor-led, and digital learning becomes the focus of our modernized learning approach.

Our extensive learning curriculum, evaluated annually to enhance content, method, and approach of delivery, covers technical accounting and auditing matters, as well as professional standards, regulatory, professional ethics, and independence issues for all levels from new hire to partner, principal, and managing director. The curriculum encompasses a wide variety of data & analytics and tech-savvy topics, including the use of our innovative tools and other disruptive technologies, as well as emerging issues, such as the impact of climate risk on the financial statements, that prepare our professionals to operate in the 21<sup>st</sup> century. For select strategic areas, we combine multiple courses and experience requirements for proficiency programs allowing professionals to be recognized for achieving a level of proficiency. In addition, every year, our partners, managing directors, senior managers, and managers attend level-specific intensive programs focused on timely accounting and auditing issues, specialized industry matters, and a variety of leadership and professional topics. Our curriculum also includes opportunities to develop professional and leadership skills and includes topics that focus on well-being and provide resources for working effectively in a hybrid environment. Deloitte has also established specific learning opportunities for specialists working on audit engagements to support their knowledge and understanding of the audit process. We enhance our culture of development by using annual personal development plans and providing learning materials and experiences that professionals can leverage on demand while on the job.



Our client service professionals have rigorous external and internal continuing professional education (CPE) requirements. All Audit & Assurance client service professionals, whether certified public accountants (CPAs) or not, are required to complete at least 40 CPE credits by December 31 every calendar year. For professionals performing client service who also devote more than 25% of their available time to performing attest services or have engagement partner- or manager-level responsibility for the overall supervision of attest services, at least 16 of the required 40 CPE credits must be in the subject areas of accounting and/or auditing. We monitor compliance with internal and external CPE requirements.

Deloitte supports our professionals in maintaining necessary licensing and certifications and offers learning opportunities to stay current on professional standards. We encourage our partners, principals, managing directors, senior managers, and managers to teach or facilitate learning programs. We encourage all levels to participate in profession-wide organizations and the programs they sponsor, such as the CAQ, the AICPA, and state CPA societies.

## Performance management and earnings allocation

The annual performance management and earnings allocation practices of the Deloitte US entities emphasize shared values and promote the attainment of our top priorities.

Clear expectations are set out for partners, principals, and managing directors engaged in the delivery of audit and assurance services that indicate they must be committed to professional excellence, which includes exhibiting a high level of audit mastery/proficiency.

At the start of the fiscal year, partners, principals, and managing directors set goals based on expectations of their peer group, roles, responsibilities, and organizational strategic objectives. Goals are subject to review and input by their career development advisor and leadership, and progress is assessed throughout the year, including at fiscal yearend.

Each partner, principal, and managing director is evaluated on an ongoing basis based on the contributions

they make to the business. Quality considerations are the foundation of the assessment for audit partners, principals, and managing directors and are central to the deployment, peer grouping, and unit/earnings allocation/compensation processes. For those who do not meet quality expectations, custom performance improvement and development plans are designed. These plans address the many aspects of quality and provide leadership support and, in some cases, oversight of work or limitations on assignments. Supervisory partners typically review, support, and monitor these plans.

The partner/principal performance management and earnings allocation practices of the Deloitte US entities focus on the following critical components:

- Emphasis on shared values of integrity, outstanding value to markets and clients, quality, commitment to each other, and strength from cultural diversity.
- Compliance with applicable independence requirements.
- Support for professional development and succession.
- Assessment of the expectations and skills outlined in our performance criteria for deployment, goal setting, performance feedback, and peering purposes.

For partners and principals, an earnings allocation process is employed. In general, every year, the applicable partnership allocates interests to partners and principals. These interests are referred to as units. Units are assigned to partners and principals on an overall assessment of their performance, impact, and contribution, in accordance with their peering group. At the end of the fiscal year, unit value is set based on the performance of the Deloitte US entities. The earnings of partners and principals are determined by their number of units.

To reinforce our focus on their primary responsibility—providing high-quality audit and assurance services—the policies of the Deloitte US entities, consistent with federal regulations, forbid audit partners or principals from receiving compensation, bonuses, or other direct financial incentives for selling to their audit clients products or services other than audit, review, or assurance-related services.



# Legal structure of the Deloitte network and the Deloitte US entities

## Network description

### The Deloitte network

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

### Deloitte Touche Tohmatsu Limited

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

"Deloitte" is the brand under which approximately 345,000 dedicated professionals and practitioners in independent firms throughout the world collaborate to provide audit and assurance, consulting, financial advisory, risk advisory, tax, and related services to select clients. These firms are members of DTTL. DTTL, these member firms, and each of their respective related entities form the "Deloitte organization." Each DTTL member firm and/or its related entities provides services in particular geographic areas and is subject to the laws and professional regulations of the particular country or countries in which it operates. Each DTTL member firm is structured in accordance with national laws, regulations, customary practice, and other factors, and may secure the provision of professional services in its respective territories through related entities. Not every DTTL member firm or its related entities provides all services, and certain services may not be available to attest clients under the rules and regulations of public accounting. DTTL, and each DTTL member firm and each of its related entities, are legally separate and independent entities,

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

### Deloitte US: legal structure and ownership

In the United States, Deloitte LLP and Deloitte USA LLP are the member firms of DTTL. Deloitte USA LLP holds the rights to the "Deloitte" name, licenses the right to use the name to the Deloitte US entities, and has certain responsibilities for the cross-functional coordination and oversight of the Deloitte US entities to protect and enhance the Deloitte brand. Deloitte USA LLP has no ownership interest in Deloitte LLP or its subsidiaries. Services to clients are provided by the subsidiaries of Deloitte LLP, including:

- Deloitte & Touche LLP
- Deloitte Consulting LLP
- Deloitte Financial Advisory Services LLP
- Deloitte Tax LLP
- Deloitte Transactions and Business Analytics LLP

Deloitte USA LLP, Deloitte LLP, and the subsidiaries of Deloitte LLP are each separate and distinct legal entities. Each of the subsidiaries listed above is organized under Delaware law; separately capitalized; has its own Chair, CEO, and Board of Directors; and these subsidiaries provide a distinct, though complementary, array of services, including audit and assurance, advisory, tax, and consulting services.

Deloitte & Touche LLP provides audit, assurance, and risk and financial advisory services to clients and is registered with the PCAOB to perform audits of US public companies. Deloitte & Touche LLP is a private partnership registered under the laws of the State of Delaware as a limited liability partnership and is owned by Deloitte LLP and its individual partners and principals who actively participate in its business.<sup>3</sup>

<sup>3</sup> Deloitte LLP also is a private partnership registered under the laws of the State of Delaware as a limited liability partnership and is owned by its partners and principals who actively participate in its business or the business of its primary subsidiaries.



Deloitte & Touche LLP is licensed to practice public accountancy in 51 states and US jurisdictions. In addition, where required by state accountancy laws, Deloitte LLP, Deloitte Tax LLP, and Deloitte Financial Advisory Services LLP also are licensed to practice public accountancy in various jurisdictions. These partnerships are subject to state law requirements regarding the licensing of CPAs. All professional practice matters are solely within the control and authority of the entities that are licensed to practice public accountancy in the United States.

Deloitte & Touche LLP is focused on providing high-quality audit and assurance services to our US-based multinational audit clients through a globally consistent

methodology executed locally across our member firm network. Performing audits of multinational companies with subsidiaries around the world involves complexities regarding scoping, coordinating, and executing audit work, whether performed by the US-lead engagement team or component auditors in non-US locations.

Given these complexities, the supervision and review of work performed by other member firms that are relevant to the audit opinions on the consolidated financial statements and internal control over financial reporting (if applicable) of US-based multinational audit clients are highly coordinated and managed elements of these engagements.



# Deloitte & Touche LLP governance – leadership in action

Deloitte & Touche LLP is the Deloitte US entity that provides audit, assurance, and advisory services, and it is registered with the PCAOB to perform audits of US public companies.<sup>4</sup> The Chair and CEO of Deloitte & Touche LLP appoints members to the Deloitte & Touche LLP Board of Directors subject to periodic ratification by a vote of the partners and principals of Deloitte & Touche LLP.

The Deloitte & Touche LLP Board of Directors is responsible for the governance and oversight of the Deloitte & Touche LLP Audit & Assurance and Risk & Financial Advisory businesses. Specific responsibilities include approving the admission of partners and principals, approving the allocation of units and earnings to partners and principals, approving certain partner and principal transactions (e.g., retirements, resignations, and leaves of absence), and approving the financial aspects of business plans.

Senior management of Deloitte & Touche LLP develops and implements the strategy for the Deloitte & Touche LLP Audit & Assurance and Risk & Financial Advisory businesses, including related policies, procedures, other professional practice matters, and leadership appointments. The Deloitte & Touche LLP strategy is developed in alignment with the overall strategic direction established for the Deloitte US entities. In all their activities, Deloitte & Touche LLP senior leaders are responsible for the overarching objective of audit quality, including compliance with applicable professional standards and regulatory requirements.

The Chair and CEO of Deloitte & Touche LLP has established a governance model that includes the Deloitte & Touche LLP Board of Directors, Audit & Assurance Executive Committee, and Risk & Financial Advisory Executive Committee.

The Chair and CEO of Deloitte & Touche LLP supervises the Audit & Assurance Executive Committee, which includes:

## Deloitte & Touche LLP – Audit & Assurance Executive Committee<sup>5</sup>

Lara Abrash, Chair and Chief Executive Officer
Ellen Basilio, National Managing Partner – US Growth & Offerings
Christine Davine, National Managing Partner – Quality, Risk & Regulatory
George Fackler, Chief Strategy Officer
Tim Gillam, National Managing Partner – Talent Transformation & PPMD Talent
Chris Griffin, Regional Managing Partner – West
Dipti Gulati, Regional Managing Partner – East
Robert Hollingsworth, National Managing Partner – US Audit & Assurance
Susan Klink, National Managing Partner – Diversity, Equity, and Inclusion
Jon Raphael, National Managing Partner – Transformation & Assurance (ESG)
Chris Rogers, National Managing Partner – Accounting & Reporting Advisory Services
Sherif Sakr, Chief Operating Officer
Matt Wangard, Regional Managing Partner – Central

The following are the members of the Deloitte & Touche LLP Board of Directors:

## Deloitte & Touche LLP – Board of Directors<sup>5</sup>

Lara Abrash, Chair	
Jay Cochran	John Peirson
Chris Cooper	Jeff Salvatore
Stacy Janiak	Justin Silber

<sup>4</sup> For more information regarding the legal structure and governance mechanisms of the Deloitte US entities, see the *Legal structure of the Deloitte network and the Deloitte US entities* section of this report.

<sup>5</sup> The members of the Deloitte & Touche LLP Audit & Assurance Executive Committee and Board of Directors are as of September 2022. All members of the Audit & Assurance Executive Committee and the majority of the members of the Board of Directors are CPAs.



# Appendices



# Appendix A | EU EEA audit firms

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

The following is a list of the firms in the Deloitte network that perform statutory audits in a European Union (EU) or European Economic Area (EEA) member state.

EU/EEA member state	Name of audit firms carrying out statutory audits in each member state
Austria	Deloitte Audit Wirtschaftsprüfungs GmbH
	Deloitte Niederösterreich Wirtschaftsprüfungs GmbH
	Deloitte Oberösterreich Wirtschaftsprüfungs GmbH
	Deloitte Salzburg Wirtschaftsprüfungs GmbH
	Deloitte Tirol Wirtschaftsprüfungs GmbH
	Deloitte Wirtschaftsprüfung Styria GmbH
Belgium	Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL
Bulgaria	Deloitte Audit OOD
Croatia	Deloitte d.o.o. za usluge revizije
Cyprus	Deloitte Limited
Czech Republic	Deloitte Audit s.r.o.
Denmark	Deloitte Statsautoriseret Revisionspartnerselskab
Estonia	AS Deloitte Audit Eesti
Finland	Deloitte Oy
France	Deloitte & Associés
	Deloitte Marque & Gendrot
	Deloitte Audit Holding
	BEAS
	Cisane
	Constantin Associés
	D. Associations
	DB Consultant
	ECA Audit
	Opus 3.14 Audit et Conseil
	Pierre-Henri Scacchi et Associés
	Revi Conseil
Germany	Deloitte GmbH Wirtschaftsprüfungsgesellschaft
	Deutsche Baurevision GmbH Wirtschaftsprüfungsgesellschaft
	SüdTreu Süddeutsche Treuhand GmbH Wirtschaftsprüfungsgesellschaft
Greece	Deloitte Certified Public Accountants S.A.
Hungary	Deloitte Könyvvizsgáló és Tanácsadó Kft.
Iceland	Deloitte ehf.



EU/EEA member state	Name of audit firms carrying out statutory audits in each member state
Ireland	Deloitte Ireland LLP
Italy	Deloitte & Touche S.p.A.
Latvia	Deloitte Audits Latvia SIA
Liechtenstein	Deloitte (Liechtenstein) AG
Lithuania	Deloitte Lietuva UAB
Luxembourg	Deloitte Audit
Malta	Deloitte Audit Limited
Netherlands	Deloitte Accountants B.V.
Norway	Deloitte AS
Poland	Deloitte Audyt spółka z ograniczoną odpowiedzialnością spółka komandytowa Deloitte Audyt spółka z ograniczoną odpowiedzialnością
Portugal	Deloitte & Associados, SROC S.A.
Romania	Deloitte Audit SRL
Slovakia	Deloitte Audit s.r.o.
Slovenia	Deloitte Revizija d.o.o.
Spain	Deloitte, S.L.
Sweden	Deloitte AB

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

The total turnover achieved by the audit firms that are members of the network, resulting from the statutory audit of annual and consolidated financial statements: € 2.1 billion.<sup>6</sup>

<sup>6</sup> Amount represents an estimate determined based upon best efforts to collect this data. Certain Deloitte audit firms registered to perform statutory audits in respective member states provide statutory audit services as well as other audit, assurance, and non-audit services. While Deloitte endeavored to collect specific statutory audit turnover for each EU/EEA Deloitte audit firm, in certain cases turnover from other services has been included. The turnover amounts included herein are as of 31 May 2022, except for a limited number of instances where a Deloitte audit firm has different financial year-end or has not finalized its reporting for such period. In these cases, turnover amounts are for the relevant financial year or preceding financial year. Where currency other than the Euro is used in the member state, the amount in Euros was translated using an average exchange rate in effect for the period 1 June 2021 to 31 May 2022.



# Appendix B | Financial information

We provide information on revenue and earnings by service, employee compensation, and benefits as a percentage of revenue and our capital structure. The following table summarizes the revenue and other statistics of the Deloitte US entities on a combined basis:<sup>7</sup>

Fiscal year end	2022	2021	2020
<b>Revenues (US \$ in millions)</b>	\$27,936	\$22,931	\$23,157
	<p><b>Revenue</b></p>	<p><b>Revenue</b></p>	<p><b>Revenue</b></p>
	<p><b>Earnings</b></p>	<p><b>Earnings</b></p>	<p><b>Earnings</b></p>
	<p>■ Audit and Risk Advisory Services ■ Tax ■ Consulting ■ Other Advisory</p>		
<b>Employee compensation and benefits as a percentage of revenue</b>	54.8%	52.4%	51.2%

**Capital structure** The majority of our capital structure consists of capital contributed by our partners and principals. In addition to this paid-in capital, the other portion of our capital structure consists of long-term privately placed debt. The debt carries an NAIC 1 designation, NAIC's highest designation, which is comparable to an A or better rating from one of the nationally recognized rating agencies.

Note: The accounting records of each Deloitte US entity are prepared on an accrual basis and in a manner that reflects the way the businesses are operated. The financial information shown above is not prepared in accordance with US GAAP. The revenue amounts shown include reimbursable expenses billed to clients. Earnings for each entity include direct costs and expenses, as well as allocated amounts of shared costs and expenses.

<sup>7</sup> Information is as of the fiscal years ended May 28, 2022, May 29, 2021, and May 30, 2020.



# Appendix C | Public interest entities

## US public audit clients as reported to the PCAOB

The PCAOB requires all registered firms to file annual reports on Form 2 each year, covering a 12-month period from April 1 through March 31. In compliance with PCAOB rules, Deloitte & Touche LLP filed an annual report on June 30, 2022, listing all audit reports issued for issuers, as defined under US law, for the 12-month reporting period ended March 31, 2022. Information on such audits is available electronically. To view the list of our issuer audit clients, please refer to our Form 2, Item 4.1 on the PCAOB [website](#).

## Public audit clients as reported in EU member states

Below is a list of our public audit clients that have issued transferable securities on a regulated market in EU member states<sup>8</sup> for which Deloitte & Touche LLP completed an audit during our fiscal year ended May 28, 2022:<sup>9</sup>

- General Electric Company
- Morgan Stanley
- Morgan Stanley Finance LLC
- Northrop Grumman Corporation
- The Boeing Company

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<sup>8</sup> Relevant audit clients generally include companies incorporated outside the EU/EEA whose transferable securities are admitted to trading on a regulated market of any member state of the EU/EEA, with certain exceptions, as described in the frequently asked questions annexes to the Forms A and B (EU) Common Application Forms. Each of the EU member states in which Deloitte & Touche LLP is registered defines relevant audit client in a similar manner.

<sup>9</sup> The aggregate audit and related fees earned as of May 28, 2022, for these companies totaled approximately \$175 million. The aggregate other fees earned as of May 28, 2022, for these companies totaled approximately \$4 million.



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the “Deloitte” name in the United States and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more about our global network of member firms.

Deloitte provides industry-leading audit, consulting, tax and advisory services to many of the world’s most admired brands, including nearly 90% of the Fortune 500® and more than 7,000 private companies. Our people come together for the greater good and work across the industry sectors that drive and shape today’s marketplace — delivering measurable and lasting results that help reinforce public trust in our capital markets, inspire clients to see challenges as opportunities to transform and thrive, and help lead the way toward a stronger economy and a healthier society. Deloitte is proud to be part of the largest global professional services network serving our clients in the markets that are most important to them. Building on more than 175 years of service, our network of member firms spans more than 150 countries and territories. Learn how Deloitte’s more than 345,000 people worldwide connect for impact at [www.deloitte.com](http://www.deloitte.com).

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