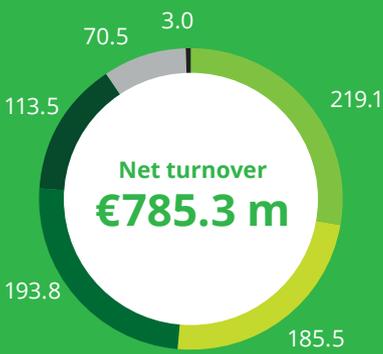


Deloitte.



**Integrated Annual Report
Coöperatief Deloitte U.A.
2015/2016**

Our year at a glance



- Audit
- Risk Advisory
- Tax & Legal
- FAS
- Consulting
- Support / Other

€666.0 m
Total expenses



Operating result
€122.3 m



€14 m spent
on innovation



13,750
clients served



16
offices



253
partners
Average headcount



4,795
staff
Average headcount (excl. internships)



>1,300
new recruits



65.7
training hours per
employee



Personal connection score
(on a scale from 0 to 10)



Quality of Service score
(on a scale from 0 to 10)



716
Deloitters that hold an
additional position in
volunteering or education



approx. **30,000**
children reached through
the Deloitte Impact
Foundation since 2012



49
Publicly available reports



21,752 tonnes
carbon emissions (CO2)



Total client satisfaction



For this KPI, we are in the process of developing a basis to report this KPI from financial year 2016/2017 on in a manner that it can be supported by evidence and audited externally.

% practice reviews on norm



For this KPI, we are in the process of developing a basis to report this KPI from financial year 2016/2017 on in a manner that it can be supported by evidence and audited externally.

% regulatory reviews that are satisfactory



As the external reviews are still ongoing, we cannot report this KPI at present.

#26

Employer of choice in relevant ranking



45 %

Average profitability in growth areas



6.9

Talent engagement score
(on a scale from 0 to 10)



16 %

of revenues from innovative offerings



In line with the vision from DTTL, we apply a factor 2 multiplier to calculate the effect from innovative service offerings on regular services

30 %

Revenue growth in Corporate Advisory



5.8 %

Reduction of overhead as % of total revenue



Relative position in international network with regard to operational metrics



89.1 %

Growth in interfirm revenue and teaming



A photograph of three men in business suits standing in a modern office with large windows overlooking a city. The man on the left is wearing a dark blue suit and a blue patterned tie. The man in the middle is wearing a grey pinstriped suit and a red patterned tie. The man on the right is wearing a dark blue suit and a purple tie. They are all smiling and looking towards the camera. The background shows a cityscape with buildings and greenery under a clear sky.

About this Report

This is our first fully Integrated Annual Report. It contains and integrates our separate Annual Report and Sustainability Report for the year ended May 31, 2016. In the prior year, separate versions of these reports were published on July 15, 2015. This Integrated Annual Report contains an overview of our value creation model and related performance, and provides insight into the execution of our strategy in the period June 1, 2015 through May 31, 2016.

From left to right: Engelhardt Robbe, Peter Bommel, Mario van Vliet

In writing this report, we have endeavoured to build a bridge between the mandatory standards applicable to Deloitte for financial reporting, and voluntary standards such as those from the International Integrated Reporting Council (IIRC) and the Global Reporting Initiative (GRI). Our Report starts with the Report from our Supervisory Board and is followed by a performance focussed Report from the Executive Board. In the section 'Our impact', which is the heart of this Report, we focus on value creation and on explaining how our Strategy 2020 is enabling us to create value for our stakeholders. In 'Our interactions with stakeholders' we provide insight into our stakeholder engagement and the results of this engagement. The section 'Our way of working' gives insights into how we are organised, how we guide our policies in ethics and integrity, and the risks and opportunities we see in the near future and in the longer term. Our financial statements and disclosures are included in Annex 1 while our sustainability performance is included in Annex 2. By choosing for this setup, we express our vision and related integrated performance and reporting. We aim to discuss this vision with our stakeholders in order to fine-tune and evolve our approach in the coming years.

This Report has been compiled using the International <IR> Framework of the IIRC, the G4 Sustainability Reporting Guidelines of the GRI, and NL GAAP for reporting our financial statements. Please refer to Annex 1 for the Financial Statements and to Annex 2 for the GRI Reference Table. With regards to sustainability, in preparing this Report, we have followed the 'Comprehensive In Accordance' option that is externally assured by our auditors EY. This Report and its annexes also serve as the Communication on Progress, as prescribed by UN Global Compact, to which Deloitte Netherlands is a signatory.

Scope

In this Report, Deloitte refers to Coöperatief Deloitte U.A. and its fully owned subsidiaries as listed in the 'Notes to the company financial statements' in Annex 1. Coöperatief Deloitte U.A. was founded on April 10, 2015. On June 1, 2015 the shareholding companies of Deloitte Holding B.V. exchanged their shares in Deloitte Holding B.V. in a membership of Coöperatief Deloitte U.A.

As a result of obtaining all the shares of Deloitte Holding B.V., as of June 1, 2015 Coöperatief Deloitte U.A. is the ultimate parent of Deloitte Holding B.V. and its subsidiaries. Since this merely concerns a change in the legal structure on behalf of the ultimate owners of Deloitte Holding B.V. and Coöperatief Deloitte U.A. respectively, the transaction was accounted for using the pooling of interests method and the consolidated financial statements of Coöperatief Deloitte U.A. are a continuation of the existing group of Deloitte Holding B.V. (including comparative information).

In May, 2016, and in accordance with the vote taken by the members of Coöperatief Deloitte U.A. and the board of InterNos, Deloitte Holding B.V. became the sole board member of Stichting InterNos and as a consequence, Stichting InterNos has been consolidated as part of Deloitte.

Deloitte Holding B.V. is the Netherlands' member firm of Deloitte Touch Tohmatu Limited (DTTL). Please refer to www.deloitte.com/about for a detailed description of DTTL and its member

firms. Like all member firms, Deloitte Holding B.V. is a separate and independent legal entity that provides its services subject to applicable local law and regulations.

Materiality

In conformity with the standards referred to in this section, we have defined materiality using input provided by our stakeholders. We provide an overview of this input in 'Our interactions with stakeholders' on page 61 of this Report.

Basis for reporting

We have included the assumptions and data definitions used for calculating non-financial and strategic KPI's in Annex 2 on page 144. KPI's that are in our opinion self-explanatory or that are based on GRI definitions are omitted from this overview for the sake of conciseness.

Conciseness

In order to meet the criteria of conciseness, we have opted to provide as much of the statutory required financial information that we deem not material for Integrated Reporting in Annex 1. The same applies to sustainability information that is out of scope in terms of materiality in the context of Integrated Reporting. Such information is provided in Annex 2.

Reporting boundaries

There is a significant overlap of issues identified by our internal and external stakeholders. Some of these, especially covering employment, diversity, training & education and health & safety, are a primary focus of our internal stakeholders. However, these issues also directly influence the quality and continuity of our services. We therefore conclude that all issues mentioned and their related aspects are material both within and outside our organisation.

Restatements

There are no restatements compared to the Annual Report and the Sustainability Report as issued in previous reporting years.

Reliability and completeness

For the information in scope for GRI we have collected the relevant performance data from our business information systems and suppliers as supported by our internal controls system. This was centrally recorded and reviewed by our internal audit department and externally assured by EY on the level of reasonable assurance. The conclusions of EY can be found in their Assurance report in Annex 3. EY also performed an audit on the data tables in our Transparency Report 2015/2016.

Comparability

For financial information that was previously disclosed in our Annual Reports, we have included comparative data. The same is applicable for non-financial data that was previously published in our Sustainability Reports. For KPIs that were newly developed in the context of Strategy 2020, we lack comparative data for previous reporting years.

Report from the Supervisory Board

Independent external members constituted the majority of the Supervisory Board of Deloitte Netherlands during financial year 2015/2016. This has been the situation for a large number of years, and the current Chairman is an independent external member. In September 2014 the NBA issued the report 'In het publiek belang' that contains a number of measures to be taken by audit firms to restore trust in the profession and improve quality. Deloitte has committed itself to implement all of the recommended measures. This also pertains to the Supervisory Board given that several of these measures relate to the governance structure of the audit firm.

During 2016 Deloitte will adopt a number of changes related to the organisation of the Supervisory Board. These are mainly as follows:

- As of October 1, 2016 the Supervisory Board will be fully comprised of external members. The three internal members who currently sit on the Supervisory Board will resign on that date.
- The responsibilities of the Supervisory Board will extend in line with the NBA measures, including its role and responsibility on Executive Board nominations.

The Supervisory Board is entrusted with the supervision of the policies and activities of the Executive Board. In the two-tier corporate structure under Dutch corporate law, the Supervisory Board is a separate body and independent from the Executive Board.

The Supervisory Board comprises an appropriate combination of knowledge, experience and diversity among its members, focused on the multidisciplinary and regulated character of Deloitte Netherlands as a professional services firm, and its public interest responsibilities. With the resignation of the internal Supervisory Board members, new external members with suitable qualifications will be appointed. The Supervisory Board aims for a Board comprising five members.

The Supervisory Board has assigned, under its responsibility, a number of its specific tasks to five sub-committees:

- Audit Committee
- Partner Matters Committee
- Public Interest Committee (to be resolved as per October 1, 2016; tasks move to Supervisory Board)
- Remuneration Committee
- Selection and Nomination Committee
- Quality and Risk Committee (scheduled to be installed in October 2016)

The members of the Supervisory Board and the various sub-committees are listed below. The tasks and activities of the Supervisory Board and the committees are described hereafter in more detail.

The Public Interest Committee was introduced in April 2013 pursuant to the Governance Code for Audit Firms in the Netherlands, which was adopted and signed by Deloitte in 2012. The Public Interest Committee is formed by the independent and external board members only. These external members have significant knowledge and an understanding of Deloitte's organisation and its public environment. As a result of the upcoming changes in the composition of the Supervisory Board, there will be no need to continue with this Committee. Its tasks will

move to the Supervisory Board as a whole.

Due to the great importance of proper risk management and focus on quality, a new Quality and Risk Committee will be introduced in this financial year (scheduled for October 2016).

The Supervisory Board currently comprises seven seats: four for external, independent members and three for internal members. The internal members are required to be partners of Deloitte Netherlands. External members are required to be independent. Both the internal and the external members are required to comply with all the firm's relevant independence and compliance rules. Members are nominated by the Supervisory Board and appointed by the General Meeting of Members of Coöperatief Deloitte U.A. for fixed terms of a maximum of four years. External members may be reappointed for two additional four-year terms. Internal members may be reappointed for one additional four-year term.

There are currently no vacancies in the Board. More information on the individual members of the Supervisory Board is included below.

Members of the Supervisory Board	Internal/ external member	End of term
F.G.H. Deckers, Chair	external member	2020
A.J.L.M. van Berkel, Vice-Chair (to resign in October 2016)	internal member	2019
F.E. Eelkman Rooda	external member	2017
S. Kloosterhof (to resign in October 2016)	internal member	2016
C.A.M. Renne (to resign in October 2016)	internal member	2016
J.P. Rijsdijk	external member	2017
A.F. van der Touw	external member	2016

Audit Committee

F.E. Eelkman Rooda, Chair
F.G.H. Deckers
C.A.M. Renne

Partner Matters Committee

F.G.H. Deckers, Chair
S. Kloosterhof
C.A.M. Renne
J.P. Rijsdijk

Remuneration Committee

A.F. van der Touw, Chair
A.J.L.M. van Berkel
F.G.H. Deckers

Selection and Nomination Committee

J.P. Rijsdijk, Chair
A.J.L.M. van Berkel
F.G.H. Deckers

Public Interest Committee

F.G.H. Deckers, Chair
F.E. Eelkman Rooda
J.P. Rijdsdijk
A.F. van der Touw

Background information on the members of the Supervisory Board

F.G.H. Deckers (1950)

Member since 2012
Profession/principal employment

After a long career in banking (among others) as CEO of Van Lanschot Bankiers and different roles at ABN AMRO Bank, Floris Deckers is active as a Non-Executive Director and Senior Advisor to a number of European companies.

External positions and activities

- Member of the Supervisory Board, Audit Committee and Chairman of the Remuneration Committee of SBM Offshore
- Member of the Supervisory Board of Arklow Shipping Limited (Ireland) and Member of the Supervisory Board of Arklow Shipping Nederland B.V.
- Advisor to Apollo Management International LLP (London)
- Member of the Supervisory Board of the Vlerick School of Management (Belgium)
- Member of the Board of Stichting Amici Almae Matris (Belgium)
- Chairman of the Supervisory Board of the Springpaarden Fonds Nederland
- Chairman of the Hilversumsche Golf Club
- Member of the Board of Stichting Administratiekantoor Professor Vlerick te Rotterdam

A.J.L.M. van Berkel (1960)

Member since 2011
Profession/principal employment

Ardie van Berkel is the EMEA Lead Partner for Human Capital in Deloitte Consulting. She has over 25 years' experience as a management consultant on strategic and operational human capital matters. She has served a wide range of clients in the public and the private sectors.

F.E. Eelkman Rooda (1952)

Member since 2013
Profession/principal employment

Frans Eelkman Rooda is former CFO of Royal Wessanen (2008/2011) and Mediq (1997/2008) in the Netherlands. Prior to that, he was a consultant and partner at McKinsey & Company.

External positions and activities

- Member of the Supervisory Board of De Lage Landen

International

- Chairman of the Board of Trustees of Center for Human Drug Research
- Partner in Umenz Benelux

S. Kloosterhof (1965)

Member since 2012
Profession/principal employment

Sander Kloosterhof is a partner at Deloitte Tax in Amsterdam. He has over 25 years of experience in (international) tax and currently is a partner in the TMC practice.

C.A.M. Renne (1964)

Member since 2012
Profession/principal employment

Carlo Renne is a partner at Deloitte Accountants in Amsterdam. He has over 25 years of experience in serving a range of mid-market clients in the private sector with audit and assurance services.

J.P. Rijdsdijk (1956)

Member since 2013
Profession/principal employment

Jacqueline Rijdsdijk has worked at the Dutch Central bank for more than 25 years in several executive positions, her last position being Director of Payments (until 2008). Subsequently, she has been a member of the Board of ASR Nederland. As of 2010 she has focused on oversight positions in the public and private sectors.

External positions and activities

- Member of the Supervisory Board of Royal Cosun (Coöperatie Koninklijke Cosun U.A.)
- Member of the Supervisory Board of the VU Medical Center
- Partner at Partner in Toezicht
- Member of the Audit Committee of the Dutch Ministry of Internal Affairs
- Member of the Advisory Board of Airbus Defence and Space Netherlands B.V.
- Chair of the Supervisory Board of Fair Share Fund Triodos Bank
- Chair of the Supervisory Board of the Green Fund Triodos Bank
- Chair of the Supervisory Board of Veer foundation
- Member of the Board of Stichting Beheer Hotelschool Den Haag
- Member of the Advisory Board of The Waste Transformers

A.F. van der Touw (1955)

Member since 2012

Profession/principal employment

Ab van der Touw is Chairman of the Executive Board of Siemens Netherlands. He has spent his entire career at Siemens and has worked both in the Netherlands and in Germany.

External positions and activities

- Member of the Supervisory Board of The Hague Centre for Strategic Studies
- Chairman of the Oversight Board of the Center for Medical Imaging North-East Netherlands
- Member of the Advisory Board of the Beta Technology Platform
- Vice-Chairman of the Board of FME/CWM
- Member of the Board of the Foundation FME-CWM ('Stichting Steunregeling FME-CWM')
- Member and treasurer of the Board of VNO/NCW
- Chairman of the German-Dutch Chamber of Commerce
- Chairman of the (Economic Development) Board of the 'Zuidvleugel' (Randstad)
- Chairman of the Bach association ('Stichting de Nederlandse Bach Vereniging')
- Member of the Committee of primary and secondary education ('Commissie #onderwijs 2032 Ministerie OCW')
- Chairman of the Foundation Slachtofferhulp

Vision

The tasks and responsibilities of the Supervisory Board are laid down in the Charter and the Rules of Procedure of the Supervisory Board. The tasks and responsibilities of the different sub-committees of the Board are further described in separate Charters that form part of the Charter and the Rules of Procedure of the Supervisory Board. The separate reports of the different committees are included in this Report.

The tasks of the Supervisory Board and the sub-committees include the supervision of the Executive Board with regards to:

- The realisation of the firm's strategy, goals and objectives
- The firm's financial performance and position
- Public interest matters
- Quality assurance and compliance with independence regulations
- Risk management
- The composition of the Executive Board
- The remuneration of the Executive Board members
- Human resources

The Supervisory Board has a clear focus on the developments in corporate governance and the environment surrounding Deloitte, as well as the need for Deloitte to deliver high quality services that support the strategic vision of Deloitte which is 'to make an impact that matters'.

For further information about the corporate governance structure of Deloitte Netherlands and a more detailed description of the tasks, roles and responsibilities of the Supervisory Board, see the section Roles and Responsibilities, on page 70 of this report.

Highlights of the work of the Supervisory Board during the financial year 2015/2016 and achievements include the following, inter alia:

- The Supervisory Board has held 9 regular meetings and 3 comprehensive strategy sessions during the financial year. Besides the regular meetings of the Board, several additional meetings were held in relation to: the firm's international strategy, the implementation of the new governance model of the firm, including the selection of a Chief Quality Officer, and the (continued) implementation of a number of industry-wide measures to restore trust in the audit profession.
- The regulatory environment for the audit practice and audit quality are continuously on the agenda of the Supervisory Board. The Supervisory Board has closely monitored the follow up on previous inspection reports by the Netherlands Authority for the Financial Markets (AFM) and the Public Company Accounting Oversight Board (PCAOB), and the preparation and execution of inspections performed by both regulators in 2015/2016. The Supervisory Board has also closely monitored the public consultation regarding proposed new legislation for audit firms. Furthermore, the Supervisory Board has spent significant time discussing the implementation by Deloitte of a large number of measures agreed by the profession. Deloitte has strongly supported the implementation of these measures, aimed at restoring trust and confidence in the audit profession. This includes, for example: the change to a Supervisory Board comprising independent external members only and the new tasks of that Board, the introduction of Executive Board remuneration that is no longer linked to the results of the firm, and the introduction of a clawback for audit partners.
- Quality is on the agenda at every regular Board meeting and receives constant attention from the Board. This also includes risk management for the entire Deloitte organisation, especially reputational risk. The Board has discussed the need for high quality and risk mitigation in all service areas within Deloitte, not only in the audit function. In the past financial year, other service lines (including Tax and Consulting) have received growing public interest that is also very relevant for the Deloitte organisation. For example, the discussion on international tax structures and the Panama Papers have been specifically on the agenda. Given the importance of the subject matter, the Supervisory Board decided to introduce a Quality and Risk Committee as new standing Board committee, starting October 2016.

- During the financial year 2015/2016 the further implications of the audit firm rotation for Public Interest Entities (organisations van openbaar belang, or OOB), strict rules on separation of audit and advisory services at these Public Interest Entities, and stricter independence rules, were ongoing. Given Deloitte's success in the audit firm rotation audit tendering, this has also had an impact on the audit capacity and capabilities and potential risks for audit quality. The Supervisory Board has thoroughly discussed the implications of these changes and has been kept informed by the Executive Board of their response to these new developments, also including appropriate safeguards.
- The Board supports and challenges the strategic initiatives of the Executive Board. During the year, these strategic initiatives – especially strategic initiatives aimed at further collaboration between the Deloitte Member Firms - were regularly discussed with the Executive Board and the Board has discussed and evaluated the progress made on these strategic initiatives.
- As of September 2015 a new Executive Board model has been implemented, in line with the proposal of the Board and as approved by the General Meeting. Peter Bommel was re-appointed as Chief Executive Officer for a four year term. The Executive Board model comprises a Management Board (statutair bestuur) of three members (Chief Executive Officer, Chief Operating Officer and Chief Quality Officer), which is supported by a broad Executive Committee comprising Function Leaders, Market Leaders, the Risk & Reputation Leader and the Finance and Talent leads. This matter has been on the agenda of multiple Board meetings.
- The newly appointed Chief Quality Officer as of June 1, 2016, Engelhardt Robbe, was recruited externally. Engelhardt Robbe succeeds Cees de Boer, who has served on the Executive Board for the last eight years, first in the capacity as COO/ CFO and since October 1, 2015 in the capacity of Chief Quality Officer. The Supervisory Board would like to take this opportunity to thank Cees for the invaluable and distinctive contribution he has made to Deloitte while serving on the Executive Board.
- As in previous years, an extensive inspection was undertaken by the Risk & Reputation Leader on independence compliance. As part of this inspection, many partners, directors and senior managers were individually tested. It is critical that the organisation maintains a system of closely monitoring and inspecting adherence to the independence rules. The Board is regularly informed on the results of these inspections.
- Important partner matters are, as a matter of principle, brought to the attention of the Supervisory Board and, when needed, discussed thoroughly with the Executive Board.
- The Board completed a process to evaluate its performance and that of its individual members. This evaluation was performed with the support of an external expert, securing an independent and professional evaluation.
- Following newspaper articles about the rotation of the external auditor of Deloitte, the Supervisory Board has evaluated the process of decision making with support of internal governance experts, and it has discussed the evaluation findings and

recommendations in several meetings. Furthermore, after deferring the new auditor selection process, a new audit firm has been selected based on preset quality criteria (audit quality and risk assessment, working with Internal Audit, expertise in IR and governance and reporting thereon, team and confidentiality and conflict of interest protocol). The nomination of the new external auditor is subject to approval by the General Meeting in September, 2016.

- One of the NBA measures implemented and effective as of June 1, 2016, relates to the Clawback for audit partners. The Board has discussed this extensively with the Executive Board to ensure this measure is implemented in accordance with the details provided by the NBA and the interpretation thereof. Also within the partnership, the Clawback was discussed in great detail. Implementation was supported by a vast majority of the audit partners and the General Meeting.

Report of the Audit Committee

The Audit Committee (AC) assists the Supervisory Board in fulfilling its oversight responsibilities for quality of internal and external reporting of the firm, the control and risk management framework, internal audit, engagement with the external auditor, financing and tax. In doing so, the AC takes note of the outcome of internal audit investigations and assessments of compliance with applicable laws and regulations.

The AC has had six regular meetings during the financial year 2015/2016, two conference calls and has reported its findings and comments to the full Supervisory Board during the regular meetings of the Board. The COO, the Finance Lead, the Controller and the Internal Auditor attended all AC meetings. The external Auditor attended four meetings to discuss, inter alia, the audit plan and the audit findings and recommendations.

Highlights of the work of the AC during 2015/2016:

- Discussion on the financial performance of the firm, both at an aggregate level and for the different Functions of Deloitte. The Committee is satisfied with the financial performance of the Group
- Discussion covering forecasts and financial plans
- Structure of the control framework of the group
- Approval of the annual internal audit plan
- Planning and preparation of integrated reporting
- The internal and external audit findings, including the follow-up on previous recommendations made by the internal and external auditors
- Discussion on specific reports issued by the internal auditor in line with the annual internal audit plan
- Review of the proposal for restructuring of Stichting InterNos and consolidation in Coöperatief Deloitte U.A.
- Selection of the audit firm proposed to conduct the audit of the financial statements effective from financial year 2016/2017

Report of the Partners Matters Committee

The Partner Matters Committee (PMC) supports the Supervisory Board on oversight matters with regards to the partner remuneration system.

The PMC has discussed a limited number of appeals by individual partners regarding their classification in the 2015/2016 partner remuneration system. Also, the PMC reviewed the classification of the entire group of partners in the 2015/2016 partner remuneration system.

Report of the Public Interest Committee (PIC)

The PIC was introduced and appointed in April 2013. The PIC is composed of the external members of the Supervisory Board. The PIC has had five meetings during the financial year, three of which have been combined with the meetings of the (entire) Supervisory Board.

Highlights of the work of the PIC during 2015/2016:

- Implementation of the NBA measures introduced in September 2014
- Responsible Tax
- Regulatory matters, especially related to the audit practice, such as external inspection reports of AFM and PCAOB. Including follow up measures taken by Deloitte
- Whistle-blower Policy
- Governance model of Deloitte
- Public Policy Plan
- Other regulatory matters related to specific external investigations by AFM
- Selecting and recommending the appointment of the external auditor
- Reports of internal and external quality reviews
- Reports of independence reviews
- Reports of ethics reviews
- Reports of substantial litigation and risk management cases
- Public Affairs matters
- The impact of international developments within the DTTL global network on Deloitte in the Netherlands

A more comprehensive report of its activities will be included in the Transparency Report of Deloitte Accountants BV for the financial year 2015/2016.

Report of the Remuneration Committee

The Remuneration Committee (RC) supports the Supervisory Board on decisions regarding the remuneration of the members of the Executive Board, including an assessment of their individual performance.

The RC advised the Supervisory Board to propose a new Executive Board remuneration policy for adoption by the General Meeting, in line with the NBA measures. As a consequence, the remuneration for members of the Executive Board is fixed and no longer linked to the results of the firm. The RC has held several meetings on this matter.

The RC discussed the target setting for 2015/2016 of the Executive Board and each Executive Board member. Long term goals related to quality are explicitly included in the personal targets of the Executive Board members.

In February 2016 and in June 2016, the RC discussed the performance of each member of the Executive Board during the financial year 2015/2016.

Report of the Selection and Nomination Committee

The Selection and Nomination Committee (SNC) is responsible for preparing the selection and nomination by the Supervisory Board of new members of the Executive Board and the Supervisory Board. The SNC also addressed succession planning of members of both Boards.

This financial year (2015/2016) the SNC has advised the Supervisory Board to nominate Peter Bommel, Mario van Vliet and Engelhardt Robbe for (re)appointment as members of the Executive Board. Furthermore, the SNC has advised on the reappointment of Mrs Ardie van Berkel and Mr. Floris Deckers as members of the Supervisory Board, and started the search for a fifth Supervisory Board member.

Integrated Annual Report 2015/2016

The financial statements of Coöperatief Deloitte U.A. as presented by the Executive Board, have been audited by Ernst & Young Accountants LLP. Their report is included in Annex 3. The Board has approved the financial statements and recommends the members to adopt the 2015/2016 financial statements.

Given this is the first year that a fully Integrated Report including Financial Statements is issued, the sustainability sections of the Integrated Report has also been an area of focus for the Supervisory Board including communications with both management and Ernst & Young thereon. Ernst & Young Accountants LLP has issued their report on certain sustainability sections of the Integrated Report and we refer to their report included in Annex 3: Other information. The Board has approved the Integrated Report including the sections on sustainability and recommends the members to adopt the 2015/2016 Integrated Report.

Appreciation

The Board wishes to express its gratitude to the members of the Executive Board, Executive Committee and all partners and all staff of Deloitte Netherlands for their continued contribution to the firm.

Rotterdam, September 2, 2016

On behalf of the Supervisory Board

F.G.H. Deckers, Chairman

Report from the Executive Board

This Integrated Annual Report highlights the activities of Deloitte in the Netherlands, our impact on our clients and people and on society at large, during the financial year ended May 31, 2016. Deloitte is led by a single purpose: to make an impact that matters. This purpose guides our ambitions and strategic objectives. It also defines what we are as an organisation.

In this Report we strive to take a holistic view and reflect openly about our business environment, dilemmas and opportunities.

We believe in an open and transparent relationship with you, our stakeholders. By sharing this Integrated Annual Report, we aim to provide you with a better understanding on how we make an impact that matters, creating and sustaining value in the short, medium and long term. We also appreciate your feedback that enables us to continue improving our integrated reporting in the years ahead. Please send your comments to nlbccommunications@deloitte.nl.

Purpose, ambition and strategy

To address our key challenges and opportunities, and fulfil our aspirations, we have defined a clear strategy towards 2020. This strategy guides us on our journey, and enables us to achieve our wider purpose; to make an impact that matters: for our clients, our people, and society, and our aspiration to be the undisputed leader in professional services.

To us this means:

- To be the organisation that clients, the public, regulators and talent hold up as a role model of quality, integrity, and positive change
- To be the employer of choice, providing the best talent with professional and personal fulfilment
- To be the most innovative partner for our clients and our talent
- To be able to solve the toughest business challenges 'As one' across Functions, service lines and borders
- To be the first choice for premium clients
- To be the undisputed leader in professional services
- To always pursue our purpose

Our strategy

To realise our ambitions, we have defined six priorities within our Strategy 2020. These are as follows:

- Ensure quality
- Become the premier career destination
- Accelerate growth and innovation
- Improve the client portfolio
- Establish lean operations
- Seek internationalisation

We elaborate further on these priorities within the 'Our impact' section of this Report.

Target setting

We have defined strategic plans for each of our priorities, set ambitious targets and allocated resources accordingly. For more

information on these targets up to 2020, please refer to the 'Our impact' section on pages 20-57 of this Report.

At Deloitte, we determine our strategic priorities and our target setting in a collaborative manner. We also welcome any relevant insights from our stakeholders in this regard.

Execution capabilities

The successful implementation and execution of our strategy requires recognition and support throughout our organisation, and effective change management where necessary. We are proud of what we have accomplished to date and we are confident in our ability to deliver on the strategy in the years ahead, despite the challenges we will inevitably face.

The Executive Board has performed an in-depth risk assessment to challenge the Strategy 2020 from a risk perspective. By setting up strong governance systems around the implementation of our strategy, we ensure a focus on the key initiatives and a more effective management of the corresponding risks.

Organisational changes

We have implemented a number of organisational changes that are closely linked to the execution of our Strategy 2020. To achieve an optimal structure, an Executive Board was formed comprising a Chief Executive Officer, Chief Operations Officer, and a Chief Quality Officer, as well as a 13-member Executive Committee. The Executive Committee includes Function Leaders, Market Leaders, the Risk & Reputation Leader and the Finance, Talent and Strategy leads. In line with our focus on quality, the Chief Quality Officer is a new role within the Executive Board. This new structure complies with the report from the Dutch auditing professional body (NBA) on industry-wide measures to restore trust in the audit profession: among others, a compact Executive Board that may only have a limited client portfolio after explicit permission from the Supervisory Board. This combined with Executive Board remuneration that is not based on profitability with no direct client responsibilities.

As mentioned previously under 'Scope', via the incorporation of Coöperatief Deloitte U.A. and subsequent share transfer of Deloitte Holding B.V. to Coöperatief Deloitte U.A., effective from June 1, 2015, the Coöperatief is the ultimate holding and reporting entity of Deloitte. In the second half of 2015, we noted that there were different views on the consolidation of Stichting InterNos, including public press coverage, on the appropriate accounting treatment and whether Stichting InterNos should be consolidated in the Deloitte Holding B.V. accounts. Relating thereto, the Board initiated a project to evaluate the Deloitte and Stichting InterNos structure going forward including the current accounting treatment of Stichting InterNos.

The outcome and conclusion of the review is that the current accounting treatment of Stichting InterNos is appropriate. Furthermore, the review outcome of the current Deloitte legal and reporting structure conclusion was that the current structure can be further optimised and clarified, also from a stakeholder perspective.

In order to simplify our structure and for further international alignment, the members voted to transfer Stichting InterNos to Deloitte Holding B.V. Subsequent to this vote, combined with agreement by the Board of Stichting InterNos, Deloitte Holding B.V. obtained control of Stichting InterNos and became the sole Board member of Stichting InterNos as of May 23, 2016. As a consequence, Stichting InterNos is now reported as part of Deloitte Holding B.V. and Coöperatief Deloitte U.A. We refer to Annex 1: Notes to the consolidated financial statements general section: Acquiring control over Stichting InterNos.

Our year

As the year began, we developed our Strategy 2020 to focus on our priority: to make an impact that matters. The strategy was launched and widely communicated, and has also included several messages from our leadership throughout the year, as well as updates on developments and progress.

Through our focus on quality and innovation, we made a significant impact on our clients, which is reflected in the excellent results achieved in 2016. We saw considerable revenue growth in each of our Functions, which is an unprecedented achievement. We did so despite the challenging market environment and a backdrop of political and economic uncertainty. Although stabilising, the Dutch economy is showing limited growth as it continues to be affected by uncertainty combined with volatility in the surrounding countries and economies. We have achieved double digit growth in revenues and in earnings driven by the leading performance of our Consulting and Risk Advisory businesses, while growth was also robust in Tax & Legal and Financial Advisory Services. Audit performance remained on track while results were driven by large public interest entities (PIE) transitions resulting from new wins.

We strive to be the most innovative professional services firm. To lead in innovation we focus on the growth areas including cybersecurity, data analytics and digitalisation. An example of making an impact is our Hack.ERS-team that won the Global CyberLympics for the fourth time. This is a major achievement in the cybersecurity space and the result of strong teamwork and close collaboration. We also make an impact on our clients by partnering with innovative institutions like Singularity University and Cambridge Innovation Center. For more information about these partnerships, please see 'Accelerate growth and innovation' on page 44 of this Report.

In March 2016, the Netherlands Authority for the Financial Markets (AFM) issued its fine that resulted from the 2014 inspection report 'Quality statutory audits Big 4'. The AFM's inspection report covers audits from the financial years 2011 and 2012. The fine amounts to €1.8 million that related to files evaluated by the AFM and deemed to not be fully compliant with audit standards. For the audits deemed to be not fully compliant, none resulted in the need to reissue the auditor report or restate the financial statements.

We attach great value and are fully committed to providing the highest quality of services. Over the past years, we have

implemented fundamental measures and made strong efforts to enhance our system of quality control, quality monitoring and engagement level quality. This theme is covered at length in our Transparency Reports, where we also note that our audit quality has improved compared to the period in which the inspection was performed. We also note that this journey is one that requires continuous change and ongoing learning, engagement, and continuous improvement.

The quality, integrity and independence of our services and the role we play in society is our licence to operate. Our attention on continuously enhancing the quality of our services is part and parcel of Strategy 2020 as is the intrinsic motivation of our professionals to drive quality day in and day out.

Our impact on talent continues to develop and grow. In the year we welcomed over 1,300 new Deloitte team members. Our talent pool consists of graduates from academic economic faculties, other faculties for STEM-talent (Science, Technology, Engineering and Mathematics) as well as experienced professionals. We continue to work closely with several national and international academic faculties. We support internships and graduation work at Deloitte premises, through which our professionals engage in curricula teaching, and are also involved in joint research projects.

To increase our impact on society in combination with our employees we have transformed the Deloitte Fair Chance Foundation into the Deloitte Impact Foundation. As part of this transformation, and in alignment with our purpose, we are committed to spend 1 percent of our talent's productive hours on pro-bono and volunteer work. This implies that we aim to invest some 45,000 hours per year. The Deloitte Impact Foundation focuses on education and innovative projects that contribute to making a difference to those that need help and support. An example of this is our pro-bono work for the Red Cross, which is described in the 'Our Impact' section on page 20 of this Report.

Performance

We are proud to report growth in our revenues and profits resulting from our continued efforts and strategic initiatives and focus. Specifically, net turnover increased by 19.6% compared to the previous year to reach €785.3 million. Results before taxation increased by €19.8 million to €115.3 million, an increase of 20.7%. In many respects, 2015/2016 was an excellent year for Deloitte. The revenue growth was largely driven by a strong performance in our Risk Advisory and Consulting business. At the same time, our Audit business, Financial Advisory business and Tax & Legal business also achieved growth. We are convinced that our focus on quality, innovation and talent are key drivers for this strong performance.

Key drivers for our performance are embedded in our strategy 2020 plan. An unrelenting focus on quality combined with growing the business, improving our client portfolio, innovating, leading talent initiatives, and ensuring cost control through our fit for growth programme. This combined with even closer collaboration with Deloitte internationally all contributed to the financial

year 2015/2016 being a record year for the firm. Our improved performance translated into an improved result before taxation as a percentage of revenue from 14.5% in 2014/2015 to 14.7 % in 2015/2016. Combining revenue growth with a stable operating cost base in 2015/2016 also formed the basis for a substantial increase in variable pay for employees to €41 million (2014/2015: €14 million).

Audit

Our Audit business consists of assurance and non-assurance accounting services. Net revenues in Assurance remained stable in 2015/2016. This reflected, on the one hand, the impact of new audit mandates resulting from mandatory rotations, which included clients such as Heineken, Randstad, Aalberts Industries, VolkerWessels, Vopak and Wolters Kluwer. On the other hand, the impact of a decrease in clients resulting from the Improve Client Portfolio (ICP) initiative has also affected performance. Through the ICP initiative, we have reduced the overall number of audit clients in order to improve our quality, reduce workloads and improve returns. By making clear choices with regards to the composition of our client portfolio, we are able to apply our resources more effectively. Talent management, on-the-job coaching, improved project management (audit quality milestones), and the deployment of accountants from neighbouring Deloitte firms are other ways in which we are achieving this.

During financial year 2015/2016, we continued to implement actions from our audit quality plan, and spent significant time transitioning on our new audit mandates. Continuously improving audit quality remained our top priority in the year, and is part of a long-term commitment that includes the implementation of measures and changes in processes and procedures, together with a change in culture and behaviour. It is important to recognise that this will take time and that we measure our progress and continue to make adjustments where necessary. The investments we are making in this regard are considerable and affect both our quality system and the execution of audit assignments, which results in more hours per engagement. These measures are continuously subject to change on the basis of root cause analyses. In addition, we are investing in data analytics and automation, among other areas, to enhance our relevance for clients and also broadening the talent experience. We continue to note and monitor the demands and the impact that regulatory requirements have on our audit professionals. This has resulted in various strategic initiatives including Distinctive Audit, Improved Client Portfolio, learning investments, and a drive to free-up time for our audit professionals and ensure a more balanced demand and use of their time.

Our non-assurance business within the small and medium enterprises market (SME) continued to expand in the year as we benefitted from substantial growth opportunities in mid-market advisory, especially mergers & acquisitions. We maintained and intensified our focus on family businesses through the EMEA Deloitte Family Business initiative that collects market information about this segment and develops relevant new products and services. Also, over the last year our innovative Ctrl-platform continued to be an important growth driver for our SME-business. For more information, please see 'Accelerating growth and innovation' on page 44 of this Report.

Audit revenues in 2015/2016 grew by 5.1% to €219.1 million.

Risk Advisory

In recent years, Risk Advisory has grown significantly in the Financial Services Industry; Manufacturing, Energy and Resources (MER); Consumer Business; and Technology, Media & Telecommunication (TMT), while showing stable performance in the Public Sector. In terms of delivered services, the largest growth has been in the Governance Risk Regulatory service area, mainly within the Financial Services Industry as a result of growing regulatory demands by financial market authorities. Cyber Risk Services and Control Transformation Assurance services have continued growing in all Industries, particularly Manufacturing, Energy and Resources ('MER'), Consumer Business and Technology, Media, Telecom ('TMT'), as a result of growing awareness of internal control risks and cyber risk threats. Along with the growth of the overall Function, we expect to increase our IT Audit involvement and Audit Analytics assistance as a result of new clients within Deloitte Audit.

The growth of Risk Advisory has resulted from the continuous focus on our priorities: clients, talent and innovation. Our focus on Global Crown Jewel clients has resulted in continuing large programmes in which all our Service Areas are represented within cross-Functional Deloitte teams. This has demonstrated the success of our focus on strategic clients in sales and resources planning, and of our cross-functional client service. Talent and innovation are key for our growth. We grew from roughly 250 to 550 professionals over a five-year period and continue to develop Technology Enabled Solutions to deliver new and innovative services.

Risk Advisory revenues in 2015/2016 grew by 43.3% to €113.5 million.

Tax & Legal

Revenues for Tax & Legal showed strong growth in 2015/2016. For mostly Manufacturing, Energy and Resources, the Financial Services Industry and Technology, Media & Telecommunication grew significantly, while our growth in specific country regions largely remained flat. Revenues also increased in the Public Sector, which has developed into a growth market. In categories and service lines within Tax & Legal, Global Employer Services performed extremely well while M&A and Legal also grew substantially. There were also important breakthroughs in the application of data analytics and tax related ERP offerings.

Overall, Tax & Legal's profile has continued to change rapidly in terms of its approach and implementation. The Tax & Legal Function employs over 800 people. Approximately 90% of these professionals have traditional tax or legal backgrounds, while a little less than 10% have a 'non-traditional' educational background. The importance of this non-traditional part is growing each year and is also reflected in the type of services and offerings provided and corresponding revenues. Particularly process and technology have evolved into mature business elements and play a crucial role within the Tax & Legal business.

Large, multi-country, outsourcing projects have become regular features in all tax areas and the legal market is following the same path. This partly explains the double-digit increase of revenues in, for example, Global Employer Services. These changes require large investments in skills and competencies, and our learning curriculum is under constant pressure to deliver the preparation and development our people expect and our business needs. This shift was identified by Tax & Legal some years back and we are proud to see that the investments and steps taken to date have enabled us to achieve leading market expertise in several important, and relatively new, areas.

Tax & Legal revenues in 2015/2016 grew by 10.9% to €185.5 million

Consulting

Deloitte Consulting achieved very strong performance in the year, with revenues up by more than 20%. Our strategy aims at a preferred Consulting position at large (mostly multinational) accounts in financial, public and private sectors in the Dutch market. We combine our strategic, operations, human capital and technology capabilities to partner with our clients and deliver successful transformations.

There was particularly strong growth in the Financial Sector (Banking) and Private Sector industry segments (Consumer Business, Manufacturing and Energy & Resources). We were able to further strengthen our executive relationships at our key accounts and supported strategic and functional transformations in various domains. All our capability areas - Strategy & Operations, Human Capital and Technology - contributed to our growth.

There was solid growth in consulting services such as Post Merger Integration/Carve outs, HCM cloud, Technology advisory & implementation and Digital. Growth was organic, and inorganic via the integration of HCM Cloud capabilities in the summer of 2015. Pivotal to our organic growth has been a strong focus on developing and retaining our existing talent and recruiting new talent at all levels.

Consulting revenues in 2015/2016 grew by 30.0% to €193.8 million.

Financial Advisory Services (FAS)

FAS provides services related to M&A, real estate and pension-related challenges faced by clients. Our broad client base ranges from leading (Dutch) multinationals, owner-managed business and private equity, through to local and national government bodies.

M&A activity levels were generally favourable in the year, while the real estate market also showed an uplift in activities. Given the limited changes in pension legislation, our Benefits & Pension Advisory services revenues stagnated. Revenue growth was mainly driven by our Transaction Services and Corporate Finance Advisory business.

During the year we invested in Deloitte Fast Ventures to develop our corporate venturing proposition. Deloitte Fast Ventures offers

data-driven corporate venturing services to assist clients in shaping and implementing their corporate venturing strategy. With high quality data sources and search technology we help corporates in mapping ecosystems and identifying relevant targets.

FAS revenues in 2015/2016 grew by 42.7% to €70.5 million.

Regulatory environment

We are subject to national, international and internal regulations. Especially in our Audit Function, we work in a highly regulated industry that demands compliance with all relevant regulations. Regulatory compliance is part and parcel of our approach to quality. However, the importance of the regulatory environment and the expectations of various stakeholders stretches beyond the scope of the Audit Function. For example, the publication of the so-called Panama papers has served as a catalyst for the debate on ethical taxation.

Audit

We have adopted changes in our governance and remuneration for Audit that are in line with the recommendations of the NBA report 'In het publiek belang'. Elsewhere in this report you can read the changes that we have implemented. Furthermore, we continued to strengthen our quality focus by actively promoting the right tone at the top, among other measures. The appointment of a Chief Quality Officer within the Executive Board is an example of this. We have also continued our investments in effective quality controls such as the Engagement Quality Control Reviews (EQCR) and portfolio reviews, and continue to actively participate in the public debate on the role of Audit within society.

During the reporting year, we were fined for breaches of relevant audit regulations by the AFM for audits that took place in 2011 and 2012. We refer to further information on this fine on page 16 of this Report. We were also subject to a number of external reviews, among others, by the Public Company Accounting Oversight Board (PCAOB) for audits performed in 2015. We are happy to inform our stakeholders that no irregularities or comments were reported from these inspections. To us, this is a signal that we are on the right track, while we continue to have work to do to fulfil our ambition to be the undisputed leader in audit quality.

Tax

Responsible Tax has remained an important topic that is widely discussed. These discussions gained momentum due to, among others, the publication of the so-called Panama papers. Governments in many countries are reviewing their practice and are preparing for the EU recently agreed new legislation to prevent tax evasion, including increased demands for tax transparency by reporting entities.

Deloitte Tax & Legal is actively engaged in the Responsible Tax debate. We contribute our technical expertise by providing comments on the various proposals from the OECD and Dutch government and also engage in conversations with external stakeholders including NGOs. Since the start of the debate,

Deloitte Tax & Legal is actively discussing this topic with clients and has also developed a number of tools that can help clients assess the impact of potential measures. We see it as our responsibility to address this matter pro-actively with our clients to make them aware of the possible impact and also cover with them the implications outside the tax function.

Outlook

While both the global and Dutch economies remain volatile, we continue to build and execute on our vision and strategy. We plan to grow our business and improve our performance by making conscious investments in quality, talent development, innovation, and by recruiting and retaining the best talent, in order to achieve our accelerated growth targets.

Our other strategic initiatives will also continue in the areas of improving client portfolio and lean operations. In addition, we will seek internationalisation for further collaboration to serve our clients even better, improve quality, and enhance career opportunities. Furthermore, we are actively pursuing opportunities with other Deloitte member firms to strengthen our market focus, resource allocation and collaboration in providing seamless service.

With financial year 2015/2016 being a record year, we expect 2016/2017 to be a year where we will continue to grow and invest in quality, innovation and our talent. Based on the current visibility and a stable environment we plan to grow in number of professionals between 3 and 5 percent. We will continue to invest in innovation and product development at levels similar to 2014/2015 while increasing our investments in talent development and time allocated to making an impact on society with the goal of growing this to 1 percent of revenue.

In Control statement of the Executive Board

The Executive Board is responsible for actively managing all strategic, compliance, financial and operational risks; ensuring that adequate risk management and control mechanisms are in place, and that the risks as mentioned in the Risk Management paragraph of this report are sufficiently assessed and managed. The Executive Board actively promotes our ethical principles and quality standards, including checks for all professionals across the Deloitte organisation.

The Executive Board has reviewed and analysed the risks that Deloitte is exposed to, and it periodically reviewed the design and operational effectiveness of the internal control framework. The outcome of these reviews was shared with the Audit Committee and the Supervisory Board.

We have assessed the design and the operational effectiveness of our risk management and internal control framework. Based on the activities that took place in 2015/2016, the Executive Board considers the framework to have worked effectively, and that this provides sufficient assurance to state that we have been, currently are, and anticipate to be, in control of our key risks and that this

provides reasonable assurance that the financial statements 2015/2016 do not contain any material misstatements.

Rotterdam, September 2, 2016

Executive Board

P. J. Bommel, Chief Executive Officer and Chair

M. van Vliet, Chief Operations Officer

E. Robbe, Chief Quality Officer

O u r

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Overview

Our stakeholders – employees, clients, regulators, the broader community and society at large – share their values and concerns with us through day-to-day interaction, direct engagement and specific communications, including events, surveys and questionnaires.

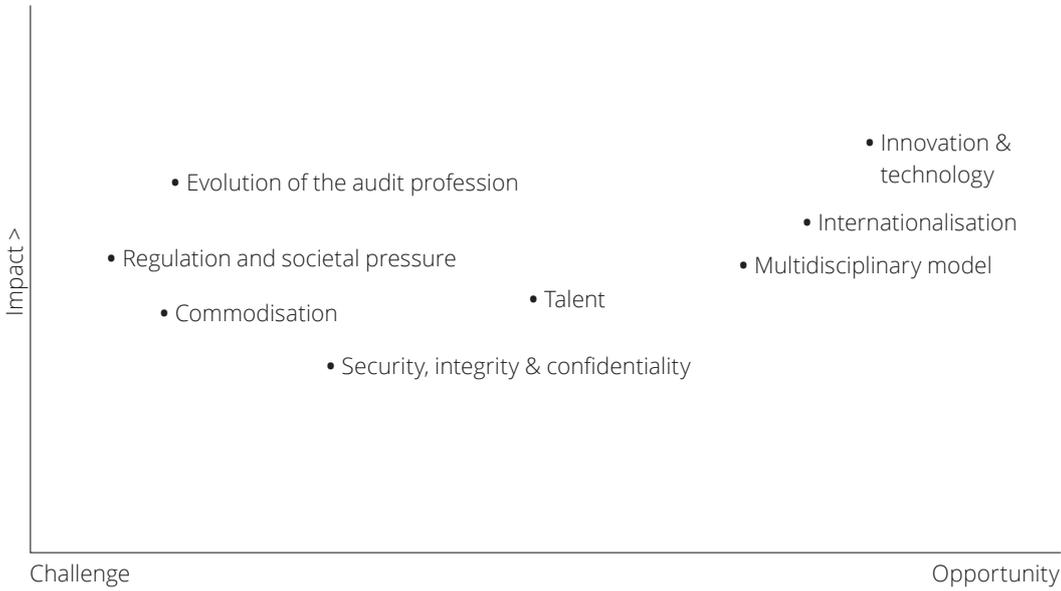
We aim to be an organisation that all our stakeholders hold up as a role model for quality, integrity, and positive sustainable change. We recognise the importance of our on-going dialogue with our stakeholders as it helps us to understand what they consider important and how they perceive us and our activities. We actively participate in the market, the labour market and in the broader social and regulatory environment to further understand the elements that drive our performance and success.



Trends, challenges and opportunities

As a professional services firm, our market place is characterised by a degree of volatility. Our horizon for long-term value creation therefore spans a period of five years and longer. The trends, challenges and opportunities we see over this period are depicted in the chart below.

Challenges & Opportunities



These trends, challenges and opportunities have contributed to how we define our purpose, aspirations and strategy. We have included a description of our challenges and opportunities in the risk management paragraph on page 72 of this Report.

Our purpose

We believe our key stakeholders value us most when we make an impact that matters. This is our purpose, aspiration and the starting point for our strategy. The trends, challenges and opportunities that we see are the basis for our Strategy 2020. Our Purpose statement is a clear and compelling declaration of why we exist. It states:

Deloitte makes an impact that matters.

We live our purpose when we make a positive and enduring impact every day for our organisation and its stakeholders. This requires that:

- We serve clients with quality and distinction, making a measurable and attributable impact.
- We inspire to our people to deliver value — mentoring and developing future leaders and colleagues for life.
- We contribute to society, building confidence and trust, upholding integrity, and supporting the community.
- We lead the profession by challenging ourselves to do what matters most, delivering innovative ideas that reflect our unique capabilities.

These purpose-driven behaviours are guided by our network's shared values — integrity, outstanding value to markets and clients, commitment to each other, and strength through cultural diversity.

To make an impact that matters on our clients, our talent and on society, we have defined our Strategy 2020. This strategy comprises six strategic pillars:



Ensure quality



Become the number one career destination



Accelerate growth and innovation



Improve client portfolio



Establish lean operations



Seek internationalisation

Materiality matrix



Issues that are material to our stakeholders

Our stakeholders have raised a number of issues that are material to them. These have shaped our strategy and the way we create value. Through ongoing engagement with and analysis of our stakeholders, we have created a list of material issues. We have plotted these and determined their impact on our strategy and capacity for value creation.

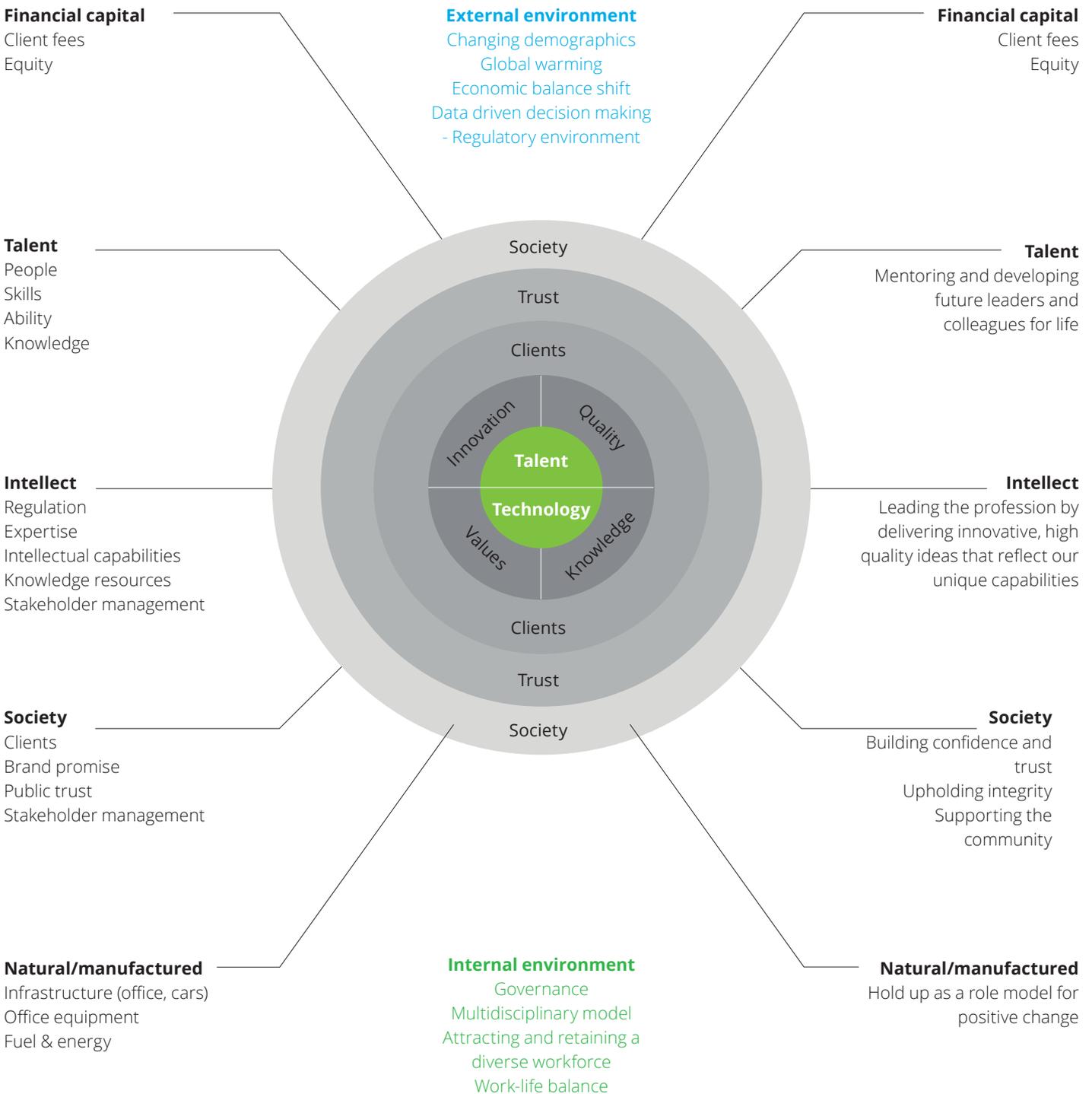
In the materiality analysis above, we have plotted the material issues that were identified in our stakeholder engagement against their estimated importance for stakeholders as well as their relevance for the execution of our strategy. This results in the following issues that we deem material for our business. For more details on our selection of issues, please refer to the 'Our interactions with stakeholders' section on page 58 of this Report.

- Quality, compliance & ethical standards
- Privacy and data security
- Innovation
- Client engagement
- Diversity
- Training and education
- Health and safety
- Indirect economic impact
- Supply chain responsibility
- Ecological footprint

It is essential that we address these material issues in our daily operations. Our success in doing so influences our ability to create value in the short, medium and long term. To explain how we do this, please refer to the table How our strategy impacts our material issues on page 28 of this Report.

Making impact through our resources

We create value by converting our resources (financial, talent, intellect and strong relationships in society) into short, medium and long-term value by making an impact that matters for our clients, people, and society at large.



With limited resources, we have an ongoing challenge in selecting our areas of greatest focus and making investments that achieve optimal results in line with our strategic priorities. In this regard, we seek a balanced risk-reward approach to ensure sustainable performance while achieving our goals.

Our strategy enables us to maximise our impact. The six strategic initiatives impact all capitals that are most relevant for Deloitte: financial, human and intellectual, as can be seen in the table below:

How our strategy impacts resources

	Financial resources	Intellectual resources	Human resource	Natural resources	Social resources	Manufactured resource
 Ensure quality	✓	✓	✓	✓	✓	✓
 Become the number one career destination	✓	✓	✓	✓	✓	✓
 Accelerate growth and innovation	✓	✓	✓	✓	✓	
 Improve client portfolio	✓	✓	✓			
 Establish lean operations	✓	✓	✓	✓		
 Seek internationalisation	✓	✓	✓	✓		

Consistent with our purpose to make an impact that matters and living this purpose in a sustainable way, it is clear that our limited capitals and resources must be fully employed if we are to succeed from a quality and talent perspective. This, in combination with the need to continue innovating, growing and ensuring that optimal investments are made to achieve this. Further internationalisation is another key factor for the achievement of our longer term goals.

How our strategy impacts our material issues

	Ensure quality	Become the number one career destination	Accelerate growth & innovation	Improve client portfolio	Establish lean operations	Seek internationalisation
Quality, compliance & ethical standard	✓	✓	✓	✓	✓	✓
Privacy & data security	✓		✓		✓	✓
Innovation	✓	✓	✓	✓	✓	✓
Client engagement	✓	✓	✓	✓		✓
Diversity	✓	✓	✓			✓
Training & education	✓	✓	✓			✓
Health & safety	✓	✓			✓	
Indirect economic impact	✓	✓		✓	✓	✓
Supply chain responsibility	✓	✓	✓	✓	✓	✓
Ecological footprint	✓	✓		✓	✓	

Our Strategy 2020 has been developed so that the key issues of our stakeholders are addressed, while also delivering on our financial and non-financial KPIs. These issues, as well as our KPIs and performance in 2015/2016 are addressed in more detail below, each elaborating on one of our six strategic pillars. We explain our strategic priorities and how they address the material issues and contribute to value creation.

Ensure quality



Total client satisfaction

For this KPI, we are in the process of developing a basis to report this KPI from financial year 2016/2017 on in a manner that it can be supported by evidence and audited externally.



% practice reviews on norm

For this KPI, we are in the process of developing a basis to report this KPI from financial year 2016/2017 on in a manner that it can be supported by evidence and audited externally.



% regulatory reviews that are satisfactory

As the external reviews are still ongoing, we cannot report this KPI at present.

Quality is a primary value driver

Quality is our license to operate. We believe that our clients choose Deloitte because they trust that we have the ability to deliver high quality services and, similarly, that society trusts our judgement because it believes in the high quality of our services, particularly audits and other assurance services and solutions. We are convinced that our talent wants to work at Deloitte to make a measurable and attributable impact on our clients and on society at large, by working as a team and collaborating on demanding and complex client engagements.

Quality should therefore always be our main value driver and the core string of our DNA. Our main challenge is to meet and as opportune exceed expectations in our actions taken on every engagement we perform. We recognise that we continuously need to grow and improve to meet expectations on the quality of our services as well as regulatory requirements. Total compliance with these requirements must conform the basis of our quality approach without any compromise.

However, quality is about more than just compliance. Our ambition is to be the undisputed leader in professional services and to make an impact that truly matters, so we must aim to deliver quality that goes above and beyond compliance and the general expectations of our stakeholders. This requires us to embed quality within our culture and our behaviours. We want to foster a culture of quality that delivers value to our stakeholders and is applied consistently across our performance management processes. Moreover, we seek to engage with respectable clients for whom we can make an impact, and if necessary, will turn down engagements that do not fit that description.

The key challenges that we face in the area of quality are:

- To deliver a consistent high quality client experience
- To inspire our people to intrinsically embrace our quality ambition
- To set targets and measure quality in an efficient and effective way
- To create a safe but strict environment and fair processes when dealing with compliance

Our Quality Plan 2020 addresses these challenges.

Our talent drives quality

Every year, we recruit more than 1,000 talented new professionals. Most of these are university graduates for whom Deloitte is their first employer. Traditionally, many of our new hires have a background in finance, economics or tax but increasingly we see engineers, social and data scientists and other graduates joining Deloitte. All recruits have one thing in common: they expect to be able to learn and develop themselves further with us. Through extensive training and career development programmes, we respond to these expectations. We challenge our diverse workforce to form multidisciplinary teams that utilise the wealth of experience within Deloitte in order to impact our clients.

Our learning curriculum components are designed as a continuous learning journey, including various delivery methods such as on-the-job training, classrooms, e-learning, and coaching, which we blend to achieve the optimal embedding of our content.

To develop and implement our learning curriculum, Deloitte University EMEA was established (Europe, Middle East and Africa). The co-operation of the EMEA member firms allows for an integrated international learning experience with shared content and philosophy. With the aid of Deloitte University EMEA, we offer our people the chance to learn in a challenging international setting. Additionally, we offer local trainings to fulfil the specific needs for the Dutch market, such as training curriculums that are aimed at compliance with national laws and regulations.

Table 01: Average training hours per employee

	2015/2016	2014/2015	2013/2014
Total	65.7	61.2	57.3
By gender	2015/2016	2014/2015	2013/2014
Male	70.4	66.6	63.4
Female	57.4	51.4	46.6
By category	2015/2016	2014/2015	2013/2014
Partners	38.7	44.8	38.8
Directors	33.8	32.2	27.8
Senior managers	32.2	29.6	32.4
Managers	36.0	34.6	34.5
Aspirant / Jr. managers	65.4	55.6	55.0
Staff	85.7	83.0	76.6
By function (in training days)	2015/2016	2014/2015	2013/2014
Audit*	17.6	14.3	13.1
Consulting	1.8	1.2	1.2
FAS	5.7	6.5	5.1
Tax & Legal	10.0	9.9	8.5
Others	1.4	1.8	1.8

* Figures FY16 cannot be compared with figures FY15 for Audit and Risk Advisory as training hours for Risk Advisory were included in the figures for Audit until FY15

From the table above it is clear that the training intensity in functions that are subject to regulation (Audit, Tax & Legal) is considerably higher than in the other functions and in our support organisation.

By continuously investing in our talent, we enhance the knowledge, skills and competencies that allow our people to develop into future leaders in their field of expertise. We thereby create value for clients, for Deloitte, for society at large and ultimately, for our employees as well.

Promoting the right culture and behaviour

In order to deliver a consistently high quality client experience, we aim to inspire our people to intrinsically embrace our quality ambition. In addition, we look to create a safe but disciplined environment for dealing with compliance issues.

Promoting a quality-focused internal corporate culture starts with clear, logical and regularly recurring measures and messages that embed these important themes at all levels and across the full breadth of our organisation. This takes place by various means, including Deloitte TV, newsletters, discussion evenings, internal webcasts and presentations. We ensure that partners, directors, managers and professionals take sufficient time as a priority to work on the quality agenda, which illustrates that, in addition to communicating key messages, Deloitte is also willing to make the associated investments.

In terms of compliance, it is vital that we provide clarity to our talent on the behaviours we expect. To this end, we have our Code of Ethics and whistle-blowing procedure which is described in the 'Ethics and integrity' section on page 64 of this Report. In addition, we have developed tooling that enables employees to act in compliance with relevant laws and regulations, for example, in the area of client and engagement acceptance. Quality is included in our performance management to underpin the importance of this strategic focus area to our talent. Thus compliance and enhancing quality are incentivised. Furthermore, we will conduct a culture survey amongst our employees that will enable us to undertake concrete quality interventions in the next fiscal year.

To assess the quality of our work, we perform regular practice reviews. In a practice review for a partner, we periodically review the quality of the work performed and the reporting and advice given to clients, as well as compliance with related Function-specific policies on the basis of a sample of their engagements. The conclusions of the practice reviews are used as input for the partner appraisal and remuneration process. Responsibility for the practice reviews lies with the Function Leaders in cooperation with the Reputation & Risk Leader.

Measuring quality

For our Strategy 2020 we identified Quality as one of the six strategic initiatives. To measure and monitor the effectiveness of our interventions, we included as a KPI that our quality meets norm requirements (complies). Furthermore, as a learning and improving organisation, our goal is to annually show improvements in quality compared to the previous year. Given this is the first year of our Strategy 2020, we report that measuring our performance on quality is challenging given, among other reasons, in certain instances that several external quality reviews did not take place yet or are in progress. Also, in order to report comparative year on year improvements, 2015/2016 is considered the base year for the comparison.

The data that we have gathered so far, for example on the results of external inspections completed, practice reviews executed by our international network and practice reviews performed by some of our Functions, indicate that we are moving in the right direction. We are fully aware though, that in the area of quality we can never be fully satisfied and that there is always room for improvement.

(preliminary) Results from DTTL practice reviews shows that certain improvements are recommended for Audit and Tax & Legal and that for Consulting, Risk Advisory and FAS we are on norm.

For Audit, we also report on quality in our Transparency Report 2015/2016 that is available on our website.

Embedding quality and compliance with all applicable laws and regulations is a prerequisite for public trust. By enhancing public trust we create value for our clients, financial markets, regulators and society at large.

Trusted to handle sensitive information

Many of our clients entrust sensitive data to us so we can deliver our services. Our clients must therefore be able to rely on the complete integrity of our processes and systems. Maintaining robust processes and systems with the highest levels of data security is an important issue for Deloitte. On a continuous basis, we monitor our defences against data leakages and we have implemented strict protocols in case such leakages would occur. The prevention of data leakage is our top priority as this could harm our clients and our reputation as a trusted business partner, leading to significant monetary fines.

To ensure compliance with regulatory provisions that include the Dutch Data Protection Act, Deloitte has adopted and implemented a policy on privacy and appointed a dedicated Privacy Officer. The National Privacy Officer is part of our Confidentiality, Privacy & Security Team within the Reputation & Risk Leadership Office. The tasks of the National Privacy Officer include, but are not limited to, examining privacy aspects of processes and systems through our internal Privacy Impact Assessment (PIA), a tool that allows our Privacy Officer to perform a specific risk analysis for each new system. Secondly, all existing systems that have been assessed through our PIA are re-assessed in the event that changes have occurred regarding; 1) the data used; 2) the data processing procedure that the system is part of, or; 3) the system itself. Furthermore, as part of our Incident Response Process, we re-assess systems when there is a suspected privacy breach or data loss. This way, we monitor privacy compliance of all our systems and processes with our policies and regulations. Thirdly, we train selected colleagues both within our Functions and in Group Support Centre on privacy and confidentiality aspects in relation to the processes and systems we employ.

In the reporting year, we did not specifically evaluate our privacy related policies and no incidents arose that caused us to adapt our approach.

In 2015/2016, we received a complaint regarding breaches of client privacy or loss of customer data that we were obliged to report under the Wet meldplicht datalekken. This complaint has not yet been resolved.



A scientific, data-driven approach to change management

Implementing a change programme, especially when it implies a transformation in technology that requires people to work in different ways with new systems, is one of the greatest challenges an organisation can face. When Human Capital Manager Marjolein Vlaming joined Deloitte two years ago, she was determined to find solutions to help clients manage change more successfully.

"I put some ideas down on a piece of paper, which I was then allowed to develop. These have recently been funded by our Innovation department and are now a workable client tool," says Marjolein. "It wasn't easy to develop, but it's the kind of innovation that only an organisation like Deloitte can achieve."

The new Change Adoption Profiler tool, which was developed in close collaboration with Cornell University, is a scientifically based, data-driven decision-making method that provides insights into a company's attitude towards change. This enables them to devise ways to better target their efforts through tailored campaigns and interventions, and identify the main challenges and opportunities in each programme.

"It is about using data, to be scientific and not rely on a gut approach to change and to target interventions because a one-size-fits-all approach never works," she explains. "Using data in change management to measure the change capacity of organisation provides huge benefits and an understanding of how a change plan should be executed." ●

Become the #1 career destination



#26

Employer of choice in relevant ranking



6.9

Talent engagement score
(on a scale from 0 to 10)



716

Deloitteers that hold an additional position in volunteering or education



approx. **30,000**

Children reached through the Deloitte Impact Foundation since 2012

Making an impact through our talent

Our partners and professionals define the impact we have on clients, society and the profession and ultimately determine our level of value creation. Our capacity to attract and retain the greatest talent is the basis of our success. Continuous development is key in this regard as it takes the best to get the best.

We aim to become a premier career destination providing the world's best talent with challenging work and significant development opportunities in an informal and collaborative environment.

We are committed to creating a community of partners and professionals that is diverse with regards to gender, ethnicity, age and educational background. We attract talent with our compelling story and apply a consistent selection, including a good eye for fit.

A truly distinctive experience is provided by offering career enhancing assignments, and broad development in a healthy work-life environment. We recognise that a career model must reflect the needs of a new generation with reward systems that are more flexible, and that people leadership should be at the core of our leadership development efforts.

Taking pride

The year 2015/2016 brought unprecedented growth for Deloitte. As our business relies on our ability to deploy motivated people who want to deliver quality services to our clients, growth has a major impact on our talent management. We take particular pride in numerous achievements in this area:

1. Attracting talent with our employee value proposition

In a highly competitive market, we were able to recruit some 1,300 talented, creative and highly educated employees. In recruiting, we not only look at the traditional academic studies (finance, economics and tax) but increasingly, at the smaller faculties. People choose Deloitte because of the variety in clients and assignments and the innovations that we develop in our services. Deloitte is perceived as an environment that enables personal growth and innovation while maintaining a ambitious yet informal, friendly and professional atmosphere.

2. High level of engagement

Growth puts stress on an organisation. In the past year we were able to grow rapidly in Advisory services. We also implemented significant and necessary quality transformations within Audit. We were able to do so due to the high levels of engagement and motivation of our employees. Throughout the year our people demonstrated quality, innovation and yes, they also worked extremely hard!

3. Commitment from our top executives

Our leadership demonstrated increasing attention for talent. Both in the Executive Board and the Executive Committee, the role of our leadership in relation to attraction, retention, education and motivation of talent is frequently discussed. To express the desire of our leadership to give talent management the attention it requires, we established the Talent Committee to be one of the committees charged with the execution of our Strategy 2020. This Committee comprises our CEO, COO, our Function Leaders, Clients & Industries, our HR partner and the Corporate Strategy Officer. They meet every three weeks to discuss the progress of our Talent Strategy.

4. Learning and development

Over the past year, we have encouraged our people to strengthen their technical and soft skills to continuously grow the quality of our service delivery. For each job level, Deloitte has a development journey that has a strong and diverse curriculum focused on soft and leadership skills. We renewed our curriculum for pre-managers with the pre-manager journey. A total of 2,500 employees went on this journey in the year. In addition, for levels above manager we collaborated with other Deloitte EMEA member firms within Deloitte University, offering participants a sound professional curriculum and the opportunity to collaborate in an international platform.

Our approach to training and education, where we combine formal training with on-the-job training, regular feedback and coaching, makes Deloitte's sought after on the labour market, creating value for the people concerned and for society at large.

Global trends demand a structured response

We have identified five major trends in the area of talent that require us to ensure our continuity and safeguard our ability to make an impact that matters:

1. Search for purpose

The new generation of employees want a meaningful employment. The desire to make a positive contribution to clients and society has become stronger. Deloitte's purpose of 'making an impact that matters' helps us convey our ambitions.

2. Open talent networks

More and more, there is a shift away from the traditional relationship between employer and employee. We are part of an open network, where specialists form occasional relationships to solve a specific problem. In this way, we cooperate with others either as a contractor or as sub-contractor.

3. Leadership capability gaps

Good leadership is critical to a company's success. Increasingly, we are looking at broader leadership capabilities, which means that we look beyond traditional expertise such as professional, commercial and people capabilities, and also look for leadership within society.

The identification and development of leadership in this regard is an important element of our Talent 2020 strategy, which is partly expressed in an increased attention for leadership capabilities in our training and education programmes.

4. Skills shortages

Increasingly, demanding areas such as the digital economy and cybersecurity, require hyper specialisation that allows organisations to make a difference by supplying deep knowledge. It is impossible to have all the required knowledge under one roof, so we team up with other highly specialised service providers to add value to our clients.

5. Global virtual talent pool

We are increasingly becoming an integrated firm and actively cooperate with other member firms, especially within north-west Europe. This means that we can utilise the talent of other member firms and in turn, they can deploy our talent.

Our Talent 2020 Strategy aims to address each of these trends, allowing Deloitte to fulfil its ambitions. In an environment where models other than the traditional employer-employee relationship are likely to play a more important role in our service delivery (see points 2, 4 and 5 above), it is likely that our talent department will extend its role to reward, support and control the quality of our flexible shield.

Getting the right talented people on board

We are active in the labour market to recruit talented future Deloitteers through various media including our innovative recruitment website (www.werkenbijdeloitte.nl). We support this site with social media such as Twitter, Facebook and LinkedIn. Furthermore, we actively seek the support of our 5,000 employees when searching for new talent. For the attraction of new – inexperienced – hires, our recruiters actively organise events on university campuses or we invite students to our offices to learn more about the possibilities of working with Deloitte in their area of expertise. Through these and other programmes we strive to provide future colleagues on the Deloitte culture and experience and what it feels like to be Deloitte. For experienced hires we have more tailored programs and criteria to ensure the right match between competencies, experience and Deloitte requirements.

Strength from diversity

One of the areas where we know we must improve is diversity. Despite our efforts over the past few years to make our processes diversity proof, we have not yet reached satisfactory results in this area.

Diversity in every possible aspect (gender, ethnicity, age, sexual orientation and culture) is important because we are convinced that diverse teams are able to deliver even better and more balanced services to our clients. It is our ambition to increase the level of diversity in our workforce over the next few years. Given the breadth of our diversity definition and the nature and volatility of our business, it is impossible to provide specific targets other than that we will gradually improve in areas such as gender and ethnic diversity. In line with the requirements from the GRI G4 Guidelines, we will continue to provide data on gender and ethnic diversity to our stakeholders so they can keep track of our progress against our stated commitment.

Table 02: Gender diversity

Diversity figures female (%)	2015/2016	2014/2015	2013/2014
Partners	9%	9%	8%
Directors	14%	12%	11%
Senior managers	23%	22%	21%
Managers	27%	27%	27%
Aspirant / Jr. managers	36%	35%	33%
Other staff	50%	52%	56%

Table 03: Ethnic diversity*

Employment category	% Foreign	% Native	% Unknown
Partners	2%	67%	31%
Directors	10%	83%	7%
Senior managers	10%	76%	14%
Managers	14%	74%	12%
Aspirant / Jr. managers	17%	71%	12%
Other staff	18%	73%	9%
Interns	24%	64%	12%

* In line with the GRI Reporting Guidelines, we report Ethnic diversity on the basis of ancestry. 'Native' refers to those whose parents are originally of Dutch descent. 'Foreign' refers to persons from whom one or both parents are not originally of Dutch descent. 'Unknown' refers to those from whom the place of birth or origin of one or both parents is not recorded due to the voluntary nature of the provision of this type of information.

Providing a healthy and safe work environment

Working for Deloitte can be demanding. As people are our most important asset, it is of great importance that we keep our workforce healthy and fit. Next to physical fitness, we offer subsidised memberships of fitness clubs, and increasingly have an eye for the mental fitness of our talent. In the context of team resilience improvement, we offer vitality programmes to a number of teams. These programmes have been developed in cooperation with our health insurer and are aimed at leadership and individual employees. At present, four teams have been enrolled as well as 40 individual employees.

The purpose of the leadership programme is to build leadership skills that strengthen the resilience of people. Leadership must be aware that positive leadership makes a significant contribution to self-confidence and behavioural changes across team members, and therefore leads to higher performance.

On the level of individual employees, employees are taught skills to strengthen their vitality. Through one-on-one workshops and

online training, they learn to restore their own energy balance by multiplying positive energy sources and reducing the negative ones. The result is a greater drive and motivation, less stress and improved problem-solving abilities.

We have started to centrally coordinate existing sports activities in order to reach a larger number of Deloitters. Prior to sporting events, such as runs, we organise clinics and workshops to provide expert advice in areas such as training and nutrition.

In order to reduce sickness leave, we deploy a number of activities. Our health coaches offer line managers a structured guidance from the first day of sick leave of their direct reports. In addition, we use preventive measures such as workshops and coaching sessions for managers to recognise and prevent downtime of employees. Furthermore, we maintain a robust operating model that involves company doctors, health coaches and managers working together on cases.

Table 04: Absenteeism

	2015/2016			2014/2015		
	Total	Male	Female	Total	Male	Female
Lost days	35,878	15,530	20,348	31,921	15,303	16,618
Sickness leave	2.8%	1.8%	4.5%	2.7%	2.0%	4.1%

Creating value through the Deloitte Impact Foundation

For many years, we have made an impact on society through the Fair Chance Foundation. Through partnerships in which we contributed time, money and expertise, we have actively engaged with children from underprivileged areas, improving their chances in the labour market. In valuable partnerships with organisations such as JINC, Leerunieik, NJR and NIBUD, we have trained young people on how to deal with money, how to behave in job interviews and more generally improve their skills.

Our purpose and Strategy 2020 has created a new momentum in our thinking about our impact on society. In 2015/2016 we reassessed our ambitions in this area. As a result, we have transformed the Fair Chance Foundation into the Deloitte Impact Foundation, thereby articulating the link between our purpose and the foundation's activities as a natural part of our way of doing business.

The name change also reflects the giant leap we are taking. Where until now, the activities of the foundation were modest in terms of scope, number of Deloitte professionals involved and budget, we have committed to spend 1 percent of our direct hours to make a greater impact that matters on society. This implies that we aim for a total of 45,000 hours spent on activities that are in scope of this target. These activities include large projects, entrepreneurial projects and volunteering (additional positions/social functions) by Deloitte professionals. An example of a large project is our current pro-bono work for the Red Cross. This initiative is focused on improving the way refugees in the Netherlands make use of and gain access to information, digital communication and functionalities. The aim is to complete a detailed design of a tangible concept/prototype which could be implemented in later stages of the initiative. Examples of entrepreneurial projects are job interview trainings, Hacking for Charity, the National Money Exam and learning programmes that help to improve entrepreneurial skills.

To achieve our 1 percent ambition, we have changed the governance of the Foundation. The board consists of our CEO Peter Bommel, our COO Mario van Vliet and Mrs Lizan Goossens on behalf of the partner community. The Board is supported by an Advisory Board and a Project Management Organisation (PMO). The Advisory Board is composed of four partners and five 'transformers', young Deloitte professionals who are passionate about making a societal impact that matters. The Advisory Board is tasked with advising the Board proactively and on demand on the suitability and eligibility of proposed projects. Once approved by the Board, the execution of the projects is overseen by the PMO.

Project proposals can originate within and outside Deloitte. Every proposal is judged against our admission criteria. To this end we have defined three themes: education, scaling social innovation and a resilient society. Projects that are in scope with one or more of these themes, are eligible for rewarding. The involvement of Deloitte allows for the collective deployment of our knowledge in line with the services that we render to our clients. We are in the

process of further defining our strategy and our PMO and expect to be fully operational in the second half of 2016. Due to the start-up of the Deloitte Impact Foundation, we have set an intermediate target of 15,000 hours for the fiscal year 2016/2017. Furthermore, we are exploring ways to make volunteering and pro-bono work part of our appraisal and career development programmes. To support our commitment, we have started working with the One Percent Club to set up a dedicated platform that offers user-friendly tools to share time, knowledge and money. Once this platform is operational, Deloitte employees will be able to initiate an action page, encouraging others to either participate or raise funds for one of the projects on the platform (crowdsourcing & crowdfunding). Deloitte employees will be given the necessary tools to enthuse their colleagues and the platform will list all projects (including experiences). Both progress and impact will become visible and we will have insight into Deloitte's contribution as both engagement and social impact will be measured. The platform is also open to NGOs that can create projects for which employees can offer their time, knowledge or money directly. Participating NGOs will keep our employees informed of the progress of the project.



Helping clients become leading edge

The unstoppable rise of new technology has transformed our world and is forging a bold new future for businesses large and small. Companies turn to Deloitte Digital with the question: How can our business succeed by using information and technology? Deloitte Digital helps organisations develop a clear vision and bring that vision to life.

“Our strength is that we are on top of industry and markets developments, are able to offer strategic thinking, creative solutions and have the capability to build digital solutions. That is how we add value to our clients,” says Sunaina Braam, who joined one year ago as a business analyst in the Deloitte Digital service line, after working as a communications advisor to a large telecommunications company.

“I love the diversity of our multidisciplinary teams and the broad range of backgrounds that come together on digital projects,” she says. “Deloitte is exceptional in that regard because you find yourself surrounded by intelligent, hard-working, ambitious people who have the same goals in mind.”

Deloitte is a dynamic environment in which you encounter a different setting and industry with each new mandate, Sunaina explains. It is an excellent environment for those looking to constantly improve themselves and find new ways to offer more value and make an impact for our clients. ●

Accelerate growth and innovation



30 %
Revenue growth in Corporate Advisory



45 %
Average profitability in growth areas



16 %
of revenues from innovative offerings
In line with the vision from DTTL, we apply a factor 2 multiplier to calculate the effect from innovative service offerings on regular services



49
Publicly available reports

We want to make an ongoing shift towards premium clients in our client portfolio. This implies higher growth in our corporate and upper mid-market segments. To stay relevant for these clients in a world of shortening product life cycles and digitalisation, we will continue to invest to build solutions and a reputation as the most innovative professional services firm.

We will significantly and profitably grow our Advisory business in the corporate and upper mid-market business over the next three to five years.

We have selected a focussed number of growth areas as our priority investments, for example, M&A/PMI, Digital and Cybersecurity. We have designed an investment plan that will guarantee full and long-term support for these growth areas. Finally, we will also continue to invest more than 1 percent of our yearly revenue in 'fundamental' innovation and the improved commercialisation of our innovations.

Accelerating growth

After years in a challenging market environment for our clients in the corporate market, which we define as businesses with revenues that exceed €1 billion a year, we have achieved remarkable revenue growth in all sectors. This growth was facilitated by our industry-focused approach in Financial Services

(+ 29%); Consumer Business (+14%); Technology, Media & Telecom (+ 15%); Manufacturing (+ 14%) and Energy & Resources (+ 23%).

Throughout 2015/2016, we contributed to large business transformations at the heart of our clients' businesses. These often took place in the context of new regulations in Financial Services, a changing landscape in the Telecom sector, digital disruption in the retail industry, and efforts to drive new innovation processes at large corporations.

In addition, we supported the ecosystem approach within the technology space through our High Tech Competence Center situated at the High Tech Campus in Eindhoven and created valuable partnerships with Singularity University and Cambridge Innovation Center that actively contributed to the innovation ecosystem. We are partner of the recently opened Singularity University in Eindhoven. Additionally, we also are founding partner together with Shell and Rabobank of Startup Fest Europe. Deloitte Center for the Edge is helping organisations with important innovation projects and developing new business models across all industries and is proud to be the leading professional service provider in this area.

We secured promising new mandates as part of the mandatory audit rotation, resulting in the largest number of AEX-listed companies as our audit clients. Important reasons for clients that choose Deloitte include our innovative audit approach with data analytics in its core. We also shared knowledge in our markets and provided our clients with new insights through a number of dedicated activities, focusing on themes such as cybersecurity, data analytics and digital.

Examples of these activities include our 'Around the Boardroom' programme in which we covered trends, topics and developments affecting board executives, non-executive directors and regulators. Another example is our 'Deloitte Center for the Edge' programme. As pressure grows on public and private organisations to meet demands driven by public policy and exponential technologies, this initiative aims to help executives make sense of emerging opportunities on the leading edge of business and technology.

Our Midmarket advisory business also continued to expand (+9.7%) in the year as we benefitted from substantial growth opportunities, especially in mergers & acquisitions.

We continued – and intensified – our focus on family businesses through our EMEA Deloitte Family Business initiative that gathers market information about this segment and looks to develop relevant new products and services. An example of this was our continued collaboration with FD Mediagroep to create a cross-media production of financial newspaper *het Financieele Dagblad* and radio station BNR, which follows ten next-generation leaders of family businesses and is entitled 'De Opvolgers'. We continuously conduct research to guarantee we have first class and up-to-date data on trends and developments that are crucial to family businesses, which we can share with our clients. An example of this

is our European Next Gen study that concentrates on the business challenges next generation executives are – or will be – facing. The study covers 19 countries across Europe, the Middle East and Africa and is based on 92 in-depth, face-to-face interviews with next generation representatives from family-owned companies.

For the ninth consecutive year we ran our successful BMC-programme, which recognises the Best Managed Companies in the middle/large company segment. We also organised the widely recognised Deloitte Fast50 programme for the 16th time, which profiles innovative fast-growing companies. Both BMC and Fast50 programmes contribute to our growth, especially in the longer term, not only in revenues but also in further improving our relations with clients and creating a continuous awareness for our brand within these segments.

Our innovative Ctrl platform offers a comprehensive set of online services for a fixed and highly competitive price. Services include accounting and advice, and cover topics including strategy, optimisation of accounting processes, and management and control. Ctrl enables our clients to directly access Deloitte's expertise and connect with business partners and authorities. Over the last year, the Ctrl client base increased significantly.

We are proud that the potential of Ctrl is now also recognised in North America. Deloitte Canada chose Ctrl as their platform for providing the same services. Together, we can bring Ctrl to the next level and make it a leading platform for SME companies in the Netherlands, Canada and beyond.

The most innovative firm

As part of our implementation of the Strategy 2020, in 2015/2016 we re-assessed our Innovation Strategy. It is the cornerstone of this strategy that we continue our journey to become 'the most innovative professional services firm in the Netherlands' and to this end, we will keep investing at least 1 percent of our total revenue on innovation. Our commitment to innovation is also expressed by our sponsorship of and knowledge sharing with the Nuon Solar Challenge team.

Governance to foster innovation

As part of our Innovation Strategy we redesigned our innovation governance with a clear focus on innovation horizons. This means our Functions / Industries focus on core & adjacent innovation and that Deloitte Innovation BV focusses on adjacent & transformational innovations. For us, core innovations are improvements and a natural evolution of current services. Adjacent innovations are innovations linked to our current services but based on a new technology, delivery process, business model, etc. Transformational innovations are new to Deloitte and our clients, and are based on completely new technologies that are often developed in-house, and usually take multiple years to develop.

To progress innovation in the Functions, we have appointed Innovation Leaders in all Functions. They are tasked with developing innovation plans and budgets per Function and

monitoring progress on a monthly basis. Their efforts and the activities of Deloitte Innovation are overseen by the Innovation Committee that is led by our CEO and consists of our Function Leaders, Industry Leaders and our Innovation Leader.

Understanding change

In order to help our people and our clients fully understand the implications of fast-changing business environments and client demand, we take every opportunity to voice our opinion and to contribute to a constructive debate. On a quarterly basis, our Center for the Edge hosts events on disruptive innovations for the CEOs of our leading clients. Furthermore, in 2015/2016, we hosted or participated in over 150 events, presentations and workshops for Deloitte clients and our own people on disruptive innovations such as big data, blockchain, e-Health, smart traffic and crowd sourcing.

Developing new capabilities, products and services to meet client demands

In order to respond to our clients' demands, we continuously invest in new capabilities and develop new products and services that are relevant to them. We are investing a great deal of time and effort in building capabilities to enable clients to achieve the maximum advantage from upcoming technologies such as advanced analytics, data transformation, the internet of things and blockchain. To this end, we are building and participating in various innovative ecosystems, including Singularity University, Cambridge Innovation Center (CIC), High Tech Campus, The Tipping Point and The Garden, to name a few. Our participation in these ecosystems allows us access to innovative technological developments at an early stage, and to co-create solutions and build partnerships.

In 2015/2016, our innovation efforts resulted in more than 30 new products and services delivered to market within almost every Function and Industry. Examples include WKR (fiscal labour costs) Analytics, Digital Global Steps, Social Impact Bonds, Financial Crime Analytics, Assuring Medical Apps and Change Adaption Profiler. We have also continued our efforts around working with fast-growing tech companies on behalf of our clients through the Deloitte ENTER programme that was started in May 2016.

Recognition

Our efforts in the area of innovation are recognised by our stakeholders and by DTTL, our global network organisation, which regards us as one of the two leading Deloitte member firms in the area of innovation worldwide. Our Deloitte Data Transformation Platform (DDTP) was selected to be Deloitte's global standard for data handling. One of our earlier innovations, Process x-Ray, was highlighted by Kennedy Research when they named Deloitte a 'Global Leader in Procurement Operations Consulting'. It is worth noting that people who work with innovation at Deloitte also have higher engagement scores (7.3 out of 10 in Q2) compared with the average for the Deloitte community as a whole.

Our brand 'breathes' innovation

Our aspiration is to be the undisputed leader in professional services. This includes being recognised as the most innovative partner by our clients and our (future) talent. To stay relevant for our clients in a world of shortening product life cycles and digitalisation, we will continue to invest in our aspiration to be the most innovative professional services firm.

Where there have been opportunities to do so, we have associated our brand with leadership and innovation and focused it on the following growth areas for Deloitte: cybersecurity, data analytics and digital. In doing so, we employ an innovative content-driven strategy to reach our stakeholders in a more visible, innovative and personal way. We use online channels and social media to share our opinion, vision and knowledge about these themes on a regular basis. Our online content campaign on Dutch news sites has highlighted our insights and perspectives in these areas. We have also used online social networks to optimise the impact of this campaign, which yielded strong results and excellent visibility in our markets. Deloitte is now one of the leading brands within professional social networks for content impact among Dutch executives.

This content-driven strategy comprised several projects in the year. For example, in July 2015, we communicated new research from our State of the State research programme, which included published studies on education, the Dutch labour market, the future of nursing homes and vacancy real estate. The research was based on data analytics and communicated at executive round tables, via our website, and through newspapers and social media. In addition, via the national media, we communicated our data research on the success factors of start-ups that we conducted together with THNK (School of Creative Leadership). This study reveals the characteristics that can make a start-up a successful scale-up.

To share our knowledge on new technologies and cybersecurity with future talent, as well as with clients, in the year we organised several HackLab Highschool workshops for youngsters between the ages of 12 and 16 who are interested in technology. HackLab Highschool is an interactive day about cybersecurity during which Deloitte shares the newest technologies and teaches children about the risks of our online world. Another example of our thought leadership in cybersecurity is our study on cyber value at risk in the Netherlands, which details and quantifies the risk of losses from cyber-attacks within the Netherlands for the first time. During the year we also published research about the digital influence on the retail industry and on insurance companies. Digitalisation not only changes the way consumers behave online, but has an impact on their needs and behaviour offline. Both studies focus on the digital transformation that companies must go through to meet the expectations of tomorrow's consumers.

Establish lean operations



5.8 %

Reduction of overhead as % of
total revenue



Relative position in international
network with regard to
operational metrics

Maintaining a competitive edge

Our goal is to be the undisputed leader in professional services. In a world where resources are scarce, this means that we actively seek opportunities to enhance our efficiency in every aspect of our business. Only by working as efficiently as we can, can we maintain our ability to create value for our stakeholders.

We need to constantly invest in quality, talent and innovation. By improving the efficiency of our operations, we reduce costs and unlock funds to continue making necessary investments. This implies that we have to be smarter in how we organise our operations, avoiding unnecessary costs and deployment of our talent. Working efficiently also implies that we limit our consumption of natural resources to reduce our ecological footprint.

A culture of cost consciousness

Our overhead costs constitute a substantial part of our cost base. By improving our cost efficiency, we aim to maintain the high quality of our back office while reducing our costs to levels that are comparable with other Deloitte member firms.

Our aim is to reduce overhead costs both on a central and at a Function level. Similarly, our support organisation aims to optimally support our practice. We also aim to enhance operational efficiencies in parts of Audit, Tax and the Public Sector.

One of the programmes under 'Establish lean operations' is Fit for Growth. Our research shows that Deloitte in the Netherlands has further room for savings in overhead costs. We can achieve this by improving efficiency, for example, through automation and robotics, and by making choices in our support model and the services we offer. In the context of our Fit for Growth programme, we have mapped numerous efficiency-enhancing and cost-saving opportunities across various departments. This has been a conscious process.

We do note that given the growth of the business, investments are also required. In this regard, we have approved increased investments in innovation and growth, learning and development and in the budget of the Deloitte Impact Foundation. We will do this in combination with cost savings in operations and support.

Part of an ethical value chain

Our suppliers deliver goods and services that are critical to our business. The main categories of goods and services that we acquire include housing, insurance, lease cars, facility management, ICT hardware and software, temporary staff, energy, fuel and travel. We aim to avoid buying goods and services that jeopardise our ambition to be the undisputed leader in professional services. Our Purchasing Terms & Conditions contain provisions on issues such as integrity, corporate responsibility, corruption and conflicts of interest.

Suppliers associated with a poor performance in the areas of environmental management, labour conditions or human rights are not aligned to our values and can cause damage to our reputation. In addition, we see that an increasing number of clients demand that we enhance our performance in supply chain responsibility.

In response to these concerns, we launched our Supplier Code of Conduct in 2013. This Code contains the basic organisational requirements that we want our suppliers to comply with in the areas of environmental management, labour conditions, human rights and business ethics. Each major supplier is asked to submit a self-assessment based on our requirements and – if non-compliant with one or more provisions – to indicate what measures they will take to reach compliance, as well as the timeframe within which full compliance is expected. By the end of the reporting year, 65.0 % of our total supplier spend was covered by our compliance statement. Next to sending out the self-assessment to existing suppliers where we have a significant spend (> €50,000 per annum), we have included supply chain responsibility in all new tenders initiated by our Procurement department. We safeguard independence towards our supplier-clients through our business relations assessment process.

In last year's Report, we described a dilemma concerning housing as our suppliers in this area are often foreign investment companies for whom the Supplier Code of Conduct is not relevant. We indicated that we would benchmark how our peers are dealing with this issue. This issue has yet been resolved.

In addition to the organisational requirements as set out in our Supplier Code, we have continued our approach of addressing relevant sustainability elements in the specifications that we maintain for the goods that we purchase. For example, at our new Amsterdam office 'The Edge' we have included sustainability requirements in both the design of the building as well as for the inventory we have purchased.

Efficient use of natural resources reduces our ecological footprint

We use energy to heat, cool and power our offices, to run our servers and to visit our clients or drive home after a working day. Energy consumption impacts the environment. The main impact comes from emissions of greenhouse gasses such as CO₂. As a professional services provider, our impacts are limited compared to other industries. Nonetheless, Deloitte feels that it is the obligation of every economic actor to use scarce resources as efficiently as possible and to actively search for environmentally friendlier alternatives. This conviction is shared by our clients and our people, among other stakeholders. In addition, saving energy and avoiding and recycling waste reduces cost and contributes to our strategic objectives.

Environmental management

To facilitate the reduction of our environmental footprint, in 2013 we adopted the Deloitte Environmental Policy Statement which we submitted to a review in 2015. In 2015, we obtained ISO 14001 certification for our Environmental Management System. This means that, besides monitoring, we periodically review our activities and implement improvements where necessary.

Energy and CO2

To limit energy related emissions in facilities where we are the main tenant, we purchase green electricity and gas, meaning that there are no direct and indirect emissions in relation to our energy consumption. In offices where we cannot purchase green energy, we offset related emissions through the acquisition of green certificates. Our energy coordinator is responsible for periodically collecting the energy data in our offices.

To underpin our commitment to green energy, Deloitte participated in Earth Hour on March 19, 2016. During Earth Hour, the lights in and on our Head Quarters in Rotterdam were switched off together with the lights of the neighbouring buildings. When making housing decisions, we take environmental considerations into account. In the past, we have used the GreenCalc methodology for our offices in Rotterdam and Utrecht, and more recently, have applied the BREEAM framework to our offices in Amsterdam and Eindhoven.

For a professional services provider such as Deloitte, mobility is vital. However, mobility, which includes lease cars, flights and public transport, is also an important contributor to our carbon footprint. For lease cars, Deloitte maintains a green lease policy that encourages eligible employees to choose energy efficient lease cars and discourages the lease of cars that do not meet our predefined criteria. In practice this means that we only include cars with a predetermined fuel economy on our preferred lease car list and, in addition to a maximum allowed CO2 emissions of 165 grams per kilometre, our lease car programme includes an environmental correction in the form of a bonus/penalty scheme. Furthermore, we have added electric cars to facilitate employees' desire to limit their carbon footprint. Today, we lease 213 electric cars out of a total of 3,259 cars. All our offices are equipped with chargers for electric cars.

Average CO2 emissions have been determined for each fuel type in each lease category. Employees receive a bonus if they opt for a company car with lower CO2 emissions. A penalty is calculated in the event of higher CO2 emissions. On an annual basis, the CO2 emissions are monitored – and where possible – further adjusted. Additionally, all employees are issued an NS Business Card, which allows them to travel by train. The use of the NS Business Card provided for over 136 thousand journeys by train, accounted for a total of 6.6 million train kilometres in the year.

Table 05: Energy consumption and related emissions

	2015/2016	2014/2015	2013/2014	Related emissions 2016
Housing				
Total electricity consumption	10,596,079 kWh	11,690,244 kWh	13,550,598 kWh	
Specific electricity consumption	122,9 kWh/m ²	121.5 kWh/m ²	128.5 kWh/m ²	
Total thermal energy consumption	19,556 GJ	24,016 GJ	29,268 GJ	
Specific thermal energy consumption	0.22 GJ/m ²	0.25 GJ/m ²	0.28 GJ/m ²	
Mobility				
Total kilometres driven by lease cars	97,312,625 km	93,250,713 km	90,842,707 km	
Number of lease cars - electric cars (incl plug-in hybrids) ***	3,259 213	3,069	3,036	
Kilometres/lease car	29,860 km	30,385 km	29,922 km	
Total petrol consumption	3,170,625 l	3,499,430 l	3,897,919 l	8,814 tonnes
Total diesel consumption	2,527,930 l	2,410,966 l	1,945,362 l	7,925 tonnes
Total LPG consumption	0 l	0 l	71 l	
Electricity consumption of electric cars	298,782 kWh			
Total kilometres travelled by air*	37,781,182 km	29,070,464 km	28,581,512 km	4,816 tonnes
Kilometres by air per FTE	7,858 km	6,430 km	6,616 km	
Total kilometres travelled by train	6,559,840 km	4,388,302 km	2,482,049 km	197 tonnes
Train kilometres/FTE	1,364 km	971 km	575 km	
Direct CO ₂ emissions / lease car in kg	5,136	5,633	5,578	
CO ₂ emissions intensity**	154 g CO ₂ /km	170 g CO ₂ /km	168 g CO ₂ /km	
Totals				
Total direct energy consumption	198,844 GJ	265,678 GJ	245,082 GJ	
Total CO ₂ emissions	21,752 tonnes	21,563 tonnes	20,228 tonnes	

* The data for air travel exclude tickets that were purchased on behalf of DTTL.

** This is the sum of all mobility-related CO₂ emissions divided by the total distance travelled by car, plane or train by Deloitte partners and employees

*** Not measured for the years 2014/2015 and 2013/2014

Waste

Office waste is categorised as follows to allow for recycling:

- Paper
- Swill (such as food remains)
- Cardboard
- Small hazardous waste (such as batteries)
- Refuse (remaining after the separation of recyclable elements)

Paper, refuse and cardboard are collected on every office floor. Swill and small hazardous waste are collected centrally per office building. We only use FSC certified paper for printing and in 2015/2016 further reduced the amount of paper we used to 96,298 kilograms, from 177,697 kilograms in 2014/2015. Our waste recycling rate stood at 49% compared to 58% in 2014/2015. The reason for this decrease is that our total collected waste has decreased more than the non-recyclable fraction in our waste.

Table 06: Other environmental indicators

	2015/2016	2014/2015	2013/2014
Total paper consumption	96,298 kg	177,697 kg	220,443 kg
Paper consumption/FTE	20.0 kg	39.3 kg	51.0 kg
Total collected waste	271,368 kg	378,048 kg	380,470 kg
Total waste collected for recycling	132,205 kg	218,052 kg	227,502 kg
Waste recycling %	49%	58%	60%
Hazardous waste	223 kg	222 kg	491 kg

Validating technology for the healthcare industry

The market for mobile medical apps has grown exponentially, driven by the widespread adoption of mobile computing among healthcare professionals. This has led to an increasing need by app developers to externally validate their technology before bringing their products to market.

Deloitte Senior Manager and certified accountant Rob Peters first considered the possibility of offering a dedicated validation service for medical apps after attending a healthcare conference. He later presented his idea at a Deloitte Innovation Workshop, where it was selected for development and eventually launched as a service in 2015.

"I was fascinated because the possibilities with digital health solutions were clearly endless, but there were many security and privacy issues," he explains. "My view was, if we as auditors can validate financial figures for a company, then why not the privacy and security of an app?"

The Assuring Medical Apps team comprises accountants, security and privacy experts and 'ethical hackers'. They help to ensure apps are handling personal data correctly and are well protected against cybercrime. In doing so, they enable developers to market their products with confidence.

"I've chosen to be at Deloitte for the last ten years because it is the sort of organisation that will give you a wide range of experiences," says Rob. "If you want to and are willing to put in the effort, you can achieve a lot – even develop your own product for clients within Deloitte itself." ●

Rob Peters
Senior Manager
Risk Advisory - Technology Enabled Solutions



Improve client portfolio

Making a meaningful impact on our clients

We create and maintain sustainable and rewarding client relationships in which we can have a meaningful impact. To free up our resources to serve those clients and improve our returns we must continuously review the quality of our portfolio. We want to maintain our broad footprint across all our current market segments, but have become increasingly selective about who we serve. We aim to deliver high-quality, professional services at a price that is reasonable, which implies that we improve or terminate our commercial relationships with clients that do not value our quality or reward us accordingly.

We continue to carefully review our portfolio to determine whether or not to maintain the relationship via a comprehensive multidisciplinary process. Successful execution is actively monitored. We have also conducted a detailed profitability assessment of our clients and based on this assessment commercial thresholds for absolute yearly fees and gross margin were determined. Clients that do not meet these thresholds are almost always non-profitable or below average profitability.

During 2015/2016 we started open conversations with our clients to discuss our impact and the fees we receive in return. The results were positive in that our returns have improved and additional actions have been identified to align our available capacity with the anticipated workload. Assignments that are too small and/or do not have a reasonable return will be discontinued to free up resources for the assignments we would like to focus on, especially in our audit business. This will allow us to further improve the quality of our services and the balance of the workload for our resources. This project will continue in 2016/2017.

The engagement lifecycle, our business process to ensure quality

In general, our standard business process can be depicted as follows:

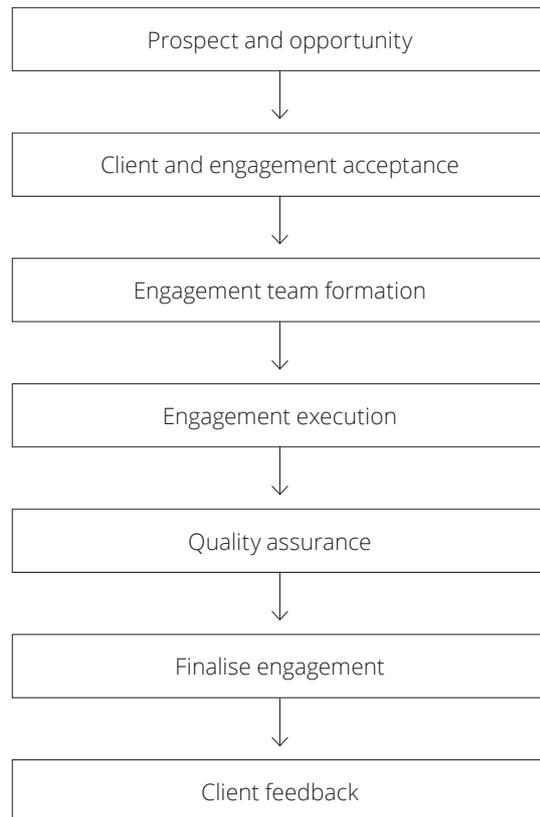
Our market focus is based on building relationships with existing and potential clients. The start of our business lifecycle begins with the identification of a business opportunity with an existing or potential client.

Deloitte has strict client and engagement acceptance processes to ensure we comply with all applicable laws (such as independence regulations), but also to ensure we understand who we do business with, and that our clients and the type of services we provide are consistent with our values, and do not pose reputational risks. During the acceptance phase, we also identify possible client and/or engagement risks and define mitigation measures. In combination with the formal acceptance of a client or engagement, the engagement team is formed. In this formation, the independence of the team members involved is reviewed. To enable us to provide a high quality service, the formation of the appropriate team is a critical step.

Once there is a signed engagement letter and the team has been formed, the engagement can be executed. Deloitte has formal Quality Assurance policies for all services. These stipulate which type of engagements quality assurance procedures will apply to.

After the work has been completed, the engagement is closed and the engagement documents and files are archived. Client Feedback is sought, for example, by means of a Client Service Assessment, using interviews and online questionnaires. This feedback is used to continuously improve our services to clients.

Client feedback is a dialogue between Deloitte partners and representatives and key client contacts that takes the conversation beyond ‘what we are doing’ to ‘how we are doing’. It provides clients with an opportunity to express whether Deloitte is meeting their current needs, their overall perception of the organisation, and what actions should be taken to meet and exceed their expectations.



Seek inter- nationalisation



89.1 %

Growth in interfirm revenue and teaming

Globalisation calls for international integration

Traditionally, firms in our industry are set up to serve national markets, and the vast majority of clients served in national markets. Audit standards and tax regulations at this time were also predominantly national affairs.

Today, our market has changed dramatically. Our clients are increasingly active across markets and have to comply with audit and tax regulations in a variety of jurisdictions. Technology has created a global market place and a new reality for our clients. Our advisory service offerings help clients shift to this reality and prepare them for tomorrow.

The new reality asks for new competencies and capabilities from professional service providers such as Deloitte. Without international cooperation, where member firms can use each other's knowledge and expertise, it is increasingly difficult to serve our ever-globalising client base. This form of international cooperation has existed across Deloitte for many years now.

International cooperation can sometimes be difficult given that local interests can outweigh cross border benefits. For many years, Deloitte has embraced a Lead Client Service Partner ('LCSP') model whereby a LCSP is empowered to deliver the firm covering resources, quality and economics; speaking with one voice for Deloitte across the globe. We do note opportunities to expand on our current model and way of working. One of several examples being that under the current business model of independent nationally organised member firms, it is sub-optimal to work with national centres of expertise into international centres of expertise that are able to provide top-end solutions to our international clients.

To realise the opportunities, the Deloitte member firms in North West Europe are exploring ways for further collaboration to serve our clients better, offer better development opportunities for our talent, improve our service offerings and align investments.

Our interactions with stakeholders

Understanding the context we operate in

Our aspiration is to be held up as a role model for quality, integrity, and positive change. To help us understand the implications of this aspiration, we continuously seek the opinions of our stakeholders. Understanding their expectations and defining a timely and adequate response to their issues and concerns, enables us to remain relevant and contributes to fulfilling our purpose of making an impact that matters.

Evolving market landscape

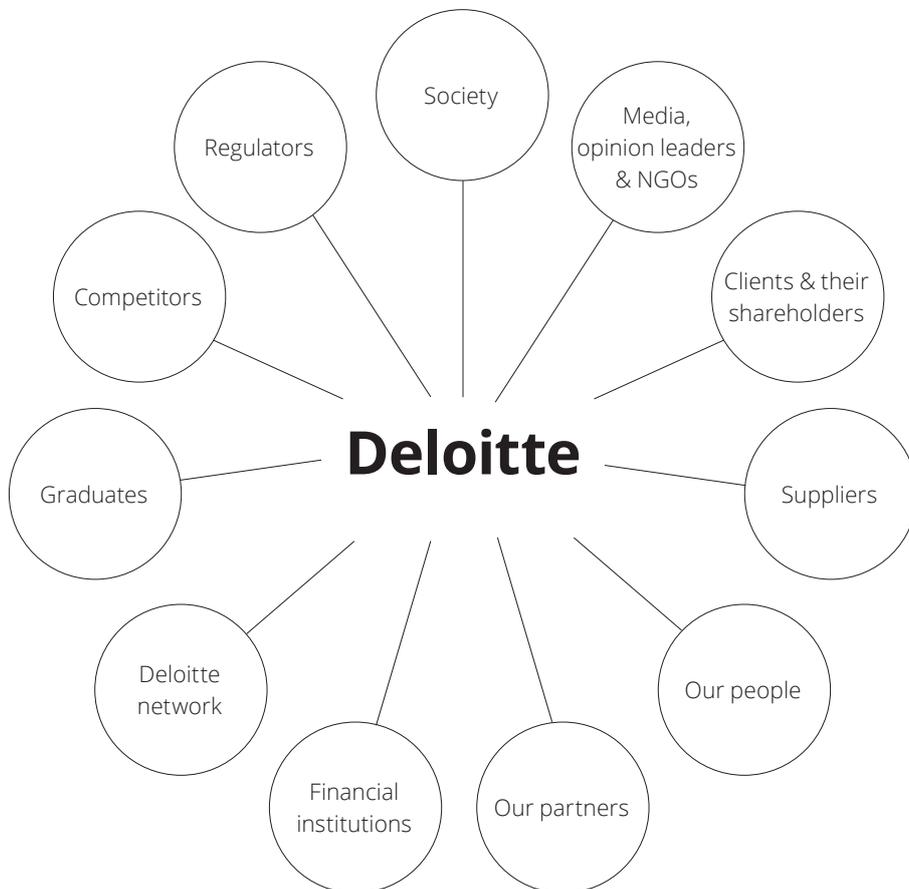
Our clients face emerging technologies, disruptive business models and highly connected networks that are spread across markets (distributed networks). The service needs of our clients and the way we work are affected by these developments and require an increased speed of change. In addition, our ability to deliver consistent, high quality services across the globe is becoming increasingly important. Neither our clients nor our competition are geographically bound or limited to traditional market players.

Developing labour market

The labour market is changing and so are our workforce requirements. The profile of the professionals that we need to be successful is more diverse than before as both our clients and the offerings we need to provide are changing. This means that we also have to engage engineers, psychologists, scientists and other specialists to address today's business challenges. The nature of labour relationships is also evolving. Millennials have different career perspectives and online platforms provide mechanisms to collaborate without boundaries. It is up to us to remain compelling to the talent of the future and offer an outstanding career experience that attracts, retains and develops the best people.

Changing regulatory environment

Our regulatory environment is changing, which includes not only our regulators, but also opinion leaders, NGOs and the media. Increased attention and pressure on transparency, quality, integrity and independence is inherently leading to further rules and regulations for our organisation and industry as a whole.



We actively seek our stakeholders' views

Deloitte is an integral part of society. As such, we participate in a wide range of formal and informal dialogues. Next to this, we constantly scan the horizon for emerging issues to be able to define a timely response.

Table 07: Means of stakeholder engagement

Stakeholder group	How we seek their views
Clients & their shareholders	Client Service Assessments Client meetings and events Requests for proposals Clients & Markets research External research and ratings Media scanning
Our people	Talent survey Works Council Formal and informal meetings Receiving feedback
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 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 Deloitteers 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

Issues raised by our stakeholders

Our stakeholders voice their views and expectations. In Annex 2, we have included a table in which we summarise the main expectations and issues per stakeholder group. We also provide our response to these expectations and issues and indicate how we address them in our strategy.

Materiality matrix

For the compilation of this report, we have mainly used the insights that we have obtained during the stakeholder engagement process that we concluded in 2014, which we have enriched with the insights from key senior partners and staff.

We have plotted the issues raised by our stakeholder in a matrix, taking into account the importance that each issue has for our stakeholders and its relevance to our strategy. We have grouped the issues in the top quadrant into the following list of issues that are addressed throughout this report:

Table 08: Material issues

Final selection of material issues
Quality, compliance & ethical standards
Privacy & data security
Innovation
Client engagement
Diversity
Training & education
Health & safety
Indirect economic impact
Supply chain responsibility
Ecological footprint

Making an impact that matters to our stakeholders

Through our business model, strategy and corresponding execution we aim to make an impact that matters for all our stakeholders, addressing their expectations and concerns. Please refer to Annex 4 for highlights and key data on the impact we made in 2015/ 2016.

Gaining insights and setting targets

In last year’s Sustainability Report, we indicated that we would set new sustainability targets during 2015/2016 and would consult our stakeholders on these targets. Unfortunately, we were unable to finalise this consultation in the reporting year. We will finalise our stakeholder consultation in the new reporting year and will therefore issue our new targets in next year’s report.

Materiality matrix



Our way of working

Way of working

Ethics and integrity	64
Roles and responsibilities	66
Risk management	72

Ethics and integrity

Ethics and integrity are part of our identity

Our Code of Ethics is based on our Shared Values and our Global Code. The Code of Ethics determines our attitudes and behaviours as a professional business services provider. The National Ethics Officer heads our Ethics Office and is responsible for the design and implementation of our national Ethics & Compliance Programme, which is fully aligned with the Deloitte Global Ethics & Compliance Programme.

The activities of our Ethics Office include, but are not limited to, being available for our colleagues to report and/or discuss ethical dilemmas. The Ethics Officer is supported by a team of four internal counsellors ('vertrouwenspersonen'). To support our National Ethics Officer, we appointed a Deputy Ethics Officer in the beginning of 2016.

As part of our internal policies, the National Ethics Officer is involved in the performance management process for our partners. For all partners, ethical behaviour is part and parcel of the annual appraisals. At the end of 2015, we conducted our annual Ethics Survey. An overall conclusion of this Survey is that awareness and familiarity levels in the job grades below manager are currently insufficient. In response to this finding, our internal counsellors have engaged in awareness sessions throughout our firm.

Global Code

In May 2016, we started the introduction of the Global Principles of Business Conduct. This Global Code outlines the commitments that every Deloitte makes and is based on our Shared Values (Integrity, Outstanding value to markets and clients, Commitment to each other and Strength from cultural diversity). The Global Code reflects our core belief that, at Deloitte, ethics and integrity are fundamental and non-negotiable. The Global Code applies throughout our international network and provides the foundation for how our people behave. Each member firm commits to the Global Code and, as appropriate, builds on it through one or more detailed codes of conduct.

The twelve Global Principles address three categories of Deloitte stakeholders – our clients, our people and society –and are further elaborated on in our Global Code:

- Integrity
- Quality
- Professional behaviour
- Objectivity
- Competence
- Fair business practice
- Confidentiality, privacy and data protection
- Respect, diversity and fair treatment
- Professional development and support
- Anti-corruption
- Responsible supply chain
- Social responsibility

Anti-corruption

A robust anti-corruption framework is vitally important to comply with national and international legislation. Furthermore, it comprises processes aimed at preventing bribery and corruption, for example in the areas of procurement and hiring new employees. An important element of our framework consists of training and awareness activities. To this end, in 2015/2016 we started the roll-out of our online anti-corruption training that is mandatory for all partners and employees. Through the respective Function Leaders, our partners and employees were invited to enrol in a mandatory e-learning aimed at avoiding corruption.

Reporting unethical behaviour

Employees, clients and other third parties have the possibility to file a complaint about unethical behaviour, or they can ask the (Deputy) Ethics Officer or one of the counsellors for advice. Clients and other third parties are encouraged to solve an issue with their counterpart within Deloitte, but can also address the Complaints Committee if the issue is not solved according to their expectations. Table 09 provides an overview of the number of incidents that were brought to the attention of the Executive Board by the Ethics Officer.

Table 09: Incidents, number of occurrences

Type	2015/2016	2014/2015	2013/2014
Sexual harassment	2	0	2
Intimidation	10	8	11
Stalking	0	1	1
Other disrespectful treatment of colleagues (incl. bullying)	51	43	52

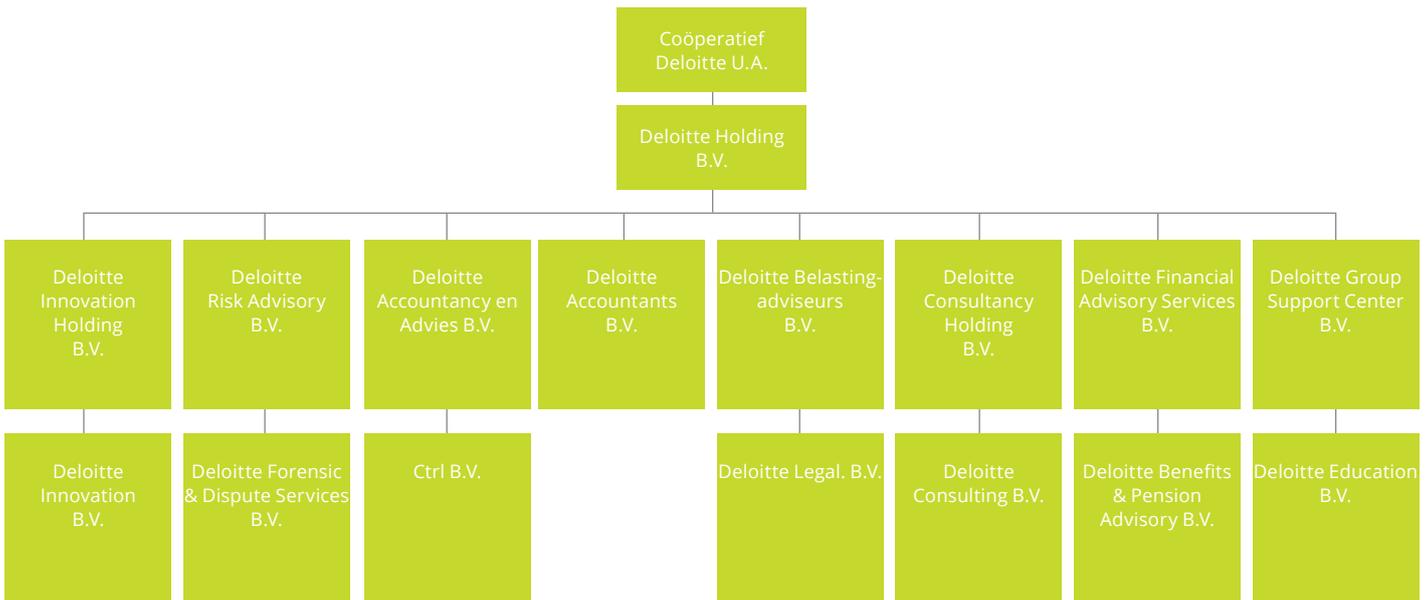
Besides the incidents mentioned in table 10, in 35 instances the Ethics Officer was pro-actively consulted by the organisation. We welcome the increase in consultations as in our view this indicates that in a growing number of cases, ethical dilemmas are recognised and addressed at an early stage, which helps prevent incidents from occurring.

Roles and responsibilities

Good corporate governance is essential to ensuring economic growth in a global environment. Companies and industries that operate according to clear and effective codes of conduct will be more competitive, better prepared for challenges and will inspire investor confidence. Corporate governance is not only a matter of rules and regulations, but of quality of management, transparency, accountability and integrity. Adherence to a code that governs these areas is essential to ensuring that an organisation is managed in the best interests of its stakeholders.

Structure

In order to optimise our structure as of June 1, 2015, the group structure of Deloitte was changed and a new Cooperative, Coöperatief Deloitte U.A., was introduced at the top of the organisation. As a result, the partners have exchanged their shares in Deloitte Holding B.V. for a membership of the cooperative. The new legal structure allows more flexibility.



Coöperatief Deloitte U.A. is the single shareholder of Deloitte Holding B.V. The Executive Board and the Supervisory Board of the Cooperative and Deloitte Holding are identical, creating a personal union between the two entities.

The Dutch Corporate Governance Code

Deloitte applies the principles of the Dutch Corporate Governance Code to a large extent and in addition to applicable Dutch Civil Law. As a non-listed company, Deloitte is different to the companies for which the Code was intended. All its members contribute their labour and expertise, in addition to the provision of capital and subordinated loans. For this reason, Deloitte has modified its implementation of the Code in certain areas, two of which are described below.

Deviations from the Dutch Corporate Governance Code

Supervisory Board

The Supervisory Board includes up to three internal members, who are members of Coöperatief Deloitte U.A. working within the company. Pursuant to the Articles of Association, the majority of the members are external members. All external members, including the Chairman, are independent members as defined by the Code. All members of the Supervisory Board are appointed by the General Meeting at the nomination of the Supervisory Board, according to the procedures laid down in the Articles of Association. Specific rules and procedures have been drawn up to resolve any conflict of interest that may arise between an

internal member's duties as a member of the Supervisory Board and the member's interest as member of the Coöperatief. Internal members receive no remuneration for their activities as members of the Supervisory Board. In March, 2016, the Deloitte Members voted to approve a Supervisory Board comprising external members only, to take effect in October 2016. Furthermore, a Partner Committee will be formed to support the Supervisory Board in its new composition.

Best practice

Given the nature of the company, some of the best practices required by the Dutch Corporate Governance Code cannot be applied in identical form within Deloitte, 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 Executive Board nor Supervisory Board members are granted share options.

Governance Code for audit firms and the Public Interest Committee

In June 2012, the Dutch auditing professional body (NBA) and a number of major audit firms, including Deloitte Accountants B.V., signed the Governance Code for audit firms. In April 2013, Deloitte introduced a Public Interest Committee pursuant to that Code. The Public Interest Committee comprises the external members of the Supervisory Board. The Committee focuses on public interest matters that may affect our firm, and supervises the implementation of regulations contained in the Audit Firms Governance Code. The Committee has an important role in our stakeholder dialogue. We refer to the Transparency Report for a full description of the activities of the Public Interest Committee and its focus point in rebuilding trust in the audit profession.

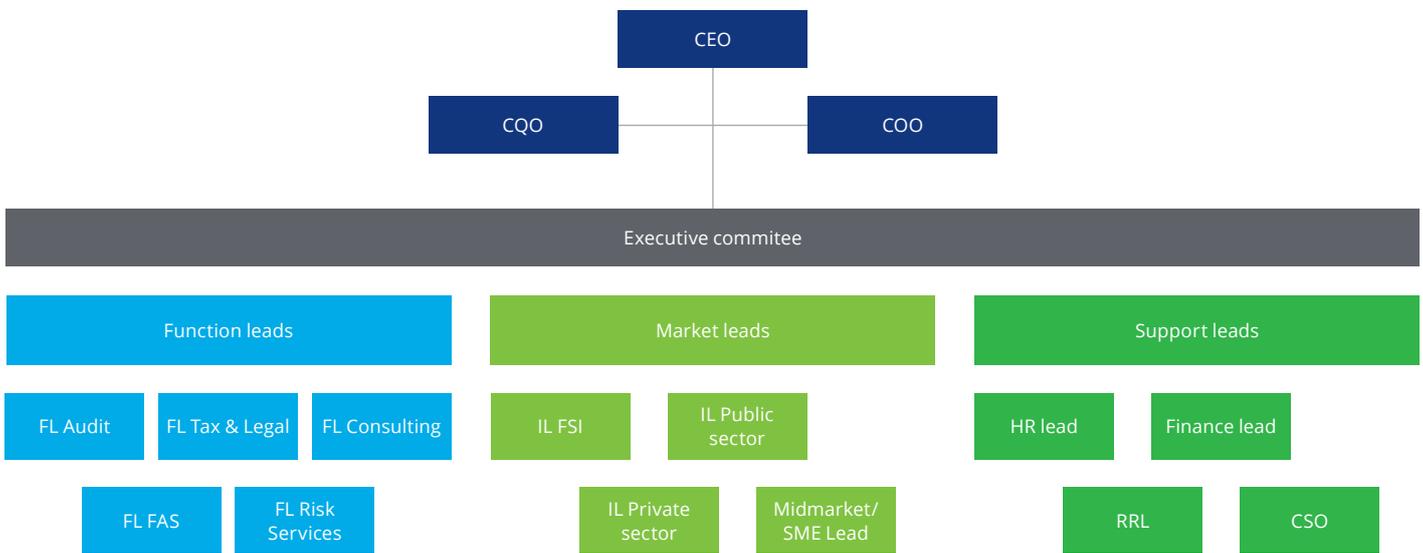
The Minister of Economic Affairs has announced new legislation concerning inter alia the composition and authorities of supervisory boards of audit firms. Per October 1, 2016, Deloitte will implement a number of changes in anticipation of such legislation. One of these changes as previously discussed, is that as of October 1, 2016, our Supervisory Board will comprise external members only, with one seat reserved for a member firm from our international network. As per October 1, 2016, the Public Interest Committee will be dissolved and its tasks will be transferred to the Supervisory Board. Until then, the Supervisory Board and its Public Interest Committee remain dedicated to their public interest roles.

Executive Board

Deloitte is managed by an Executive Board that is responsible, among other areas, for creating a strategic and policy framework and objectives, monitoring the implementation of policies and maintaining cohesion between the company's various service lines. The Executive Board reports to the Supervisory Board and to the General Meeting. The members of the Executive Board are collectively responsible for managing the company. The members of the Executive Board are appointed for a period of no more than four years, but may be re-appointed for one consecutive four-year terms.

Responsibilities within the Executive Board are allocated as follows:

P.J. Bommel	Chief Executive Officer and Chair
M. van Vliet	Chief Operations Officer
C.J.G.M. de Boer	Chief Quality Officer (with Engelhardt Robbe succeeding Cees de Boer, effective June 1, 2016)



The performance of the Executive Committee is evaluated annually by the Executive Board. The Committee structure is flexible in order to meet the changing needs of the organisation.

The Executive Board acts in the company's best interest at all times when fulfilling its duties, taking into account the relevant interests of all stakeholders. It is responsible for observing relevant laws and regulations, managing the risks involved in the company's activities and overseeing its financial affairs. The Executive Board reports on these matters to the Supervisory Board. Effective June 1, 2016 Engelhardt Robbe succeeded Cees de Boer as Chief Quality Officer.

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. No transactions involving any potential or real conflict of interest, as defined by the Dutch Corporate Governance Code, took place in the year under review.

Remuneration

The remuneration of all members of the Executive Board is determined by the Supervisory Board, based on remuneration policies approved by the General Meeting on proposal of the Supervisory Board. In line with proposals made by the Dutch auditing professional body (NBA) (see below), the remuneration of the Executive Board members is fixed, and not related to the results of the company, except for a small part (below 20%) which is dependent on certain mid-term goals linked to quality and other public interest objectives.

Executive Committee

The Executive Committee supports the Executive Board and has a role with regards to decisions that affect the group as a whole. The Executive Committee currently consists of 16 members, reflecting our present operating structure:

- Three members of the Executive Board (CEO, COO, CQO);
- Function Leads, Market Leads and Support Leads

Supervisory Board

The Supervisory Board consists of four independent external members and three internal members (partners). The Supervisory Board oversees and advises the Executive Board and supervises all general developments at Deloitte. The Supervisory Board is collectively responsible for the performance of its tasks and reports to the General Meeting. The Supervisory Board has a number of Committees:

1. Audit Committee
2. Remuneration Committee
3. Selection & Nomination Committee
4. Committee Partner Affairs
5. Public Interest Committee (until October 1, 2016)
6. Quality & Risk Committee (as of October 1, 2016)

Tasks of the Supervisory Board

In fulfilling its duties, the Supervisory Board always acts in the company's best interests, taking account of the relevant interests of all stakeholders. The Supervisory Board supervises the activities of the Executive Board, inter alia in relation to the following:

- The realisation of the company's objectives
- The strategies pursued by the company and the risks involved
- The design and implementation of internal risk management, quality and control systems
- Quality, independence, ethics and other public interest matters
- The company's financial reporting process
- The company's compliance with laws and regulations.

The Supervisory Board is responsible for ensuring that it performs its duties as effectively and efficiently as possible. It has therefore drawn up guidelines for its size and composition. These guidelines take into account the nature of the company and the expertise and experience required of Supervisory Board members. The Supervisory Board evaluates its own collective performance as well as the performance of individual Board members at least once a year.

Appointment of Supervisory Board members

Members of the Supervisory Board are appointed by the General Meeting on the basis of nominations made by the Supervisory Board. Members are appointed for a period of no more than four years. An external member may serve for no more than three four-year terms, an internal member for no more than two four-year terms.

Gender diversity in the Executive Board and Supervisory Board

The Executive Board is presently composed of three men. The Supervisory Board will continue to look for diversity in the event of future re-appointments. In this respect it is important to note that Deloitte pursues a number of management development programmes aimed at increasing the number of women in Deloitte leadership positions. During the financial year 2015/2016, the Supervisory Board consisted of two women and five men.

General Meeting

The General Meeting brings together the entire member community. The General Meeting helps maintain Deloitte's 'checks and balances' system. The Company's budget, the company's long-term policy and various other matters referred to in the Articles of Association require the approval of the General Meeting.

External auditor

The external auditor is appointed by the General Meeting, on the recommendation of the Supervisory Board, advised by the Executive Board and the Audit Committee. The same procedure applies to the performance of any non-audit activities by the external auditor. At least once every four years, the Executive Board and the Audit Committee evaluate the performance of the external auditor, paying particular attention to any other business relations the auditor maintains. The main conclusions of this evaluation are then submitted to the General Meeting as part of the procedure for the appointment or re-appointment of the external auditor. The external auditor attends at least that part of the Supervisory Board meeting in which the external auditor's report on the financial statements and the assurance on non-financial information is discussed and in which a decision is made as to whether to approve them. The external auditor attends the General Meeting.

Changes per 1 October 2016

In its meeting of March 29, 2016, the General Meeting approved a number of changes in the governance structure to be effective per October 1, 2016. These changes are approved as follow-up to the governance proposals made by the Dutch auditing professional body (NBA). The most significant changes can be summarised as follows:

- The Supervisory Board will consist only of independent, external members, with the possibility of appointing one external, non-independent member from our international network.
- Supervisory Board members will be appointed by the General Meeting following a binding nomination by the Supervisory Board. Only with a two-thirds majority, representing at least half the votes that can be cast, can such a nomination be overruled.
- The Public Interest Committee will cease to exist. Its tasks will be transferred to the entire Supervisory Board.
- Executive Board members will be appointed by the General Meeting following a binding nomination by the Supervisory Board. Only with a two-thirds majority, representing at least half the members, can such a nomination be overruled.
- The following Executive Board decisions will require Supervisory Board approval:
 - Association and termination of Audit partners
 - Remuneration policy of Audit partners and employees
 - Quality policy and assurance
 - Appointment and appraisal of the Compliance Officer Audit
- Supervision on quality, independence and other public interest matters will be explicitly included in the objectives of the Supervisory Board.
- The requirement that Executive Board members are also partners of Deloitte will be removed.
- The Executive Board, with the approval of the Supervisory Board, will appoint a Partner Committee that consists of a maximum of five partners. The Partner Committee is charged with giving support and advice to the Supervisory Board.

International association

Deloitte Holding B.V. is the Netherlands' member firm of Deloitte Touche Tohmatsu Limited (DTTL), a UK private company limited by guarantee. For a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms, please refer to www.deloitte.com/about. The member firms of DTTL are all separate and independent legal entities, and through their affiliates provide services in a certain geographic areas subject to applicable local laws and regulations.

Risk management

Risk management is key to sustaining our current and future performance. Maintaining the highest standards for quality and integrity are essential to our brand and reputation and to make a lasting impact that matters for our stakeholders. In our ever-changing market landscape we actively pursue new business opportunities, invest in innovation and manage risk and our reputation. The Supervisory Board, the Executive Board, and the Executive Committee proactively oversee these opportunities and related uncertainties, and seek to anticipate them through a structured risk management approach that is aligned with our Strategy 2020.

Context

The environment that we and our clients operate in is ever-changing. Change is not linear but exponential and disruptive. In our aspiration to make an impact that truly matters and deliver the right solutions and excellent quality to our clients, it is vital to stay abreast of emerging risks. Trends such as cyber and data, increasing regulation and the adoption of new technologies and delivery models, continue to offer business opportunities while also affecting our risk profile.

Continued economic recovery and our strategic choices and investments have led to significant growth in many parts of our business, primarily in the advisory practice. This brings risk in relation to being able to attract and retain talent by being a leading professional services firm to work for, and continue to deliver the highest quality to all our clients. Mitigation strategies defined in relation to these risks, including our Talent Strategy and Quality Plans, continue to be top priorities in rolling out the Strategy 2020 and managing our priority risks.

Incidents occur that are inherent to any business. We have faced increased stakeholder and regulatory scrutiny, incurred fines and have had to address ethical incidents and information security breaches. Although the magnitude of this impact has been limited to below materiality levels, these events emphasise the vital

importance of a comprehensive and robust risk management system. This requires that the root causes of such incidents be analysed, and any lessons learned are translated into measures that help prevent similar incidents occurring in the future. In this context, the strengthening of our governance and culture of quality and integrity has been a top priority for Deloitte in the year.

Risk governance: roles & responsibilities

Risk governance is embedded in our overall governance structure. The primary responsibility for identifying and managing risks resides with line management, the Executive Committee and ultimately the Executive Board with oversight from our Supervisory Board.

In October 2015 the members of our new Executive Board were elected. In the Executive Board, a new role, the Chief Quality Officer (CQO), was introduced. The CQO, who is responsible for overseeing quality and risk management, also introduced a Risk & Quality Committee, both on executive level as well as Supervisory Board level (starting in October 2016). These committees meet periodically to maintain oversight of all quality and risk initiatives, and report, through the CQO to the Board. The Risk & Reputation Leader (RRL), who reports to the CQO, has day-to-day responsibility for overseeing the Enterprise Risk Framework and corresponding risk and control system.



Rewarded Risk - provides a premium if managed well. It relates to risks in areas such as innovation, M&A, new product development, -markets and -business models.

Unrewarded Risk - provides limited premium if managed well and penalties if not. It relates to risk areas such as financial misstatement, compliance with laws and regulation.

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 in-control statement. To substantiate the evaluation, the Board obtains input from both line management, the RRL as well as the internal auditor, who provides assurance on the key elements of the risk and control system. The Executive Board also gives consideration to the findings and reporting of the external auditor on the functioning of internal controls as part of their annual audit engagement.

Risk framework

Through our Enterprise Risk Framework we address the full spectrum of our business, from strategy to execution. We actively challenge ourselves whether we are doing the right things and that we do those things with excellence. The Risk Framework helps us to ensure we have the right information available, comply with applicable laws and regulations and meet our own high quality standards. We aim to prevent risks from materializing where possible, and try to anticipate and respond appropriately when they do occur. To support this we strive for a culture where people intrinsically embrace our quality and integrity ambition.

We strongly believe that risk management is an enabler for both value preservation and creation and we broadly distinguish between two categories of risk:

- Unrewarded risks that provide limited premium but are critical to our brand and reputation, e.g. in compliance to rules and regulations.
- Rewarded risks that provide a premium if managed well, e.g. through innovation of our services.

Risk appetite

To support us in maintaining the right balance between risk and reward, we have defined a risk appetite across four main risk categories: strategic, operational, finance & reporting, and quality & compliance. Our risk appetite subsequently guides our strategy to mitigate related risks and monitoring that risk exposure remains within tolerable boundaries.

Area	Risk appetite	Guiding measures
Strategy	We seek for a sound balance between risk and reward. Business opportunities inherently bring uncertainty, resulting in a focus on having a balanced portfolio of clients and services.	<ul style="list-style-type: none"> • Robust strategic planning process • Clear strategic KPIs • Business case process for investments • Portfolio management for clients and services
Operations	We aim for lean operations, while securing our quality standards, that go beyond the minimum that our stakeholders expect (i.e. being competitive through operational excellence).	<ul style="list-style-type: none"> • Fit for Growth strategy through streamlining operations and costs while maintaining quality • Management information systems and systematic reporting and analysis
Finance & reporting	<p>Our approach to financial accounting is balanced in nature, striving for minimal audit adjustments. Should known audit adjustments be required by the auditor, these will be recorded.</p> <p>Our approach to reporting is to seek transparency and reliability in our reporting for our stakeholders on Deloitte's strategy, as well as corresponding risks and rewards and on financial and non-financial performance.</p>	<ul style="list-style-type: none"> • Policy framework including policies on internal and external reporting and communication • A robust internal control environment and ('AOIC') monitoring system, including a proactive approach to identify breaches as well as improvement areas • Systematic internal audits against a normative framework
Quality & compliance	Our goal is to achieve the highest quality standards feasible, comply with legal and regulatory standards, and inspire our people to intrinsically embrace our quality and integrity ambitions.	<ul style="list-style-type: none"> • Risk & Reputation Leadership function monitoring policies and metrics, applying disciplinary action if needed. Also, we reward quality excellence • Organisation-wide quality programme with clear KPIs • Learning from non-compliance indications and incidents, through root-cause analysis

Risk universe

Our risk profile is formally assessed each year by the Executive Board. In a facilitated workshop, the Executive Board and Executive Committee members assess our risk profile in context of our Strategy 2020 and our risk appetite, giving explicit consideration to the balance between risk and reward. Mitigation strategies are challenged and where needed additional actions are defined and/or adapted. The outcome of the assessment is shared with the Audit Committee and the Supervisory Board. The table below represents the main (not limitative) risk areas of our risk universe as input for the annual assessment.

Risk universe

Strategic	Operational	Finance & Reporting	Quality & Compliance
<ul style="list-style-type: none"> • Strategy execution & change • Competitor moves, market dynamics & internationalisation • Client & products portfolio quality • Talent – to become the number one career destination • Innovation (incl. new business models) • Reputation - misalignment with public interest 	<ul style="list-style-type: none"> • Talent: attraction & retention, leadership development, succession planning, diversity • Data protection & client confidentiality • Business continuity • Contracting terms & conditions 	<ul style="list-style-type: none"> • Financial and non-financial KPIs • Economic developments, competitor moves, and growth in defined offerings and innovation. • Valuation of WIP, working capital • Bank financing & meeting our covenants 	<ul style="list-style-type: none"> • Audit Quality & Regulatory changes • Override of systems & controls • Independence and client risk – reward profile • Integrity & living our values

Priority risks

Resulting from the annual assessment the Executive Board and members of the Executive Committee agreed on priority risks and opportunities related to our strategy. Risks that both have a material impact and for which there is room for improvement in the current risk mitigation strategy. Each of these risks have been extensively assessed. Risk owners were assigned and relevant mitigating actions identified.

• Living our values

Potential dilution of our culture of integrity and risk awareness and even individual misbehaviour can have severe consequences for our clients, our people and our brand. Beyond increased scrutiny of systems, processes and procedures, it is of utmost importance to consistently live as well as advocate our shared values in our communication from the top and throughout the organisation.

• Quality / Regulatory / Reputational cluster

Quality is our license to operate. Evolving standards set by regulators and high expectations of both clients and society demands global consistent professional service delivery of the highest standards. The Chief Quality Officer in the Board reflects our key focus on quality, and oversees our organisation wide quality and risk programmes.

• Talent & leadership development

In order to achieve our ambition to become the premier career destination we need to attract, hire and retain sufficient talent with the appropriate integrity, skills, experience and potential and develop leaders through training and mentoring. Our Talent strategy as a key pillar of our Strategy 2020 addresses the risks and opportunities we have identified.

• Security & confidentiality

Adequate security of pertinent information is crucial for our stakeholders' confidence and compliance with confidentiality and privacy requirements. To prevent data leakage of and unauthorised access (e.g. cybercrime, loss of laptop, data leakage, privacy breach) we run various programmes to raise awareness and assess and monitor our security capabilities, both in technical terms and in behaviour.

• Innovation & product portfolio

We need to continuously develop our portfolio of service/market offerings and/or business models that include the development of appropriate data and technology to support these new offerings that are aligned with our strategy. Both within our separate Innovation unit as well as within the Functions we have focused innovation initiatives that are being supported and monitored for progress.

• Internationalisation

The further integration of Member Firms and alignment of processes, people and systems is a high priority of both the Dutch and global Executive.

Executive Board Statement

We refer to the Report from the Executive Board section for the Board's In Control statement.

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Annex 1: Financial statements

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Consolidated financial statements

Consolidated balance sheet as of May 31, 2016

(before result appropriation)

Assets (in € thousands)	Note	May 31, 2016	May 31, 2015
			Pro forma
Fixed assets			
Intangible fixed assets	[1]	14,104	15,630
Tangible fixed assets	[2]	65,184	68,355
Financial fixed assets	[3]	25,395	4,941
		104,683	88,926
Current assets			
Receivables, prepayments and accrued income	[4]	206,452	198,223
Cash and cash equivalents		66,602	18,971
		273,054	217,194
		377,737	306,120
			Pro forma
Equity and liabilities (in € thousands)	Note	May 31, 2016	May 31, 2015
Group equity *)	[5]	(35,149)	6,650
Provisions	[6]	8,115	6,377
Long-term liabilities:	[7]		
Subordinated loans Stichting Financiering Deloitte *)		117,800	114,475
Bank loans		66,800	-
Deferred income		35,912	40,266
		220,512	154,741
Current liabilities, accruals and deferred income	[8]	184,259	138,352
		377,737	306,120

[] The figures between brackets refer to the corresponding notes on the specific items of the consolidated balance sheet.

*) The group equity and the subordinated loans represent the group's capital base €82,651 (May 31, 2015 €121,125)

Consolidated profit and loss account for the period June 1, 2015 to May 31, 2016

in € thousands	Note	2015/2016	Pro forma 2014/2015
Net turnover	[9]	785,325	656,804
Own production capitalised		336	255
Other operating income		2,584	478
Total operating income		788,245	657,537
Costs of subcontracted work and other external costs		131,199	78,335
Salaries and social security charges	[10]	343,321	302,366
Amortisation of intangible and depreciation of tangible fixed assets	[11]	18,219	16,224
Impairments of in-/tangible fixed assets	[1] [2]	2,317	-
Other operating expenses	[12]	170,892	158,759
Total operating expenses		665,948	555,684
Operating result		122,297	101,853
Share in result of non-consolidated associated companies		(16)	28
Financial income and expenses	[13]	(6,964)	(6,331)
Result before taxation		115,317	95,550
Corporate income tax	[14]	(5,699)	(344)
Management fee members of Coöperatief Deloitte U.A. (former Shareholders' Associate Fee)	[15]	(97,764)	(95,206)
Net result after taxation		11,854	-

[] The figures between brackets refer to the corresponding notes to the specific items of the consolidated profit and loss account

As there are no items of other comprehensive income to be recognised directly in Equity, Total Comprehensive Income is equal to the Net result after taxation.

Consolidated cash flow statement for the period June 1, 2015 to May 31, 2016

(Prepared using the direct method)

in € thousands	Note	2015/2016	Pro forma 2014/2015
Cash flow from business activities:			
Receipts from customers		777,563	638,934
Payments to suppliers and personnel		(595,246)	(513,894)
Cash flow from business activities		182,317	125,040
Interest received		810	82
Interest paid		(5,874)	(7,065)
Dividend received	[3]	41	35
Corporate income tax received		-	595
Corporate income tax paid		(10,000)	-
		(15,023)	(6,353)
Cash flow from operating activities		167,294	118,687
Investments in intangible fixed assets		(2,065)	(2,838)
Investments in tangible fixed assets	[16]	(7,788)	(18,418)
Disposal of tangible fixed assets		9	301
Disposal of activities		546	-
Investments of Group Activities	[1]	(2,343)	(500)
Investments in other financial fixed assets		(292)	(392)
Cash flow from investment activities		(11,933)	(21,847)
Stichting Financiering Deloitte:			
- Management fee (former Shareholders' Associate Fee)		(97,764)	(95,206)
- Increase in subordinated loans		3,800	4,065
- Changes in current account		(15,112)	2,945
Net cash outflow to members		(109,076)	(88,196)
Changes in members' capital		(250)	-
Cash flow used for financing activities		(109,326)	(88,196)
Net cash flow		46,035	8,644
Cash received from acquired company Stichting InterNos	[16]	1,596	-
Movements in cash		47,631	8,644
Cash at start of financial year		18,971	10,327
Movements in cash		47,631	8,644
Cash at end of financial year *		66,602	18,971

* Cash at end of financial year relates to cash and cash equivalents.

Notes to the consolidated financial statements

General

Activities

Coöperatief Deloitte U.A. is a cooperative which has its registered office and its principal place of business in Rotterdam, Wilhelminakade 1, and is registered with the Chamber of Commerce with number 63086174. Coöperatief Deloitte U.A. is the ultimate parent of Deloitte Holding B.V. and its subsidiaries. The activities of Coöperatief Deloitte U.A. and the companies in its group consist mainly of Audit, Tax & Legal, Financial Advisory Services and Consulting, as well as other forms of professional financial 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 financial services as referred to in the previous sentence.

Formation of Coöperatief Deloitte U.A.

Coöperatief Deloitte U.A. was founded on April 10, 2015. In its first statutory financial reporting period ended May 31, 2015 there have been no activities.

On June 1, 2015 the shareholders of Deloitte Holding B.V. exchanged their shares in Deloitte Holding B.V. for membership rights in Coöperatief Deloitte U.A. at nominal value, being €25 per member, in total €6,150.

Since this merely concerns a change in the legal structure on behalf of the ultimate owners of Deloitte Holding B.V. and Coöperatief Deloitte U.A. respectively, in the consolidated financial statements, the transaction was accounted for using the pooling of interests method.

The impact thereof is that Deloitte Holding B.V. activities for the year ended May 31, 2015 are fully reflected and presented in the current year and comparative period of Coöperatief Deloitte U.A., with the prior year presented on a pro forma basis.

In the company financial statements the transaction was accounted for using the carry over accounting method at June 1, 2015.

International relationships

Deloitte (Deloitte Holding B.V.) 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.

Shareholders' structure

Up to May 31, 2015 the shares in Deloitte Holding B.V. were held by shareholding companies owned by partners who have signed a so-called "Associate Agreement" with Deloitte Holding B.V. These shareholding companies are referred to as "shareholders" or partners.

In addition, Stichting Financiering Deloitte held non-voting shares in Deloitte Holding B.V. acquired from former shareholders on a temporary basis.

Under the Associate Agreement each shareholding company 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.

On June 1, 2015 the shareholders of Deloitte Holding B.V. exchanged their shares in Deloitte Holding B.V. for membership rights in Coöperatief Deloitte U.A. at nominal value. Also on June 1, 2015 the remaining non-voting shares of Deloitte Holding B.V. held by Stichting Financiering Deloitte were cancelled.

Under the previous Associate Agreement, until May 31, 2015 an Associate Fee was payable equal to the consolidated net amount of operational and financial income and expenses of Deloitte before deduction of the Associate Fee itself. This Associate Fee was recognised as an expense therefore resulting in a net profit amounting to nil.

Based on the revised Associate Agreement as of June 1, 2015 a management fee, which approximates 80% 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 (as further explained in the following paragraph). The net result for the year after management fee and corporate income tax is to be paid by Coöperatief Deloitte U.A. to the members as distribution of profits.

Financing structure and Stichting Financiering Deloitte

In addition to the members' capital, members of Coöperatief Deloitte U.A. (and the previous shareholders of Deloitte Holding B.V.) finance Deloitte with subordinated loans. These loans are provided through Stichting Financiering Deloitte.

Payments of management fees (formerly associate fees) by virtue of the Associate Agreement and other payments (with exception of distribution of profits) to members also take place through Stichting Financiering Deloitte.

Up to May 30, 2016, Stichting Financiering Deloitte has re-issued the brought-in loans to Deloitte Holding B.V.; starting from May 31,

2016 these loans are re-issued to Coöperatief Deloitte U.A. These loans are subordinated to all creditors and lender banks.

As part of the restructuring, Coöperatief Deloitte U.A. as shareholder of Deloitte Holding B.V. contributed €70 million of these subordinated loans into Deloitte Holding B.V. via an additional paid in capital contribution, the rest of the partner subordinated loans received from Stichting Financiering Deloitte are issued to Deloitte Holding B.V. as subordinated loans.

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 have the right at all times to elect and dismiss its board members. Consequently, Stichting Financiering Deloitte is not controlled by Coöperatief Deloitte U.A. group and therefore is not included in these consolidated financial statements. For further information on Stichting Financiering Deloitte, reference is made to note 7.

The liabilities on the balance sheet of Stichting Financiering Deloitte contain long-term and short-term subordinated loans from members which for the same amounts and under the same conditions are provided to Deloitte. Other current liabilities are short-term deposits and interests to be paid which are equal to the current liabilities owed to Stichting Financiering Deloitte by Deloitte. In the situation that Stichting Financiering Deloitte would be controlled and consolidated there would be an insignificant effect on the balance sheet and no effect on the financial results of Coöperatief Deloitte U.A.

Acquiring control over Stichting InterNos

Stichting InterNos is responsible for the settlement of former goodwill rights. This foundation is partly financed by Stichting Financiering Deloitte, which has been authorised by the members to withhold a proportion of the management fee (former Associate Fee) due to these members to finance Stichting InterNos. Until May 23, 2016 Stichting InterNos was not part of the Coöperatief Deloitte U.A. group of companies and therefore was not included in the consolidated financial statements.

After a review of the Coöperatief Deloitte U.A. group structure and the Stichting InterNos structure during the 2016 financial year, it was recommended to further optimise the current structure. Specifically, to simplify the structure, also for possible future collaboration with other Deloitte member firms, on March 29, 2016, the members voted on a restructuring of the group and Stichting InterNos. This combined with the Stichting InterNos Board agreeing to the restructuring. On May 23, 2016, with the conditions for restructuring being met, Deloitte Holding B.V. was appointed as sole board member of Stichting InterNos and gained control thereof.

This change in Board composition results in Deloitte Holding B.V. controlling Stichting InterNos with Stichting InterNos being consolidated into Deloitte Holding B.V. and Coöperatief Deloitte U.A. respectively. Subsequent to the change in control of Stichting InterNos, the Board voted to legally merge Stichting InterNos into Deloitte Holding B.V. and this is in process of being effected in the 2017 financial year, subject to finalizing related legal formalities.

On July 1, 2016 the members of Coöperatief Deloitte U.A. approved the legal merger between Stichting InterNos and Deloitte Holding B.V. subject to approval of the court.

In combination with the above, the new group structure also provides a transparent basis for potential combination of the Deloitte Netherlands and other Deloitte member firms in the future should this become an option.

Accounting consequences of the restructuring

As explained in more detail in the previous section, Stichting InterNos is a vehicle with a sole purpose for the ultimate owners of Deloitte Holding B.V. and Coöperatief Deloitte U.A. in settling certain rights of former partners/shareholders.

On May 24, 2016, the members of Coöperatief Deloitte U.A. approved the restructuring of Stichting InterNos. On May 23, 2016, Deloitte Holding B.V. was appointed as the sole board member of Stichting InterNos and therefore obtained control over Stichting InterNos. Since the collectivity of members of Coöperatief Deloitte U.A. and Stichting InterNos are identical the restructuring merely concerns an internal change of the organisational structure that affects the legal structure under common control, the legal merger is recognised under the carry over accounting method, applying book values in accordance with Coöperatief Deloitte U.A.'s accounting policies.

Effect consolidation Stichting InterNos on Coöperatief Deloitte U.A. balances:	(in € thousands)
Long-term Bank loan	66,800
Repayment on long-term bank loan in following year	6,000
Total bank loan	72,800
Cash	(1,596)
Write-off to equity	71,204
Deferred tax	(17,801)
Net effect on equity	53,403

On May 31, 2016, Stichting InterNos balances included prepayments on settlements with former partners/shareholders of €72.8 million and total bank liabilities of €72.8 million. Coöperatief Deloitte U.A. as the parent of Deloitte Holding B.V. assumed and consolidated the assets and liabilities of Stichting InterNos with approximately €53 million (net of deferred tax) being written-off to equity. As a consequence, this restructuring 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 yearly €6.9 million (€5.3 million after tax) of future annual Coöperatief Deloitte U.A.'s earnings until such time that the equity reduction caused by the restructuring is recovered.

As part of the restructuring, Coöperatief Deloitte U.A. as shareholder of Deloitte Holding B.V. contributed €70 million of the subordinated loans into Deloitte Holding B.V. via an additional paid in capital contribution, the rest of the partner subordinated loans received from Stichting Financiering Deloitte are issued to Deloitte Holding B.V. as subordinated loans.

Given the change in control in May 2016, the profit and loss account of Stichting InterNos is excluded for the period prior to the change of control. For the financial year 2016/2017, the impact on the profit and loss account resulting from the restructuring of Stichting InterNos is a decrease in management fee members of approximately €11 million partly offset by an increase in financial expenses of approximately €4 million. Furthermore the members of Coöperatief Deloitte U.A. agreed to retain the difference of approximately €5.3 million after deduction of €1.8 million corporate income tax as group equity, therefore the restructuring does not have a cash flow impact for the members.

Deloitte Holding B.V. continues to be in compliance with all its bank covenants and for the Base Equity covenant, a waiver for the 12 month period following the financial year 2015/2016 balance sheet date was received from the banks.

Group relationships

As a result of obtaining all the shares of Deloitte Holding B.V., as of June 1, 2015 Coöperatief Deloitte U.A. is the ultimate parent of Deloitte Holding B.V. and its subsidiaries. After this transaction the consolidated financial statements of Coöperatief Deloitte U.A. are a continuation of the existing group of Deloitte Holding B.V. (including comparatives). As a result of this, Deloitte publishes her consolidated financial statements at the level of Coöperatief Deloitte U.A. from now on. In these consolidated financial statements Deloitte refers to Coöperatief Deloitte U.A. and its subsidiaries. For a list of subsidiaries required by articles 2:379 and 2:414 of the Netherlands Civil Code reference is made to the notes to the company balance sheet.

Basis of consolidation

The financial data of entities that form part of the group are included in the consolidated financial statements of Coöperatief Deloitte U.A. The consolidated financial statements have been prepared using the accounting principles for valuation and for determining results of Coöperatief Deloitte U.A. The company financial statements of Coöperatief Deloitte U.A. are included in the financial statements. The financial data of the group companies are included in full in the consolidated financial statements, eliminating intra-group relationships and transactions. Newly acquired group companies are consolidated from the date of their acquisition. The assets, provisions and liabilities of these acquired group companies

are valued at the fair value on that date. The goodwill paid is capitalised and amortised over the useful economic life. Results from participating interests that have been disposed are included in the consolidation until the date that control ceases.

General accounting principles used for the preparation of the consolidated financial statements

The consolidated financial statements have been prepared in accordance with the requirements of Title 9, Book 2 of the Netherlands Civil Code. Assets and liabilities are valued and results are determined on the basis of historical cost. Unless a different accounting principle is specified for the specific item on the balance sheet, assets and liabilities are carried at their face value. Income and expenses are allocated to the year to which they relate. Profits are only recorded if they have been realised on the balance sheet date. Losses originating before the end of the year under review are taken into consideration if they were known before the financial statements were prepared. All amounts in the financial statements are shown in thousands of euros, unless stated otherwise.

Going concern

As explained in the previous paragraphs, the acquisition 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 yearly €6.9 million (€5.3 million after tax) of future annual Deloitte Holding B.V.'s earnings until such time that the equity reduction caused by the restructuring is recovered. Including subordinated loans, the positive capital base of the group amounts to €82,651.

The restructuring is a non cash event and does not impact the liquidity of the group. Deloitte Holding B.V. continues to have positive equity as a basis to distribute its earnings annually to Coöperatief Deloitte U.A. Furthermore in financial year 2015/2016 and financial year 2014/2015 Coöperatief Deloitte U.A. generated €167 million and €119 million respectively in operating cash flow with approximately between €12 million and €22 million in annual investments. For financial year 2016/2017 and the years to follow the same level of net cash inflow is expected.

The cash generating ability of the group based on past performance and future planned performance continues to show growth in cash generation and is expected to form a solid basis for distributing funds annually from Deloitte Holding B.V. to Coöperatief Deloitte U.A. and from Coöperatief Deloitte U.A. to its members.

The Executive Board is confident about the future outlook for the Deloitte Netherlands Group. The financial statements are prepared applying the going concern assumption.

Comparative figures

As these are the first consolidated financial statements of Coöperatief Deloitte U.A. and Coöperatief Deloitte U.A. is a continuation of the existing group of Deloitte Holding B.V. the financial year 2014/2015 figures of the consolidated financial statements of Deloitte Holding B.V. are stated as pro forma comparative figures.

No adjustments to comparative figures have been made with regard to Stichting InterNos because Deloitte Holding B.V. only obtained control as of May 23, 2016.

Changes in accounting policies

As a result of the new EU Directive on the Annual Financial Statements (Directive 2013/34/EU), several sections of Title 9 Book 2 of the Netherlands Civil Code have been amended. Some Decrees have been amended too, including the Decree on Current Value and the Decree on Financial Statements Formats. Although the amendments apply to financial years beginning on or after 1 January 2016, early application with effect from the 2016 financial year is allowed. Deloitte has decided to early apply. The early application does not have a financial impact on the financial year 2015/2016 and comparative figures, but does have an impact on the disclosures.

Financial instruments

Financial instruments are both primary financial instruments (such as receivables and debts), and derivative financial instruments (derivatives). The notes to the specific items of the balance sheet disclose the fair value of the related instrument if this deviates from the carrying amount. If the financial instrument is not recorded in the balance sheet the information on the fair value is disclosed in the notes to the 'Contingent assets and liabilities'.

Primary financial instruments

For the principles of primary financial instruments, reference is made to the recognition per balance sheet item of the 'Principles for the valuation of assets and liabilities'.

Derivative instruments (derivatives)

Financial derivatives whose underlying value is not listed are recognised at cost. If the fair value is lower than the cost price or negative as at balance sheet date, the derivative is written down to the lower fair value and recognised in the profit and loss account, unless cost price hedge accounting has been applied. When determining the lower fair value the effect of current interest is not taken into account.

Hedge accounting

The group applies hedge accounting based on individual documentation per individual hedge relationship. The group documents how the hedge relations suit the risk management goals, the hedge strategy and the expectation in respect of the hedge's effectiveness.

The effective part of derivatives that have been assigned for cost price hedge accounting is valued at cost. By comparing the critical comparative features of the hedge instrument with the critical features of the hedged position on balance sheet date, it is determined whether there is an indication for ineffectiveness. In the event the critical features of the hedge instrument and the critical features of the hedged position are not equal, this is an indication that the cost price hedge contains an ineffective part. In that case a quantitative ineffectiveness measurement is carried out by comparing the cumulative change of the fair value of the hedge instrument with the cumulative change of the fair value of the hedged position since the designation of the hedge relationship. Ineffectiveness is recognized in the profit and loss account if and insofar as the quantitative ineffectiveness measurement shows a (cumulative) loss.

Foreign currencies

The functional currency of the company and its group companies is the euro. Receivables, liabilities and obligations in foreign currencies are translated at the exchange rate prevailing as of the balance sheet date. Transactions in foreign currencies during the period under review are recognised in the financial statements at the rates of exchange at transaction date. Exchange-rate gains and losses arising from such translations are taken to the profit and loss account.

Principles for the valuation of assets and liabilities

Intangible fixed assets

Goodwill paid for companies acquired from third parties is included under intangible fixed assets. Goodwill is presented at cost less accumulated amortisation and, if applicable, less impairments in value. Amortisation is charged at a fixed percentage of cost, as specified in more detail in the notes to the balance sheet. The useful life and the amortisation method are reassessed at the end of each financial year.

Capitalised development costs included under intangible fixed assets are amortised over their estimated useful life of approximately 5 years on a straight line basis, and as applicable, reduced by impairment losses. Development costs comprises direct labour cost and the attributable share of other direct operating costs.

Tangible fixed assets

Tangible fixed assets are valued at acquisition cost or production cost, less accumulated depreciation and, where applicable, impairment losses. 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 asset starts to depreciate from the date that it is taken into use. Tangible 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. Grants for the purchase of

(tangible) fixed assets are deducted from the investment and amortised through depreciation.

Financial fixed assets

The financial fixed assets comprise participating interests and amounts owed by participating interests and loans. The participating interests over which significant influence is being exercised on business and financial policy are valued at net asset value. The other participating interests are valued at cost, taking into account where necessary any impairment losses. Upon initial recognition amounts owed by participating interests and loans are valued at fair value and then valued at amortised cost, less provisions deemed necessary for the risk of non-collectability. Deferred tax assets are presented under the financial fixed assets to the extent it is probable that the temporary tax differences can be realised in due course. These deferred tax assets are valued at nominal value and have a predominantly long-term character.

Receivables, prepayments and accrued income

Receivables are initially recognised at fair value and subsequently valued at amortised cost, less provisions deemed necessary for the risk of non-collectability. Unbilled amounts for client work is valued at the estimated realisable value of services already performed but not yet invoiced, less advance payments invoiced.

Cash and cash equivalents

Cash represents cash at bank and is valued at face value and is at the free disposal of the group, unless stated otherwise.

Pension schemes

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. A provision is formed for liabilities other than the contributions payable to the pension plan administrator if, as at the balance sheet date, the group has a legal or constructive obligation towards the pension plan administrator, if it is probable that settlement of these liabilities will lead to an outflow of resources and if a reliable estimate can be made of the amount of the liabilities. The provision for additional liabilities to the pension plan administrator is based on a best estimate of the amounts required to settle these liabilities at the balance sheet date, applying established actuarial methods and assumptions. The provision is carried at present value with the discount rate before taxation reflecting the current market rate. For back service liabilities for a closed group former employees faced with total or partial disability status ("Arbeidsongeschiktheid") a provision is maintained. The main actuarial assumptions are explained under 'Provisions'.

Provisions

The provisions relate to professional liability, pensions, reorganisations, unoccupied premises contracts and dismantling costs and occupational disability. The provision for professional

liability relates to the liabilities from claims. This provision is calculated per claim based on the estimated future expenditure, including the cost of obtaining legal advice, subject to a maximum amount per claim equal to the uninsured own risk. The provision for unoccupied premises relates to offices not used or that will not be used in the short term and is calculated based on the term of vacancies and possible rent-free periods. This provision is calculated at net present value using a discount rate of 0.3% (prior year 0.3%). The provision for the dismantling costs is based on management's best estimate. The provision for reorganisation is based on the cost of staff redundancies, in accordance with the reorganisation plan. The actuarial calculations for pension provisions include an estimated future annual increase of the pension entitlements by 1.0% (prior year 1.0%). A discount rate is set at 0.96% (prior year 1.4%). 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 balance sheet date is expected stay totally or partial disabled and former personnel who left disabled or got disabled within 28 days after leaving the company. A provision has been formed for the amount expected to be due in the future, the provisions include an estimated future annual increase of the disability entitlements by 2.0% (prior year 2.0%). A discount rate is set at 1.4% (prior year 2.5%). Amounts paid concerning disabled personnel are deducted from this provision.

Long-term liabilities

Long-term liabilities have a term of more than one year. Liabilities falling due within one year are considered to be current liabilities. Loans are initially valued at fair value and subsequently at amortised cost.

Principles for determining the net results

Concept of profit and taxation

Under the General Terms and Conditions of Deloitte, the Rules on Financial Relationships and the Associate Agreements, Deloitte Holding B.V. is obliged to pay out management fees (former Associate Fees) to the members of Coöperatief Deloitte U.A. Until last year the fees paid to members (shareholders) for services rendered were equal to the net amount of operational and financial income and expenses of Deloitte Holding B.V., before deduction of Associate Fees. The management fees for services rendered are generally recognised as operating costs in the profit and loss account. The management fees are presented separately as the last item in the profit and loss account. Presenting the management fees as last item in the profit and loss account provides a better insight of the results the members are entitled to. The management fees to be paid to members through Stichting Financiering Deloitte are treated as operating expenses for tax purposes. As a consequence the amount of corporate income tax paid is based on results after deducting management fees, reference is made to note 15. The management fees members receive are subject to corporate income tax, whereas the distribution of profits they receive are deductible for tax.

Net turnover

Net turnover is the income from services rendered to third parties during the year and includes the cost of work that Deloitte subcontracts to others.

Operating expenses

Operating expenses are calculated on a historical basis and allocated to the year to which they relate.

Share in result of non-consolidated associated companies

For participating interests over which a significant influence is being exercised on business and financial policy, the result amounts to the share in the result of these participating interests that is attributable to the company. This result is determined on the basis of the accounting principles of Coöperatief Deloitte U.A. For participating interests over which no significant influence on business and financial policy is being exercised, any dividend received is treated as financial income.

Taxation

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

Principles for preparation of the consolidated cash flow statement

The cash flow statement is prepared using the direct method. Cash consists of the balance of cash and cash equivalents. Tax on profits, interest received and paid, and dividends received are included under cash flow from operating activities. The acquisition cost for acquired group companies is included under cash flow from investment activities. Existing cash and cash equivalents of these group companies are deducted from the acquisition cost.

Notes to the specific items of the consolidated balance sheet

1) Intangible fixed assets

A summary of the movements of intangible fixed assets is presented below:

in € thousands	Goodwill *)	Development costs **)	Total
Acquisition cost as of June 1, 2015	38,934	6,632	45,566
Accumulated amortisation and impairments as of June 1, 2015	(28,377)	(1,559)	(29,936)
Book value as of June 1, 2015	10,557	5,073	15,630
Additions ****)	3,210	2,065	5,275
Amortisation	(4,115)	(664)	(4,779)
Impairment ***)	(1,162)	(860)	(2,022)
Book value as of May 31, 2016	8,490	5,614	14,104
Accumulated amortisation and impairments as of May 31, 2016	(33,315)	(3,083)	(36,398)
Acquisition cost as of May 31, 2016	41,805	8,697	50,502
Amortisation percentages	6 ^{2/3} %-20%	20%	

*) Goodwill is amortised over the period where related economic benefits are expected to be realised, This results in amortisation periods for goodwill of 5 (20%), 7 (14 2/7%) and 15 (6 2/3%) years,

***) Development cost relates to product development,

****) In financial year 2015/2016, it was determined based on the outcome of the annual impairment review that certain investments in goodwill and development costs did not provide sufficient future cash flow and as a result an impairment charge of €1,162 for goodwill and €860 for development costs has been recorded.

*****) Development costs: additions development costs relates to project Brisq.
 Goodwill: acquisitions are recognized in the financial statements according to the purchase accounting method, whereby all assets and liabilities are valued at the fair value ruling at the acquisition date.
 On June 1, 2015 Deloitte acquired all activities, assets and liabilities of FCTB B.V. Furthermore, on September 1, 2015 Deloitte acquired all activities, assets and liabilities of Indicia Talent & Performance B.V.

The following Financial data relates to the two acquisitions in aggregate:	in € thousands
Total purchase price:	2,985
Fair value of nets assets/liabilities acquired:	225
Goodwill:	3,210
Total acquisition amount:	2,985
Deferred payment	(642)
Net cash outflow (ref Cash Flow Statement)	2,343

2) Tangible fixed assets

The movements in the tangible fixed assets are as follows:

in € thousands	Leasehold improvements, fixtures and fittings	Office equipment	Other fixed assets	Fixed assets under construction	Total
Acquisition cost as of June 1, 2015	67,539	23,754	43,365	156	134,814
Accumulated depreciation and impairments as of June 1, 2015	(27,986)	(11,297)	(27,176)	-	(66,459)
Book value as of June 1, 2015	39,553	12,457	16,189	156	68,355
Additions	1,193	567	2,866	5,959	10,585
Book value of assets disposed of	(71)	(25)	(19)	-	(115)
Depreciation	(4,853)	(1,829)	(6,758)	-	(13,440)
Impairment	(201)	-	-	-	(201)
Book value as of May 31, 2016	35,621	11,170	12,278	6,115	65,184
Accumulated depreciation and impairments as of May 31, 2016	(32,978)	(13,101)	(33,923)	-	(80,002)
Acquisition cost as of May 31, 2016	68,599	24,271	46,201	6,115	145,186
Depreciation percentages	6 ^{2/3} %-20%	6 ^{2/3} %-20%	12 ^{1/2} %-50%		

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.

Additions in fixed assets under construction primarily relates to the replacement of laptops in June 2016.

3) Financial fixed assets

A summary of the movements in the financial fixed assets is presented below:

in € thousands	Other participating interests **)	Deferred tax *)	Other receivables, prepayments and accrued income **)	Total
Book value as of June 1, 2015	2,331	-	2,610	4,941
Movements:				
Additions	181	19,125	4,128	23,434
Interest accrual	-	-	152	152
Impairment	(1,721)	-	(329)	(2,050)
Dividend received	(41)	-	-	(41)
Share in result of participating interests	(16)	-	-	(16)
Repayments	-	-	(1,001)	(1,001)
Exchange rate differences	-	-	(24)	(24)
Book value as of May 31, 2016	734	19,125	5,536	25,395

*) Additions in deferred tax mainly relates to temporary tax differences of €17,801 on assets of Stichting InterNos which have been written-off to equity and are deductible for corporate income tax. The temporary tax differences of €17,801 are expected to be settled annually until financial year 2025/2026.

**) The other participating interests are minority interests of 12% in Nautilus Indemnity Holdings Ltd, established in the Bermudas, 0.3% in Deloitte University EMEA CVBA, established in the Belgium and 12.4% in Deloitte CIS Limited via a 31% participating interest in IHC Interposed Holding Company 1 S.A.S., established in France, a 40% shareholder of Deloitte CIS Limited. All minority interests are valued at cost or lower realisable value.

Other receivables mainly relates to receivables from IHC Interposed Holding Company 1 S.A.S., a shareholder of Deloitte CIS Limited and accrued income relating to incentives granted in the connection with entering into sub-rental agreements for office buildings. The incentives are related to the sub-rental agreements and are therefore amortised over the term of the sub-rental agreement.

It was concluded that given related uncertainties on repayment, an impairment on the investment and on the loan of 50 % has been recorded for €2,050.

4) Receivables , prepayments and accrued income

in € thousands	May 31, 2016	May 31, 2015
Accounts receivable	144,508	134,015
Unbilled amounts for client work	49,589	49,564
Corporate income tax	3,301	322
Other receivables, prepayments and accrued income	9,054	14,322
	206,452	198,223

The provision for the risk of non-collectability of accounts receivable is €3,159 (May 31, 2015 €3,218)

There are no receivables and prepayments with an original term of more than one year.

5) Group equity

Statement of changes in equity of the legal entity as part of the group equity over 2015/2016

in € thousands	Capital accounts	Legal reserves	Other reserves	Result for the year	Total
Shareholders' equity Deloitte Holding B.V. as of May 31, 2015	6,650	5,073	(5,073)		6,650
Cancellation of shares	(500)				(500)
Initial contribution of members' capital and reserves **)	6,150	5,073	(5,073)		6,150
Consolidated net result after taxation				11,854	11,854
Total comprehensive income				11,854	
Movement in equity					
Restructuring of InterNos through transfer of prepayments to members *)			(71,204)		(71,204)
Deferred income tax *)			17,801		17,801
Net effect on equity of the restructuring of Stichting InterNos			(53,403)		
Movement in capital accounts due to changes in members' capital	250				250
Movement in capitalised costs		541	(541)		-
Total movement of equity	250	541	(53,944)	-	(53,153)
Members' equity as part of group equity as of May 31, 2016	6,400	5,614	(59,017)	11,854	(35,149)

*) see notes to the consolidated and company financial statements for reference

***) The members' capital classify as puttable instruments. In accordance with RJ 290.808 these rights are classified as equity.

For a detailed explanation on the group equity reference is made to the notes to the members' equity in the company financial statements.

For an explanation of the capital base (group equity and subordinated loans) see note 7.

6) Provisions

in € thousands	Professional liability	Unoccupied premises/ dismantling costs	Reorganisation	Pensions	Occupational disability	Total
Balance as of June 1, 2015	1,400	2,286	1,857	549	285	6,377
Additions	3,128	336	2,369	18	1,191	7,042
Charged	(2,302)	(583)	(1,653)	-	(11)	(4,549)
Released	(78)	(67)	(199)	(193)	(218)	(755)
Balance as of May 31, 2016	2,148	1,972	2,374	374	1,247	8,115

With the exception of the provisions for reorganisation the expected term of the provisions is mostly over one year.

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

7) Long-term liabilities

Subordinated loans

Stichting Financiering Deloitte

The subordinated loans can be specified as follows:

in € thousands	May 31, 2016		May 31, 2015	
	Total	Interest rate	Total	Interest rate
Subordinated loans Stichting Financiering Deloitte after deduction of repayments in the following year	117,800	4.00%	114,475	4.15%

Repayment commitments included under current liabilities can be specified as follows:

in € thousands	May 31, 2016	May 31, 2015
Subordinated loans Stichting Financiering Deloitte	3,325	2,850

Members who enter into an Associate Agreement with Deloitte are obliged to grant a subordinated loan to Stichting Financiering Deloitte. In turn this Foundation grants a subordinated loan for the same amount and under the same conditions to Deloitte. The subordination relates to all third party creditors and banks. The loans amount to €117,800 as per May 31, 2016 (May 31, 2015: €114,475) and are subordinated to all existing and future liabilities of Deloitte and, together with the group equity, make up the capital base of Deloitte.

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.

Bank loans

As a result of the restructuring of Stichting InterNos, Deloitte has bank loans provided by ING Bank and Rabobank, each participating for 50%. After repayments to date, the loans amount to €72,800 as of May 31, 2016. On a yearly basis €6,000 will be repaid until May 31, 2018 at which time the remaining €66,800 is due for redemption. The repayment of €6,000 due May 31, 2017 is included in the current liabilities. It's expected that remaining bank loans of €66,800 will be extended for another five years.

The interest on the loans is equal to 3 months Euribor-rate increased by a surcharge between 2.00% and 3.25%. An interest rate swap was entered into resulting in an effective interest rate on the loans of 3.03% (excluding surcharge). Market value of the interest rate swap as of May 31, 2016 is negative €12,642 (May 31, 2015 negative €11,080). The interest rate swap is based on the bank loans amount of €72,800 as of May 31, 2016 and will reduce with €6,000 annually until at May 31, 2026 the remaining €18,800 will mature. It's expected Deloitte will be able to renew its bank

loans for the remaining amount, after annual €6,000 repayments, every five years until at May 31, 2026 the remaining €18,800 will be redeemed. The interest rate swap is designated in an effective hedge relationship with the bank loans and is therefore not recognised on the balance sheet.

Deloitte also has a credit agreement with ING Bank and Rabobank, the maximum credit facility according to this agreement is a revolving loan facility of €101,200, including current account facilities. The credit facility is partly used to provide guarantees, the remaining €97 million is not used as of May 31, 2016.

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 ratios as well as certain security covenants, including a negative pledge covenant and granting of securities in the event of default under the credit agreement. As of May 31, 2016 Deloitte was in compliance with the covenants in the credit agreements with a waiver received from the banks relating to the solvency ratio until May 31, 2017. The securities agreed consist of the joint and several liability of Deloitte Accountants B.V., Deloitte Belastingadviseurs B.V., Deloitte Consultancy Holding B.V., Deloitte Consulting B.V., Deloitte Financial Advisory Services B.V., Deloitte Group Support Center B.V., Ctrl 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.

Deferred income

Deferred income relates to incentives received in the connection with entering into rental agreements for new office buildings and operational lease contract for cars and copying/printing machines. The incentives are related to the rental agreements and the operational lease contract and are therefore amortised over the term of the rental agreement and the operational lease contract.

8) Current liabilities, accruals and deferred income

Current liabilities, accruals and deferred income can be specified as follows:

in € thousands	May 31, 2016	May 31, 2015
Salaries and other personnel costs *)	59,450	29,614
Tax and social security contributions	40,482	33,388
Accounts payable	35,509	29,639
Management fees to be paid to members	14,498	-
Repayments on long-term loans in the following year ***)	9,325	2,850
Deferred income short-term	4,730	4,736
Stichting Financiering Deloitte **)	1,731	16,843
Liabilities for pensions	374	622
Other liabilities and accruals	18,160	20,660
	184,259	138,352

*) The profit sharing to be paid to personnel increased from €13 million to €41 million.

**) Due to the changes in organisation structure Stichting Financiering Deloitte is no longer responsible for the settlement of the former Associate fees, therefore the current account is considerably lower than last year.

***) Repayments on long-term loans in the following year contains €6 million bank loan repayment due May 31, 2017 and €3,325 short-term subordinated loans to be repaid to Stichting Financiering Deloitte.

Off-balance sheet commitments

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.

These future (minimum lease) payments amount to:

in € thousands	May 31, 2016	May 31, 2015
Within 1 year	64,000	77,000
Between 1 and 5 years	124,000	148,000
After 5 years	91,000	99,000
	279,000	324,000

Facility services

As of 1 December 2006 Deloitte outsourced facility services to a third party. A large number of staff was transferred to the new service provider. The contract was renewed for 5 years as of June 2012. Deloitte has undertaken to re-employ the former employees or to employ them with a succeeding facility supplier if the contract is not renewed after 5 years.

Membership

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

Guarantees

Stichting Financiering Deloitte

Members who enter into an Associate Agreement with Deloitte 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 Deloitte. The subordination relates to all third party creditors and banks. The loans amount to €117,800 as per May 31, 2016 (May 31, 2015: €114,475) and are subordinated to all existing and future liabilities of Deloitte and, together with the group equity, make up the capital base of 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. Deloitte 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 Deloitte, 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

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

Bank guarantees

Bank guarantees amounting to approximately €3,983 (May 31, 2015 €4,489) have been issued to third parties.

Other guarantees

Following past acquisitions guarantees have been agreed for the maximum amount of €10,779 (May 31, 2015: €10,779) on balance sheet date. Nationale Borg issued guarantees on behalf of the material subsidiaries of Deloitte to Tax-authorities covering the own-risk of the Return to Work (Partially Disabled) Regulation ("WGA"). As security for these guarantees the material subsidiaries of Deloitte issued a joint and several liability undertaking.

Claims

Claims have been submitted against the legal entities that belong to the Deloitte organization in the Netherlands for alleged poor performance of activities. A strong defense will be mounted against these claims. The Deloitte organization has professional indemnity insurance for claim coverage. If considered necessary, provisions will be formed to cover the difference between any potential claims and the related insurance payment.

Financial instruments

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.

Exchange rate risk

Exchange rate 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.

Interest rate risk

Interest rate risks relate mainly 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 8% for the compulsory subordinated loans.
- long-term loans to IHC Interposed Holding Company 1 S.A.S.
- long-term bank loans with ING Bank and Rabobank; with variable interest rate, these interest rate risks are hedged using an interest rate swap.

Liquidity Risk

Liquidity risk is the risk that Deloitte Coöperatief Deloitte U.A. will be unable to meet its financial liabilities as they fall due. Liquidity risks arise from the ongoing financial obligations of Deloitte, including settlement of financial liabilities such as trade and other payables, as well as bank loans and subordinated loans of members. Deloitte'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. The aim of Deloitte's treasury policy is to ensure that there are sufficient funds available to finance day-to-day activities. Deloitte has a credit agreement with ING Bank and Rabobank, since November 2013 the maximum credit facility is a revolving loan facility of €101,200, including current account facilities. The credit facility is partly used to provide guarantees, the remaining €97 million is not used as of May 31, 2016.

Credit risk

Inherent to the nature of Deloitte's activities is its exposure to credit risk. These risks mainly regard uncollectable debts on debtors, for which adequate provisions have been recognised. The risk of non-collectability is mainly restricted by the multitude and diversity of parties owing to the group.

Fair value

Unless stated otherwise, the estimated fair value of the financial instruments included in the balance sheet as of May 31, 2016 approximate their book value.

For disclosure of the market value of the interest rate swap see note 7 bank loans.

Notes to the specific items on the consolidated profit and loss account

9) Net turnover:

The net turnover breaks down over the functions as follows:

in € thousands	2015/2016	2014/2015
Audit	219,073	208,496
Tax & Legal	185,515	167,247
Consulting	193,762	148,995
Risk Advisory	113,492	79,169
Financial Advisory Services	70,516	49,405
Support/Other	2,967	3,492
	785,325	656,804

Net turnover is mainly realised in the Netherlands.

10) Salaries and social security charges:

in € thousands	2015/2016	2014/2015
Salaries *) **)	286,723	245,576
Social security charges	35,149	32,481
Pension costs	21,449	24,309
	343,321	302,366

*) Salaries contains €2,675 costs of reduction in personnel headcount (2014/2015 €1,967).

**) Salaries contains €1,475 (2014/2015 €0) fixed remuneration of the Executive Board

Workforce

The average number of partners and employees working in the group, in FTE's, and broken down by activity:

	2015/2016				2014/2015			
	Partners	Fee earners	Support Staff	Total	Partners	Fee earners	Support Staff	Total
Audit	80	1,452	23	1,555	84	1,413	20	1,517
Tax & Legal	68	708	18	794	67	661	20	748
Consulting	47	878	8	933	40	789	8	837
Risk Advisory	22	518	6	546	20	405	2	427
Financial Advisory Services	22	217	1	240	21	190	1	212
Support/Other	11	35	694	740	9	43	728	780
	250	3,808	750	4,808	241	3,501	779	4,521

Virtually all employees are based in the Netherlands.

11) Amortisation of intangible and depreciation of tangible fixed assets

in € thousands	2015/2016	2014/2015
Intangible fixed assets:		
Amortisation	4,779	3,887
Tangible fixed assets:		
Depreciation	13,440	12,337
	18,219	16,224

12) Other operating expenses

Other operating expenses can be specified as follows:

in € thousands	2015/2016	2014/2015
Accommodation costs *)	31,668	34,311
Staff cars	39,894	38,685
Employee benefits	25,576	22,232
International member firm fees	15,761	13,359
Office costs	10,532	10,031
Other costs **)	47,461	40,141
	170,892	158,759

*) Accommodation costs contain a release of provisions for dismantling costs of €67 (2014/2015 €687)

***) In April 2016, Deloitte paid the AFM a fine of €1,810 in connection with the results of their 2013/2014 inspection regarding 2012 audits (AFM report September 25, 2014). The financial year 2014/2015 financial statements of Deloitte Holding B.V. included a provision for a potential fine.

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

in € thousands	2015/2016	2014/2015
Audit of the financial statements	174	137
Other audits	107	86
	281	223

The auditors 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.

13) Financial income and expenses

in € thousands	2015/2016	2014/2015
Interest income and similar income	941	213
Interest paid and similar costs	(5,855)	(6,544)
Changes in value of receivables forming part of the financial fixed assets *)	(2,050)	-
	(6,964)	(6,331)

*) see note 3 for reference

14) Taxation on the result from ordinary activities

The corporate income tax due has been calculated as follows:

in € thousands	2015/2016		2014/2015
25% of the taxable amount		5,945	333
Adjustments prior years	500	-	
Movement deferred tax assets	(746)	11	
		(246)	11
Taxation according to the profit and loss account		5,699	344

The effective tax burden is 31% and can be broken down as follows:

	2015/2016		2014/2015	
	%	in € thousands	%	in € thousands
Result before taxation and management fee		115,317		95,550
Management fee members of Coöperatief Deloitte U.A. (former Shareholders' Associate Fee) *)		(97,764)		(95,206)
Result before taxation		17,553		344
Tax burden based on Dutch nominal rate	25%	4,388	0%	-
Application local, nominal rates (higher/lower rates)	0%	(10)	-3%	(10)
Non-tax deductible costs	5%	831	106%	363
Exempted income	0%	(10)	-3%	(9)
Prior financial years tax income/(charge)	3%	500	0%	-
	31%	5,699	100%	344

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 setoff against tax liabilities.

*) The management fee (last year Associate Fee) will be taxed at the member level.

The consolidation of assets and liabilities of Stichting InterNos resulted in approximately €71.2 million of goodwill being written-off to equity. This goodwill is deductible for corporate income tax, therefore €17.8 million temporary tax differences were added as deferred tax resulting in a net write-off to equity of €53.4 million. These temporary tax differences of €17.8 million are expected to be settled annually until financial year 2025/2026.

15) Management fee

Based on the revised Associate Agreement as of June 1, 2015 a management fee, which approximates 80% 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 net result after management fee and corporate income tax is proposed to be paid by Coöperatief Deloitte U.A. to the members as distribution of profits. The management fee is taxable for members. The distribution of profits is non-taxable for members,

because Deloitte pays corporate income tax based on the result before taxation.

Under the previous Associate Agreement, until May 31, 2015 an Associate Fee was payable equal to the consolidated net amount of operational and financial income and expenses of Deloitte before deduction of the Associate Fee itself. This Associate Fee was taxable for members. For the years 2015/2016 and 2014/2015 the management fee is before deduction of €10,463 respectively €10,903 distributed to Stichting InterNos.

The members distribution can be specified as follows:

in € thousands	2015/2016	2014/2015
Result before management fee (former Associate Fee) and taxation	115,317	95,550
Management fee members of Coöperatief Deloitte U.A. (former Shareholders' Associate Fee)	(97,764)	(95,206)
Result before taxation	17,553	344
Corporate income tax	(5,699)	(344)
Net result after taxation	11,854	-
Management fee distributed to members	97,764	95,206
Proposed profit to be distributed to members	11,854	-
Total proposed distribution to members	109,618	95,206
Average number of members in fte's *)	249	241
Average management fee and proposed profit distribution before tax per member	463	396

*) Members of the Executive Board who received a fix remuneration are not included.

For the management fee (former Associate Fee) and transactions with related parties reference is also made to the accounting principles for determination of the result. Deloitte has transactions with the members for which the nature and scope are disclosed in the notes to the consolidated financial statements

16) Notes to the specific items on the consolidated cash flow statement

The acquiring of control over Stichting InterNos

The acquiring of control over Stichting InterNos is a non-cash transaction and comprises bank loans of €66,800 long-term and €6,000 short-term, also deferred tax of €17,801 and a resulting negative equity of €53,403, the received cash of €1,596 is displayed as cash received from acquired companies below net cash flow.

Investments in tangible fixed assets

Under the investments in tangible fixed assets only those investments are presented where cash and cash equivalents were spent. In 2015/2016 investments amounting €3,088, mainly related to new laptops, were paid after the end of the financial year. In 2014/2015 investments amounting to €16,851 were deducted from the received incentives related to rental agreements for new office buildings.

Included under Investments 2014/2015 in tangible fixed assets is the net effect of investments in new offices, in particular the new office in Amsterdam 'The Edge'.

The net effect of received incentives in 2014/2015, €19.8 million, related to rental agreements for new office buildings are included under payments to suppliers and personnel.

Segmented information

The aggregated operating segments of Deloitte comprises of Audit, Tax & Legal, Consulting, Risk Advisory and Financial Advisory Services which engages business activities for external clients and Support/Other which mainly provides internal services. All operating segments' operating results are reviewed regularly by the Executive Board to assess their performance for which there is discrete financial information available.

Segment results that are reported to the Executive Board include items directly attributable to a segment. Corporate costs, such as

cost of fixed assets, accommodation-, office-, IT- and innovation expenses are the responsibility of the Support/Other segment and are allocated on a reasonable basis to the five business segments.

As Deloitte mainly operates in the Netherlands, there is only one geographic segment.

The pricing of transactions between the different segments is determined in accordance with objective and commercial principles.

There are no differences the principles for the valuation of assets and liabilities in the financial statements and the segmented information.

Segmented profit and loss account for the period for the period June 1, 2015 to May 31, 2016

in € thousands	Audit	Tax & Legal	Consulting	Risk Advisory	Financial Advisory Services	Support/ Other	Elimination	Total
Net turnover	219,073	185,515	193,762	113,492	70,516	2,967	-	785,325
Net turnover between segments	17,627	6,051	12,855	12,344	1,829	159,053	(209,759)	-
Own production capitalised	-	-	-	254	-	-	82	336
Other operating income	290	60	-	-	-	2,234	-	2,584
Total operating income	236,990	191,626	206,617	126,090	72,345	164,254	(209,677)	788,245
Costs of subcontracted work and other external costs	40,759	32,703	40,469	36,465	21,978	21,933	(63,108)	131,199
Salaries and social security charges *)	104,479	67,034	76,723	42,940	19,112	47,908	(14,875)	343,321
Amortisation of intangible and depreciation of tangible fixed assets	940	1,403	1,772	-	-	14,104	-	18,219
Impairments	-	183	978	-	-	1,156	-	2,317
Other operating expenses	77,061	51,622	48,577	29,586	13,641	82,099	(131,694)	170,892
Total operating expenses	223,239	152,945	168,519	108,991	54,731	167,200	(209,677)	665,948
Operating result	13,751	38,681	38,098	17,099	17,614	(2,946)	-	122,297
Share in result of non-consolidated associated companies	-	-	-	-	-	(16)	-	(16)
Financial income and expenses	(3,915)	(6,257)	(4,289)	(1,783)	(1,186)	10,466	-	(6,964)
Result before management fee and taxation	9,836	32,424	33,809	15,316	16,428	7,504	-	115,317

*) The cost of Executive Assistants, which are allocated to the business categories are included

Segmented balance sheet as of May 31, 2016

in € thousands	Audit	Tax & Legal	Consulting	Risk Advisory	Financial Advisory Services	Support/ Other	Elimination	Total
Assets								
Fixed assets								
Intangible fixed assets	940	1,270	6,280	5,374	-	240	-	14,104
Tangible fixed assets	-	-	-	-	-	65,184	-	65,184
Financial fixed assets	81	5	-	-	-	114,166	(88,857)	25,395
	1,021	1,275	6,280	5,374	-	179,590	(88,857)	104,683
Current assets								
Accounts receivable	39,071	38,440	33,712	17,106	13,822	2,973	(616)	144,508
Unbilled amounts for client work	6,726	28,841	11,565	2,397	422	-	(362)	49,589
Other current assets	1,147	351	575	209	6,959	117,589	(47,873)	78,957
	46,944	67,632	45,852	19,712	21,203	120,562	(48,851)	273,054
Total assets	47,965	68,907	52,132	25,086	21,203	300,152	(137,708)	377,737
Equity and liabilities								
Capital base	7,859	27,820	27,035	12,239	13,904	82,651	(88,857)	82,651
Provisions	2,366	1,612	201	17	295	3,624	-	8,115
Liabilities, accruals and deferred income	37,740	39,475	24,896	12,830	7,004	213,877	(48,851)	286,971
Total equity and liabilities	47,965	68,907	52,132	25,086	21,203	300,152	(137,708)	377,737

Segmented profit and loss account for the period for the period June 1, 2014 to May 31, 2015

in € thousands	Audit	Tax & Legal	Consulting	Risk Advisory	Financial Advisory Services	Support/ Other	Elimination	Total
Net turnover	208,496	167,247	148,995	79,169	49,405	3,658	(166)	656,804
Net turnover between segments	18,868	5,016	12,508	7,201	1,556	154,482	(199,631)	-
Own production capitalised	-	-	-	89	-	-	166	255
Other operating income	450	28	-	-	-	-	-	478
Total operating income	227,814	172,291	161,503	86,459	50,961	158,140	(199,631)	657,537
Costs of subcontracted work and other external costs	36,246	24,880	26,389	16,959	5,935	17,764	(49,838)	78,335
Salaries and social security charges *)	95,714	62,513	67,567	30,840	16,013	46,486	(16,767)	302,366
Amortisation of intangible and depreciation of tangible fixed assets	953	1,058	1,249	(64)	-	13,028	-	16,224
Other operating expenses	81,706	52,601	42,575	25,312	12,185	77,406	(133,026)	158,759
Total operating expenses	214,619	141,052	137,780	73,047	34,133	154,684	(199,631)	555,684
Operating result	13,195	31,239	23,723	13,412	16,828	3,456	-	101,853
Share in result of non-consolidated associated companies	-	-	-	-	-	28	-	28
Financial income and expenses	(4,138)	(5,400)	(3,304)	(1,338)	(944)	8,793	-	(6,331)
Result before management fee and taxation	9,057	25,839	20,419	12,074	15,884	12,277	-	95,550

*) The cost of Executive Assistants, which are allocated to the business categories are included

Segmented balance sheet as of May 31, 2015

in € thousands	Audit	Tax & Legal	Consulting	Risk Advisory	Financial Advisory Services	Support/ Other	Elimination	Total
Assets								
Fixed assets								
Intangible fixed assets	1,880	2,856	5,820	3,309	-	1,765	-	15,630
Tangible fixed assets	-	-	-	-	-	68,355	-	68,355
Financial fixed assets	-	-	-	-	-	74,061	(69,120)	4,941
	1,880	2,856	5,820	3,309	-	144,181	(69,120)	88,926
Current assets								
Accounts receivable	37,319	36,466	30,492	13,550	13,512	2,676	-	134,015
Unbilled amounts for client work	8,917	23,132	13,489	2,185	6,705	242	(5,106)	49,564
Other current assets	3,208	511	128	109	4,041	111,766	(86,148)	33,615
	49,444	60,109	44,109	15,844	24,258	114,684	(91,254)	217,194
Total assets	51,324	62,965	49,929	19,153	24,258	258,865	(160,374)	306,120
Equity and liabilities								
Capital base								
	4,971	26,751	7,571	9,678	15,544	121,125	(64,515)	121,125
Provisions								
	1,977	1,053	42	65	175	3,065	-	6,377
Liabilities, accruals and deferred income								
	44,376	35,161	42,316	9,410	8,539	134,675	(95,859)	178,618
Total equity and liabilities	51,324	62,965	49,929	19,153	24,258	258,865	(160,374)	306,120

Company financial statements

Company balance sheet as of May 31, 2016

(before result appropriation)

Assets in € thousands	Note	May 31, 2016	May 31, 2015
Fixed assets			
Financial fixed assets	[1]	82,476	-
Current assets			
Receivables and prepayments	[2]	6,832	-
		89,308	-
Equity and liabilities in € thousands	Note	May 31, 2016	May 31, 2015
Members' equity	[3]		
Capital accounts *)		6,400	-
Legal reserve		5,614	-
Other reserves		(59,017)	-
Result for the year		11,854	-
		(35,149)	-
Long-term liabilities	[4]		
Subordinated loans Stichting Financiering Deloitte *)		117,800	-
Current liabilities and accruals	[5]	6,657	-
		89,308	-

[] The figures between brackets refer to the corresponding note to the company financial statements.

*) The members' equity and the subordinated loans represent the capital base €82,652 (May 31, 2015 €0).

Company profit and loss account for the period June 1, 2015 to May 31, 2016

in € thousands	2015/2016	2014/2015
Net turnover	516	-
Salaries and social security charges	206	-
Other operating expenses	293	-
Total operating expenses	499	-
Operating result	17	-
Share in results of participating interests	11,854	-
Financial income and expenses	(17)	-
Result before taxation	11,854	-
Corporate income tax	-	-
Result after taxation	11,854	-

Notes to the company financial statements

General accounting principles for the preparation of the financial statements

The company financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code. For an explanation of the general accounting principles used in the preparation of the financial statements, the policies for valuation of the assets and liabilities and for determining the result, as well as for the notes to the various company assets and liabilities and the results reference is made to the notes to the consolidated financial statements, unless stated otherwise.

Comparative figures

On June 1, 2015 the shareholding companies of Deloitte Holding B.V. exchanged their shares in Deloitte Holding B.V. with Coöperatief Deloitte U.A. at nominal value, as a settlement of their newly acquired membership of €25 per member, in total €6,150.

Since this merely concerns an internal change to the organisation structure that affects the legal structure, in the company financial statements the transaction was accounted for using the carry over accounting method at June 1, 2015.

Under the carryover method, Coöperatief Deloitte U.A. has recognised its interest in Deloitte Holding B.V. at the merger date at book value in accordance with the book values recognised in the consolidated financial statements without adjusting the comparative figures. We believe that using the carryover method and therefore not adjusting the comparative figures in the company financial statements method explains the effect of the transaction on the financial position of Coöperatief Deloitte U.A. better than using the pooling of interests.

Financial fixed assets

Participating interests in group companies are carried at net asset value, determined on the basis of group accounting principles.

Members' equity

The membership rights classify as puttable instruments. In accordance with RJ 290.808 these rights are classified as equity.

Net turnover

The net turnover relates to the management fee received from Deloitte Holding B.V.

Salaries and social security charges

Salaries and social security charges includes remuneration of the external members of the Supervisory Board.

Notes to the specific items on the balance sheet

1) Financial fixed assets

A summary of the movements in the financial fixed assets is presented below:

in € thousands	Participating interests in group companies	Receivables from group companies	Total
Book value as of June 1, 2015	-	-	-
Movements:			
Additions: transferred shares	6,150	-	6,150
Additions: prepayment of equity	(53,403)	-	(53,403)
Additions: contributed share premium	70,000	-	70,000
Issued loans	-	51,375	51,375
Share in result of participating interests	11,854	-	11,854
Repayments on long-term loans in following year	-	(3,500)	(3,500)
Book value as of May 31, 2016	34,601	47,875	82,476

Amounts owed by group companies are unsecured subordinated loans.

On May 31, 2016 the subordinated loans were repaid by Deloitte Holding B.V. to Stichting Financiering Deloitte and Stichting Financiering Deloitte provided these subordinated loans directly to Coöperatief Deloitte U.A. Also on May 31, 2016 Coöperatief Deloitte U.A. contributed share premium of €70,000 to Deloitte Holding B.V. and provided the remaining subordinated loans (after deduction of €70,000) to Deloitte Holding B.V. These transactions are all non-cash transactions and settled in current accounts.

Additions relates to investments in Deloitte Holding B.V.

On June 1, 2015 246 members transferred their share in Deloitte Holding B.V. to Coöperatief Deloitte U.A. as a settlement of their members capital of €25 per member, in total €6,150.

On May 23, 2016 Deloitte Holding B.V. obtained control over Stichting InterNos, therefore Deloitte Holding B.V. assumed the assets and liabilities of Stichting InterNos with approximately €53,403 (net off 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 therefor stated as prepayment of equity resulting in a negative equity.

On May 31, 2016 Coöperatief Deloitte U.A. contributed share premium of €70,000 to Deloitte Holding B.V.

Consolidated companies

The following subsidiaries are included in the consolidated financial statements:

Name	Registered office	Share in the issued capital May 31, 2016
Deloitte Holding B.V.	Rotterdam	100%
-Deloitte Accountants B.V.	Rotterdam	100%
- Deloitte Salarisverwerking B.V.	Rotterdam	100%
-Deloitte Belastingadviseurs B.V.	Rotterdam	100%
- Deloitte Belastingadviseurs New York B.V.	Rotterdam	100%
- Deloitte Belastingadviseurs Hong Kong B.V.	Rotterdam	100%
- Deloitte Legal B.V.	Rotterdam	100%
-Deloitte Consultancy Holding B.V.	Rotterdam	100%
- Deloitte & Touche Acquisition B.V.	Rotterdam	100%
- Deloitte Consulting B.V.	Amsterdam	100%
-Vivens Groep B.V.	Joure	100%
-Vivens ICT B.V.	Joure	100%
-Vivens CRM B.V.	Joure	100%
-Deloitte Innovation Holding B.V.	Rotterdam	100%
- Deloitte Innovation B.V.	Rotterdam	100%
- PXR B.V.	Rotterdam	100%
-Deloitte Financial Advisory Services B.V.	Rotterdam	100%
- Deloitte Benefits & Pension Advisory B.V.	Rotterdam	100%
-Deloitte Group Support Center B.V.	Rotterdam	100%
- Deloitte Education B.V.	Rotterdam	100%
- Deloitte Group Support Center Overseas Services B.V.	Rotterdam	100%
-Deloitte Risk Advisory B.V.	Rotterdam	100%
- Deloitte Forensic & Dispute Services B.V.	Amsterdam	100%
-Deloitte Accountancy & Advies B.V.	Rotterdam	100%
- Ctrl B.V.	Amsterdam	100%
-Deloitte Overseas Projects I B.V.	Rotterdam	100%
-Deloitte Overseas Projects II B.V.	Rotterdam	100%
-Deloitte Overseas Projects III B.V.	Rotterdam	100%
-Stichting Deloitte Fair Chance Foundation	Rotterdam	
-Stichting InterNos	Rotterdam	

Changes in the financial year under review

On June 1, 2015 the shareholding companies of Deloitte Holding B.V. exchanged their shares in Deloitte Holding B.V. with Coöperatief Deloitte U.A.

B.V. changed its name into Deloitte Accountancy & Advies B.V. and was transferred by Deloitte Belastingadviseurs B.V. to Deloitte Holding B.V. and Deloitte Pension Advisory B.V. changed its name into Deloitte Benefits & Pension Advisory B.V.

On May 23, 2016, Deloitte Holding B.V. was appointed as the sole board member of Stichting InterNos and therefore obtained control over Stichting InterNos.

On June 1, 2016 Deloitte Risk Services B.V. changed its name into Deloitte Risk Advisory B.V.

On June 1, 2015 Deloitte Management Support B.V. changed its name into Ctrl B.V. and was transferred by Deloitte Accountants B.V. to Deloitte Accountancy & Advies B.V., Deloitte Family Office

2) Receivables and prepayments

in € thousands	May 31, 2016	May 31, 2015
Current accounts owed by group companies	3,500	-
Corporate income tax	3,301	-
Other receivables and prepayments	31	-
	6,832	-

Annual interest is charged on the current accounts owed by group companies at approximately 1.8% (prior year 2.0%).

There are no receivables or prepayments with an original term longer than 1 year.

3) Members' equity

Capital accounts

On June 1, 2015, 246 members transferred their share in Deloitte Holding B.V. to Coöperatief Deloitte U.A. as a settlement of their members' capital of €25 per member, in total €6,150.

On May 31, 2016 there are 256 members, resulting in a total capital account of €6,400.

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

	Total number of members	Total members' capital in € thousands
Balance as of June 1, 2015	-	-
Transferred share's Deloitte Holding B.V. in members' capital on June 1, 2015	246	6,150
New memberships during the financial year	24	600
Retired memberships during the financial year	(14)	(350)
Balance as of May 31, 2016	256	6,400

Legal reserve

During the financial year 2015/2016 Coöperatief Deloitte U.A. capitalised developments costs for project Enterprise Strategy Programme through its wholly owned subsidiary Deloitte Group Support Center B.V. and for project Brisq through its wholly owned subsidiary Deloitte Risk Advisory B.V. for the amount to €2.3 million and added the existing legal reserve of Deloitte Holding B.V. as of June 1, 2015 of €5.0 million. In accordance with article 389.6 Title 9, Book 2 of the Netherlands Civil Code a legal reserve for associated companies has been recognised for the amounts which cannot be distributed due to legal reserves developments costs of subsidiaries. Due to the absence of available undistributed profits and as stipulated by Rj 240.230 the amount of the legal reserve has been charged to the Other reserves, resulting in a negative amount.

The movements in the legal reserves for associated companies are as follows:

in € thousands"	Legal reserve
Balance as of June, 1 2015	-
Movements:	
Capitalised costs subsidiaries	7,138
Amortisation/Impairments of capitalised costs subsidiaries	(1,524)
Balance as of May 31, 2016	5,614

Other reserves

The movements in the other reserves are as follows:

in € thousands"	Other reserve
Balance as of June, 1 2015	-
Movements:	
Movement in legal reserves	(5,614)
Change in equity of Deloitte Holding B.V. as a consequence of obtaining control over Stichting InterNos *)	(53,403)
Balance as of May 31, 2016	(59,017)

*) On May 23, 2016 Deloitte Holding B.V. obtained control over Stichting InterNos, therefore Deloitte Holding B.V. assumed the assets and liabilities of Stichting InterNos 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.

Also see note 1 Financial fixed assets for reference and notes to the consolidated financial statements, general sections Acquiring control over Stichting InterNos and Accounting consequences of the restructuring and Going concern section.

4) Long-term liabilities

The long-term liabilities can be specified as follows:

in € thousands	May 31, 2016		May 31, 2015	
	Total	Interest rate	Total	Interest rate
Subordinated loans Stichting Financiering Deloitte after deduction of short-term repayment commitments	117,800	4,00%	-	0,00%

On May 31, 2016 the subordinated loans were repaid by Deloitte Holding B.V. to Stichting Financiering Deloitte and Stichting Financiering Deloitte provided these subordinated loans directly to Coöperatief Deloitte U.A. Also on May 31, 2016 Coöperatief Deloitte U.A. contributed share premium of €70 million to Deloitte Holding B.V. and provided the remaining subordinated loans (after deduction of €70 million) to Deloitte Holding B.V. These transactions are all non-cash transactions and settled in current accounts.

5) Current liabilities and accruals

in € thousands	May 31, 2016	May 31, 2015
Current accounts owed to group companies	3,288	-
Repayments on long-term loans in following year	3,325	-
Other liabilities and accruals	44	-
	6,657	-

Off-balance sheet commitments

Fiscal unity

The legal entity and its wholly-owned subsidiaries make up a fiscal unity for corporation tax and V.A.T. purposes and for that reason are jointly and severally liable for the tax payable by the fiscal unity as a whole.

Guarantees

Stichting Financiering Deloitte

Members who enter into an Associate Agreement with Deloitte 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 €117,800 as per May 31, 2016 (May 31, 2015: €114,475) and are subordinated to all existing and future liabilities of Deloitte and, together with the group equity, make up the capital base of 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. Deloitte 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 Deloitte, 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

Coöperatief Deloitte U.A. 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 cooperative does not cover matters concerned.

Other notes to the financial statements

Remuneration of members of the Executive Board and the Supervisory Board

The remuneration of members of the Executive Board comprises an Associate Fee plus a fixed expense allowance. As of October 1, 2015 the members of the Executive Board receive a fixed annual Associate Fee, chair €800 and members €650, plus fixed expense allowance. This remuneration also includes pension allowance.

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

in € thousands	2015/2016	2014/2015
P.J. Bommel	790	639
M. van Vliet	675	602
C.J.G.M. de Boer (until May 31, 2016)	673	599
M.J. van der Vegte (until September 30, 2015)	251	602
W.L. Smit (until September 30, 2015)	250	600
R.A.J. Roovers (until September 30, 2015)	250	598
M. Beelen (until September 30, 2015)	249	596
S.H.C. Heuts (until September 30, 2015)	248	594
Total	3,386	4,830
Number of members of the Executive Board in FTE's	5	8

The external members of the Supervisory Board were remunerated as follows:

in € thousands	2015/2016	2014/2015
F.G.H. Deckers	70	70
A.F. van der Touw	44	44
J.P. Rijdsdijk	44	44
F. Eelkman Rooda	44	44
Total	202	202
Number of external members of the Supervisory Board per May 31,	4	4

Appropriation of result for the financial year April 10, 2015 until May 31, 2015

The annual report 2015 was adopted in the general meeting of members held on May 25, 2016. The general meeting of members 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, 2015 until May 31, 2016

The Executive Board proposes, with the approval of the Supervisory Board, that the result for the financial year 2015/2016 amounting to €11,854 to be distributed as profits. While noting that Coöperatief Deloitte U.A. has a negative equity as of May 31, 2016, the financial year 2015/2016 results and financial year 2016/2017 plan forms a sound basis for profit distribution.

The financial statements do not yet reflect this proposal.

Subsequent events

On July 1, 2016 the members of Coöperatief Deloitte U.A. approved the legal merger between Stichting InterNos and Deloitte Holding B.V. subject to approval of the court. This transaction can be qualified as a transaction under common control. Since this merely concerns an internal change to the organization structure that affects the legal structure, the transaction will be recorded under the carry over accounting method.

Rotterdam, September 2, 2016

Executive Board

P.J. Bommel (Chair)
E.M. Robbe
M. van Vliet

Supervisory Board

F.G.H. Deckers (Chair)
A.L.J.M. van Berkel (Vice-Chair)
F.E. Eelkman Rooda
S. Kloosterhof
C.A.M. Renne
J.P. Rijdsdijk
A.F. van der Touw

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Preface

This annex contains the disclosures that are relevant in the context of our GRI G4 In accordance – comprehensive option. The inclusion of this information reflects our continued support for the work of Global Reporting Initiative and the UN Global Compact that is endorsed by Deloitte.

This Annex has been subject to external assurance. Please refer to the Assurance Report on page 146.

We disclose sustainability related information on three levels:

1. In the Integrated Annual Report: where possible, we have included a page reference;
2. Directly in the GRI Reference Table: in some case a short reply or data is provided in the GRI Reference Table itself;
3. In the section “Selected information”: where we have done so, we refer to the page number(s) concerned.

Transitioning from separate Financial and Sustainability Reports to an Integrated Report, means that we are also reassessing the materiality as defined in our previous Sustainability Report and are in the process of defining targets for the period 2016-2020 that we will discuss in a new stakeholder dialogue as follow up of the dialogue that we have conducted in 2014. For the sake of completeness, we include an overview of the targets 2016 as set in 2012 and still deemed important.

Target 2016	Status 2015/2016	Level of completion 2015/2016	Level of completion 2014/2015
Deloitte is highest ranked professional services company in the ‘Transparantiebenchmark’	Deloitte has improved its absolute score from 108 in 2014 to 147 in 2015. This improvement means that we are currently ranked 4th in the relevant benchmark group (professional services providers) and have narrowed the gap with our peers. Due to the publication of our Integrated Report in 2015, we expect our score to further improve in 2016.		
Development, improving and testing of a methodology to calculate the monetary value for the impact of our services on sustainability	We are participating in the discussion around true costing yet a generally accepted model is not yet at hand		
75% score in employee engagement as measured by our Talent Survey	Employee engagement score is based on quarterly measurement and averaged 69% in 2015/2016		
Eight diversity initiatives are embedded in business practices	Target was already achieved in 2015		
Sickness leave below 3.0% as measured on an annual basis	Sickness leave amounted to 2.8% in 2015/2016		
70% of office space BREEAM certified to the level of at least “very good”	BREEAM certification stands at 35.1%. We will continue to use our experiences gained with BREEAM certification but intend to reduce this target in the future		

Target 2016	Status 2015/2016	Level of completion 2015/2016	Level of completion 2014/2015
15% reduction of carbon emissions caused by mobility	Mobility related CO2 emissions have increased with 11.6% as compared to the reference year 2011/2012. This is mainly caused by an increase both in mobility and in the number of employees CO2 intensity dropped from 170 g CO2/km in 2014/2015 to 154 g CO2/km in 2015/2016		
Deloitte to reach Advanced level in Global Compact	Target was already achieved in 2015		
100% of major suppliers in conformity with Deloitte Supplier Code	65% of our total spend is covered by the Deloitte Supplier Code.		
Total of 1,500 volunteers deployed. 12,500 children in underprivileged areas have benefited from the foundation's activities	We estimate to have reached approximately 30,000 children deploying around 1,440 volunteers since 2012		

GRI Reference Table

General standard disclosures

GRI	Description	Reference/answer	Omissions	UNGC
STRATEGY AND ANALYSIS				
G4-1	Statement from the organisation's most senior decision-maker	Integrated Annual Report, pages 14-19	No omissions	
G4-2	Description of key impacts, risks and opportunities	Integrated Annual Report, pages 24, 26 and 72-75	No omissions	
ORGANISATIONAL PROFILE				
G4-3	Name of the organisation	Integrated Annual Report, page 7	No omissions	
G4-4	Primary brands, products and services	Integrated Annual Report, page 67	No omissions	
G4-5	Location of the organisation's headquarters	Integrated Annual Report, page 145	No omissions	
G4-6	Number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report	Integrated Annual Report, page 7	No omissions	
G4-7	Nature of ownership and legal form	Integrated Annual Report, page 67	No omissions	

GRI	Description	Reference/answer	Omissions	UNGC
G4-8	Markets served (including geographic breakdown, sectors served and types of customers and beneficiaries)	Integrated Annual Report, pages 14-19	No omissions	
G4-9	Scale of the organisation, including: Total number of employees Total number of operations Net sales Total capitalisation broken down in terms of debt and equity Quantity of products and services provided No omissions	Integrated Annual Report, pages 79-81 and 96-97	No omissions	
G4-10	a. Total number of employees by employment contract and gender b. Total number of permanent employees by employment type and gender c. Total workforce by employees and supervised employees and by gender d. Total workforce by region and gender e. Portion of work performed by self-employed workers, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors f. Significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries)	Annex 2: GRI Reference Table, pages 137 and 138	The number of self-employed workers is not material hence not reported. There is no seasonality in our employment numbers	Principle 4
G4-11	Percentage of total employees covered by collective bargaining agreements	Deloitte has its own, company specific compensation and benefits agreement, established in agreement with the Works Council (Ondernemingsraad). It is laid down in our Compensation, Benefits & Pension Agreement that is part of each employee contract.	No omissions	Principle 3
G4-12	Description of the organisation's supply chain	Our suppliers deliver goods and services which are critical to our organisation. This is further secured by our internal procurement department. To safeguard independence towards our clients, our Risk & Reputation Leadership Office is always involved in major procurement processes. We aim to have a positive impact through our procurement and prevent negative (in-)direct side effects. To this end, all our major suppliers must sign our Supplier Code of Conduct.	No omissions	

GRI	Description	Reference/answer	Omissions	UNGC
G4-13	<p>Significant changes during the reporting period regarding the organisation's size, structure, ownership or it's supply chain, including:</p> <ul style="list-style-type: none"> • Changes in the location of, or changes in operations, including facility openings, closings and expansions • Changes in the share capital structure and other capital formation, maintenance and alteration operations • Changes in the location of suppliers, the structure of the supply chain or in relationships with suppliers, including selection and termination 	<p>Integrated Annual Report, pages 82-84</p> <p>During the reporting year, we have closed our office in Joure. Over the reporting year, we reduced our office space from 95,728 m2 in 2014/2015 to 86,921 m2 on average Integrated Annual Report, page 7</p> <p>There are no major changes in the location of our suppliers, the structure of the supply chain or in relationships with suppliers, including selection and termination</p>	No omissions	Principle 7 Principle 8
COMMITMENTS TO EXTERNAL INITIATIVES				
G4-14	How the precautionary approach or principle is addressed by the organisation	Our potential environmental impact is addressed by monitoring and managing our greenhouse gas emissions with focus on reduction in CO2 emissions caused by mobility. See also our Integrated Annual Report, pages 48-51	No omissions	
G4-15	Externally developed economic, environmental and social charters, principles or other initiatives that the organisation subscribes or which it endorses	Annex 2: GRI Reference Table, pages 138 and 139	No omissions	
G4-16	<p>Membership of associations (such as industry associations) and national or international advocacy organisations in which the organisation:</p> <ul style="list-style-type: none"> • Holds a position on the governance body • Participates in projects or committees • Provides substantial funding beyond routine membership dues • Views membership as strategic 	Annex 2: GRI Reference Table, pages 138 and 139	No omissions	

GRI	Description	Reference/answer	Omissions	UNGC
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES				
G4-17	a. Entities included in the organisation's financial statements or equivalent documents b. Disclosure of entities included in the financial statements or equivalent documents that are not covered by the report	Integrated Annual Report, page 109	No omissions	
G4-18	a. Explanation of the process for defining the report content and Aspect Boundaries b. Explanation of how the organisation has implemented the Reporting Principles for Defining Report Content	Integrated Annual Report, page 7	No omissions	
G4-19	Material aspects identified in the process for defining report content	Integrated Annual Report, page 61	No omissions	
G4-20	For each material aspect, report the Aspect Boundary within the organisation, as follows: <ul style="list-style-type: none"> • Report whether the Aspect is material within the organisation • If the Aspect is not material for all entities within the organisation (as described in G4-17), select one of the following two approaches and report either: <ul style="list-style-type: none"> • The list of entities or the group of entities included in G4-17 for which the Aspect is not material or • The list of entities or the group of entities included in G4-17 for which the Aspect is material • Report any specific limitation regarding the Aspect Boundary within the organisation 	Integrated Annual Report, pages 7 and 61	No omissions	

GRI	Description	Reference/answer	Omissions	UNGC
G4-21	For each material Aspect, report the Aspect Boundary outside the organization, as follows: <ul style="list-style-type: none"> • Report whether the Aspect is material outside of the organisation • If the Aspect is material outside of the organisation, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified • Report any specific limitation regarding the Aspect Boundary outside the organisation 	Integrated Annual Report, pages 7 and 61	No omissions	
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	Integrated Annual Report, page 7	No omissions	
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	There are no changes in scope or boundaries as compared to previous years.	No omissions	
STAKEHOLDER ENGAGEMENT				
G4-24	Provide a list of stakeholder groups engaged by the organisation	Integrated Annual Report, page 60	No omissions	
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	Integrated Annual Report, page 59	No omissions	
G4-26	Report the organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	Integrated Annual Report, pages 58-61	No omissions	
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns	Annex 2: GRI Reference Table, pages 140-142	No omissions	

GRI	Description	Reference/answer	Omissions	UNGC
REPORT PROFILE				
G4-28	Reporting period (such as fiscal or calendar year) for information provided	Integrated Annual Report, pages 6-7	No omissions	
G4-29	Date of most recent previous report (if any)	Integrated Annual Report, page 6	No omissions	
G4-30	Reporting cycle (such as annual, biennial)	Integrated Annual Report, pages 6-7	No omissions	
G4-31	Provide the contact point for questions regarding the report or its contents	Integrated Annual Report, page 15	No omissions	
G4-32	a. Report the 'in accordance' option the organization has chosen b. Report the GRI Content Index for the chosen option c. Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines	Integrated Annual Report, page 7 Integrated Annual Report, Annex 3		
G4-33	a. Report the organisation's policy and current practice with regard to seeking external assurance for the report b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organisation's sustainability report	Integrated Annual Report, page 7 Integrated Annual Report, Annex 3 Integrated Annual Report, Annex 3 The findings of the external auditor (EY) have been discussed with a representative from the Executive Board, in the Audit Committee and in the Supervisory Board	No omissions	

GRI	Description	Reference/answer	Omissions	UNGC
GOVERNANCE AND ETHICS				
G4-34	Report the governance structure of the organisation, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts	Integrated Annual Report, pages 9, 66-71	No omissions	
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	Integrated Annual Report, pages 66-71	No omissions	
G4-36	Report whether the organisation has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	Sustainability falls under the responsibilities of our Chief Operations Officer who is part of the Executive Board	No omissions	
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body	Integrated Annual Report, page 60	No omissions	
G4-38	Report the composition of the highest governance body and its committees by: <ul style="list-style-type: none"> • Executive or non-executive • Independence • Tenure on the governance body • Number of each individual's other significant positions and commitments, and the nature of the commitments • Gender • Membership of under-represented social groups • Competences relating to economic, environmental and social impacts • Stakeholder representation 	Integrated Annual Report, pages 8-11 and 66-71	No omissions	Principle 6
G4-39	Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organisation's management and the reasons for this arrangement)	The chairman of the Executive Board (Mr Peter Bommel) is the Managing Partner in the Netherlands. The chairman of the Supervisory Board (Mr Floris Deckers) holds no executive responsibilities within Deloitte.	No omissions	

GRI	Description	Reference/answer	Omissions	UNGC
G4-40	<p>Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including:</p> <ul style="list-style-type: none"> • Whether and how diversity is considered • Whether and how independence is considered • Whether and how expertise and experience relating to economic, environmental and social topics are considered • Whether and how stakeholders (including members) are involved 	<p>Integrated Annual Report, pages 12-13 and 66-71</p> <p>Integrated Annual Report, page 70</p> <p>All partners and employees are required to confirm their independence on an annual basis. These confirmations are checked using random testing.</p> <p>Candidates for the Executive Board are required to be seasoned experts. Due to the strategic nature of the board's tasks this always entails significant knowledge of either the national economy and/or the broader business environment of Deloitte. Having such in-depth knowledge is thus inherent to being a board member.</p> <p>Members of the Executive Board are appointed by the General Meeting of Members of Coöperatief Deloitte U.A.</p>		
G4-41	<p>Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum:</p> <ul style="list-style-type: none"> • Cross-board membership • Cross-shareholding with suppliers and other stakeholders • Existence of controlling shareholder • Related party disclosures 	<p>Integrated Annual Report, page 69</p> <p>As an Audit firm, we maintain strict policies and procedures regarding independence. All partners and employees are required to confirm their independence on an annual basis. These confirmations are checked using random and selective testing. In addition, all partners and employees are required to disclose their private holdings and financial investments including those that their direct dependants hold</p>	No omissions	

GRI	Description	Reference/answer	Omissions	UNGC
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	Integrated Annual Report, page 68	No omissions	
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	There are no specific programmes in this area	No omissions	
G4-44	<p>a. Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment</p> <p>b. Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organisational practice</p>	<p>Integrated Annual Report, page 69 As the majority of the member of our Supervisory Board are independent, we deem their evaluation independent. In addition, in Fall 2015, we performed an independence review with all our Supervisory Board members</p> <p>Integrated Annual Report, pages 66-71</p>	No omissions	
G4-45	<p>a. Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes</p> <p>b. Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities</p>	<p>Integrated Annual Report, pages 66-71, 73</p> <p>See G4-37</p>	No omissions	

GRI	Description	Reference/answer	Omissions	UNGC
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics	Integrated Annual Report, pages 66-71, 73	No omissions	
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	The Executive Board meets in principle every week to discuss all issues relevant to Deloitte. Meetings of the Supervisory Board have taken place 12 times in the reporting year (also see Integrated Annual Report, pages 11 and 41)	No omissions	
G4-48	Report the highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material Aspects are covered	Our CFO, who is a member of the Executive Committee, is responsible for the preparation of the Integrated Annual Report. Sign-off takes place in the Supervisory Board.	No omissions	
G4-49	Report the process for communicating critical concerns to the highest governance body	<p>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.</p> <p>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 always invited to give their constructive feedback on policies and organisational performance.</p>	No omissions	
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	Critical concerns are raised on Board level and the ethical incidents are reported on pages 64 and 65 of the Integrated Annual Report.	No omissions	

GRI	Description	Reference/answer	Omissions	UNGC
G4-51	<p>a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration:</p> <ul style="list-style-type: none"> • Fixed pay and variable pay: • Performance-based pay • Equity-based pay • Bonuses • Deferred or vested shares • Sign-on bonuses or recruitment incentive payments • Termination payments • Clawbacks • Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees <p>b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives</p>	<p>Integrated Annual Report, page 13 and 112</p> <p>Integrated Annual Report, page 114</p> <p>No such bonuses or payments have occurred No termination payments have occurred Integrated Annual Report, pages 11-12 All partners, including the members of the Executive Board are responsible for their own retirement provisions.</p> <p>Annual Report 2014/2015, pages 13, 15 and 68</p>	No omissions	
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organisation	See G4-51	No omissions	
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable	Quality and compliance are two important criteria in determining the profit share for partners. They are assessed internally as well as externally by independent regulators such as AFM and PCAOB.	No omissions	
G4-54	Report the ratio of the annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country	The ratio within Deloitte is 8.6	No omissions	

GRI	Description	Reference/answer	Omissions	UNGC
G4-55	Report the ratio of percentage increase in annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country	As this is the first year in which the Executive Board members are paid a fixed salary, we cannot provide such calculations.	No omissions	
G4-56	Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	Integrated Annual Report, pages 64-65	No omissions	
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organizational integrity, such as helplines or advice lines	Integrated Annual Report, pages 64-65	No omissions	
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	Integrated Annual Report, pages 64-65	No omissions	

Specific standard disclosures

Material issue	GRI Aspect	DMA	Indicators	Omissions and , if applicable, reason for omission	UNGC
Indirect economic impact	Indirect economic impacts	Integrated Annual Report, page 41	G4-EC7 G4-EC8	No omissions Only qualitative as we lack the methodology to quantify our indirect economic impact. We do not have plans to develop and implement such a methodology in the near future	
Customer privacy	Product Responsibility: Customer privacy	Integrated Annual Report, page 34	G4-PR8	No omissions	
Employment	Labour Practices an Decent Work: Employment	People are crucial to Deloitte. Without the right people we would not be able to deliver our purpose. Therefore, creating a unique and distinctive talent experience is at the heart of our talent strategy. We actively hire new employees, both graduates and experienced hires. This is important to our growth strategy as new talent deliver new insights and new experiences, which are vitally important to maintain our position as an innovative professional services provider. The responsibility for our people strategy lies with our Talent Partner, who is end-responsible for the Talent department, run by our Talent Director. In 2013/2014, we have redefined our Career and Remuneration Policy to allow for greater flexibility and differentiation.	G4-LA1 G4-LA2 G4-LA3	No omissions No omissions No omissions	
Training and education	Labour Practices an Decent Work: Training and education	Integrated Annual Report, pages 31 and 32	G4-LA9 G4-LA10 G4-LA11	No omissions No omissions No omissions	

Material issue	GRI Aspect	DMA	Indicators	Omissions and , if applicable, reason for omission	UNGC
Diversity and equal opportunity	Labour Practices an Decent Work: Diversity and Equal Opportunity	<p>To support our high performance culture, Deloitte believes in a culture where diverse talent thrives. Diversity is critical to innovation and long term success. We see diversity not primarily as a demographic issue, but as variety in thinking, feeling and acting. Gender, ethnic background and sexual orientation are all indicators of potential diversity. Deloitte recognises and appreciates these differences. As diversity covers so many aspects, it is impossible to capture all the different elements of our definition of diversity in measurable performance indicators.</p> <p>To encourage diversity, within our Talent department we have appointed diversity managers who are tasked with setting the conditions that allow for a diverse workforce. Our aim is to improve our diversity performance and inclusiveness in the coming years.</p>	G4-LA12	No omissions	6
Health and safety	Labour Practices an Decent Work: Occupational Health and Safety	<p>The health and wellbeing of our employees are important to Deloitte as healthy employees have a higher productivity and absenteeism comes at a cost. Our Labour Circumstances Policy (Arbeidsomstandighedenbeleid) defines roles and responsibilities in the implementation of the policy. Certified external experts assist in the Risk Inventory and Evaluation (RI&E) that is location specific. On the basis of this RI&E, an action plan is drawn up that is executed within a 3-5 year period. Each year, conform this plan, a concrete detailed year plan is drawn up capturing all planned measures.</p> <p>The overall policy was updated in September 2013.</p>	<p>G4-LA5 G4-LA6 G4-LA7 G4-LA8</p>	<p>No omissions No omissions No omissions Not applicable</p>	

Material issue	GRI Aspect	DMA	Indicators	Omissions and , if applicable, reason for omission	UNGC	
Supply chain responsibility	Environmental: Supplier Environmental Assessment	Integrated Annual Report, page 48	G4-EN32	No omissions	8, 9, 10	
			G4-EN33	Partly covered as we have only began implementation in 2013/2014	8, 9, 10	
			G4-LA14	No omissions	4, 5, 6	
	Social: Supplier Assessment for Labour Practices		G4-LA15	Partly covered as we have only began implementation in 2013/2014	4, 5, 6	
			G4-HR10	No omissions	1, 2, 4, 5, 6	
	Social: Supplier Human Rights Assessment		G4-HR11	Partly covered as we have only began implementation in 2013/2014	1, 2, 4, 5, 6	
	Anti-corruption	Society: Anti-Corruption	Integrated Annual Report, page 65	G4-S03	No omissions	10
				G4-S04	No omissions	10
G4-S05				No omissions	10	
Energy	Energy	We have set targets in 2012. Every year, an environmental action plan is drawn up holding the planned activities for the fiscal year. Progress is measured on a quarterly basis and if necessary discussed with and between the relevant issue owners. See also: Integrated Annual Report, pages 48-50	G4-EN3	No omissions	8, 9	
			G4-EN4	No omissions	8, 9	
			G4-EN5	No omissions	8, 9	
			G4-EN6	No omissions	8, 9	
			G4-EN7	No omissions	8, 9	
CO2 emissions	Emissions	We have set targets in 2012. Every year, an environmental action plan is drawn up holding the planned activities for the fiscal year. Progress is measured on a quarterly basis and if necessary discussed with and between the relevant issue owners. See also: Integrated Annual Report, pages 48-50	G4-EN15	No omissions	8, 9, 10	
			G4-EN16	No omissions	8, 9, 10	
			G4-EN17	No omissions	8, 9, 10	
			G4-EN18	No omissions	8, 9, 10	
			G4-EN19	No omissions	8, 9, 10	
			G4-EN20	Not material		
			G4-EN21	Not material		

Material issue	GRI Aspect	DMA	Indicators	Omissions and , if applicable, reason for omission	UNGC
Waste	Effluents and waste	We have set targets in 2012. Every year, an environmental action plan is drawn up holding the planned activities for the fiscal year. Progress is measured on a quarterly basis and if necessary discussed with and between the relevant issue owners. See also: Integrated Annual Report, page 50	G4-EN22 G4-EN23 G4-EN24 G4-EN25 G4-EN26	Not material No omissions Not material Not material Not material	8, 9, 10

GRI Code	Description	Reference or direct answer	Omissions and, if applicable, reason for omission	UNGC
G4-EC7	Development and impact of infrastructure investments and services supported	The Deloitte Impact Foundation has spent €188k in 2015/2016. Integrated Annual Report, page 40	No omissions	
G4-EC8	Significant indirect economic impacts, including the extent of impacts	Integrated Annual Report, page 41	Only qualitative as we lack the methodology to quantify our indirect economic impact. We do not have plans to develop and implement such a methodology in the near future.	
Environmental				
G4-EN3	Energy consumption within the organization	Integrated Annual Report, page 50	No omissions	
G4-EN4	Energy consumption outside of the organization	Integrated Annual Report, page 50	No omissions	

GRI Code	Description	Reference or direct answer	Omissions and, if applicable, reason for omission	UNGC
G4-EN5	Energy intensity	Integrated Annual Report, page 50	No omissions	
G4-EN6	Reduction of energy consumption	Integrated Annual Report, page 50	No omissions	
G4-EN7	Reductions in energy requirements of products and services	Integrated Annual Report, page 49-50	No omissions	
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Integrated Annual Report, page 50	No omissions	
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Integrated Annual Report, page 50	No omissions	
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	Integrated Annual Report, page 50	No omissions	
G4-EN19	Reduction of greenhouse gas (GHG) emissions	Integrated Annual Report, page 50	No omissions	
G4-EN23	Total weight of waste by type and disposal method	Integrated Annual Report, page 51	We only distinguish between waste and hazardous waste and provide figures for collected and recycled	
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Integrated Annual Report, page 48	No omissions	
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Integrated Annual Report, page 48	Partly covered as we have only began implementation in the previous reporting year	
Social: Labour practices and decent work				
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Annex 2: GRI Reference Table, pages 137 and 142	No figures provided for hires per age category as we do not believe that age is a differentiator	
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	There are no differences in benefits provided to full-time employees as compared to part-time employees	No omissions	

GRI Code	Description	Reference or direct answer	Omissions and, if applicable, reason for omission	UNGC
G4-LA3	Return to work and retention rates after parental leave, by gender	All employees are entitled to take parental leave in accordance with Dutch law. Also see Annex 2: GRI Reference Table, page 142	No omissions	
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Deloitte does not have formal joint-management-worker health and safety committees. When necessary, health and safety policy and related issues are discussed in the Works Council	No omissions	
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Integrated Annual Report, page 40	No omissions	
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	Due to the nature of our work, all our employees run risks of Repetitive Strain Injuries (RSI). As opportune or necessary we take measures to limit this risk and impact.	No omissions	
G4-LA8	Health and safety topics covered in formal agreements with trade unions	We have no formal agreements with trade unions	Not applicable	
G4-LA9	Average hours of training per employee by gender, and by employee category	Integrated Annual Report, page 31	No omissions	
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Integrated Annual Report 2015/2016, pages 30 and 37-38	No omissions	
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Annex 2: GRI Reference Table, page 143	No omissions	
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Integrated Annual Report, pages 9, 38-39 and 70		
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	Integrated Annual Report, page 48	No omissions	

GRI Code	Description	Reference or direct answer	Omissions and, if applicable, reason for omission	UNGC
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	Integrated Annual Report, page 48	Partly covered as we have only begun implementation in the previous reporting year	
Social: Human rights				
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	Integrated Annual Report, page 48	No omissions	
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	Integrated Annual Report, page 48	Partly covered as we have only begun implementation in the previous reporting year	
Social: Society				
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Our anti-bribery and insider trading policies are embedded in our daily operations and cross all our service lines	No omissions	
G4-SO4	Communication and training on anti-corruption policies and procedures	Integrated Annual Report, page 65	No omissions	
G4-SO5	Confirmed incidents of corruption and actions taken	No incidents were reported in 2015/2016	No omissions	
Social: Product responsibility				
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Integrated Annual Report, page 33	No omissions	

Selected information

G4-10

Employment and turnover

	2015/2016	2014/2015	2013/2014
Average FTE's	4,808	4,521	4,320
Average headcount	5,182	4,876	4,666
Total experienced hires (incl. partners)	347	311	221
< 30 years old	132	117	67
30 - 40 years old	167	139	101
40 - 50 years old	44	45	42
> 50 years old	4	10	11
Total partner hires	12	8	9
Total graduate hires	826	760	576
< 30 years old	797	739	559
30 - 40 years old	23	13	12
40 - 50 years old	4	8	3
> 50 years old	2	0	2
Total internship	340	290	227
Total exits	899	778	700
< 30 years old	444	377	319
30 - 40 years old	313	284	253
40 - 50 years old	87	63	84
> 50 years old	55	54	44
Total divestments	0	0	0

Part-time / Full time population (%)

	Part-time 2015/2016	Full-time 2015/2016	Part-time 2014/2015	Full-time 2014/2015
Population of Fee-earners	18%	82%	18%	82%
Population of Support	48%	52%	49%	51%
Population of Deloitte	23%	77%	24%	76%

Headcount male / female (excl. internships)

Employment category	2015/2016	Male	Female	2014/2015	Male	Female
Partners	253	231	22	244	223	21
Directors	258	221	37	247	220	27
Senior managers	591	453	138	570	458	112
Managers	728	530	198	704	534	170
Aspirant / Jr. Managers	1,402	895	507	1,339	902	437
Other Staff	1,816	917	899	1,658	926	732

G4-15 and G4-16

Memberships and charters

Deloitte Netherlands fully supports the commitments made by the global DTTL organisation to the UN Global Compact (UNGC), the World Economic Forum's Partnering Against Corruption Initiative (PACI) Principles, the Global Corporate Citizenship Initiative (GCCCI), 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 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 Steering Committee of the Netherlands Network. This sustainability report 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 for a number of years. Due to our continued support, we were awarded inclusion in the GRI Gold community.

In 2012, Deloitte Netherlands launched the GRI Taxonomy which allows sustainability reporters to report on sustainability in an XBRL format. This gives users of the report the chance to compare and analyse data electronically. Additionally, the electronic format can assist the reporting organisation in the data collection phase, as XBRL can be linked with existing data information systems that the reporting organisation may use. We have used the taxonomy to publish our XBRL Sustainability Report since 2012.

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. In 2015, Deloitte continued to focus on the role of business in society; a theme that was originally introduced in 2012 and has consistently been built on since then. This year we specifically focused on the role that business can play in solving big issues in collaboration with other stakeholders.

International Integrated Reporting Council (IIRC)

Deloitte has joined the IIRC, an international body that aims to develop standards for integrated reporting. Integrated Reporting is a new approach to corporate reporting that demonstrates the linkages between an organization'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 both the Council and the Working Group.

Nederlandse Klimaat Coalitie

In 2015/2016, Deloitte joined the Dutch Climate Coalition, a group of organisations that have vowed to work towards zero emissions. Our CEO Peter Bommel joined a group of influential politicians, scientists and business leaders on the Train to Paris for the final negotiations during the climate summit.

G4-27

Issues raised by our stakeholders

Our stakeholders voice their views and expectations. In the table below, we list the main expectations and issues per stakeholder group. We also provide our response to these expectations and issues and indicate how we address them in our strategy. In our Strategy 2020, we have identified six business priorities. The numbers in the table below refer to the number of the business priority:



Ensure quality



Become the number one career destination



Accelerate growth and innovation



Improve client portfolio



Establish lean operations



Seek internationalisation

Stakeholder	Issues / expectations	Deloitte response	Links to business priorities
Our clients and their shareholders	<ul style="list-style-type: none"> - Trustworthy partner - High value products and services - Fair price - Quality, integrity and independence - Undisputed reputation 	<ul style="list-style-type: none"> - Investment in long-term relationships - Quality and teaming - Cost optimisation programmes 	1, 3, 4, 5, 6
Our partners	<ul style="list-style-type: none"> - Return on investment - Lead teams that make an impact that matters on the client - Business synergies, being able to find required additional expertise within the firm - Being part of a network that provides, develops, challenges, teaches and coaches 	<ul style="list-style-type: none"> - Cooperative model for decision-making - Global network of resources, enabling each partner to be successful in his or her professional domain - Strong partnership culture, both in business and as colleagues for life 	1, 2, 3, 4, 5, 6
Our professionals	<ul style="list-style-type: none"> - Challenging projects - Personal, professional and leadership development - Rewarding and healthy work-life balance - To have a collective impact with personal strengths 	<ul style="list-style-type: none"> - Working in diverse and multidisciplinary teams - Continuous learning - A diverse client portfolio 	1, 2, 3, 6
Graduates	<ul style="list-style-type: none"> - Learning and coaching - Professional and leadership development - Recognition and reward - High moral standards 	<ul style="list-style-type: none"> - Working in diverse and multidisciplinary teams - Continuous learning and on-the-job coaching - Competitive reward package - Investments in ethics and sustainability 	1, 2, 3, 6
Deloitte network	<p>Serve global and local clients in accordance with global policies and procedures</p> <p>Contribute to global revenues</p> <p>Build knowledge and experience that can be applied globally</p>	<ul style="list-style-type: none"> - We are ranked eighth out of the 42 members firms in terms of revenues - We contribute to the local network in areas like innovation, knowledge sharing, international management positions and client service collaboration - We maintain strict procedures to comply with all relevant global policies 	1, 3, 4, 6

Stakeholder	Issues / expectations	Deloitte response	Links to business priorities
Regulators	<ul style="list-style-type: none"> - Improve quality - Reduce risks of auditing failures - Enhance public trust in the audit profession 	<ul style="list-style-type: none"> - Significant investments in a culture of the highest quality and compliance, with high levels of awareness and the right tone at the top - Full cooperation in case of investigations - Open and transparent communication 	1, 4
Society	<ul style="list-style-type: none"> - Deliver high quality services in both audit and advisory - Uphold high norms regarding ethics, integrity and independence 	<ul style="list-style-type: none"> - Quality as number one priority across the business - Significant investments in culture, processes and procedures that strengthen ethics, integrity and independence - Showing leadership by proactive participation in public debates, a.o. on ethical taxing and the future of audit - Open and transparent communication and dialogue 	1, 4
Media, Opinion leaders and NGOs	<ul style="list-style-type: none"> - Open, transparent and relevant communication 	<ul style="list-style-type: none"> - Issue and stakeholder focused reporting (Annual Report, Sustainability Report, Transparency Report, Integrated Report) - Sharing insights through sector and industry reports 	1, 2, 3, 6
Financial institutions	<ul style="list-style-type: none"> - Secure partnership with Deloitte when providing loans or insuring our business risks - Trust in audit opinions regarding organisations in their portfolio 	<ul style="list-style-type: none"> - Long-term contracts within the regulatory boundaries related to issues such as independence - Open and transparent communication and dialogue 	1, 3, 4, 5
Suppliers	<ul style="list-style-type: none"> - A fair chance to do business with Deloitte - Long-term partnership that is mutually beneficial 	<ul style="list-style-type: none"> - Long-term open relationships with suppliers that support our vision, and are able to provide an optimal mix in quality, service, continuity and price - Strict maintenance of regulatory requirements regarding independence 	1, 3, 5

Stakeholder	Issues / expectations	Deloitte response	Links to business priorities
Competitors	<ul style="list-style-type: none"> - Level playing field - Ethical market behaviour - Maintaining a quality system that prevents events that affect the reputation of the industry as a whole 	<ul style="list-style-type: none"> - Significant investments in a culture of compliance, with high levels of awareness and the right tone at the top - We welcome a level playing field and differentiate through a culture of innovation and unique combinations of skills and competencies - We analyse the market in which we operate and assess to what extent activities of our competitors reflect on us and our reputation. 	1, 2, 3, 4, 5, 6

G4-LA1

Employee Turnover

Employment category	Turnover male	Turnover % male	Turnover female	Turnover % female
Partners	8	3%	1	5%
Directors	26	12%	4	11%
Senior managers	69	15%	18	13%
Managers	96	18%	35	18%
Aspirant / Jr. Managers	159	18%	108	21%
Other Staff	201	22%	174	19%

G4-LA3

Return to work and retention rates after parental leave, by gender

	2015/2016		2014/2015	
	Male	Female	Male	Female
Employees who were entitled to parental leave	3,330	1,852	3,131	1,745
Employees who took parental leave	65	131	61	118
Employees returning from parental leave	19	61	27	54

Of the 27 Male, 54 Female returning to work in FY15, ultimo FY16 still 18 Male, 29 Female were still employed, this is 67% Male, 54% Female

G4-LA11

% of employees receiving regular performance & career development reviews

	2015/2016	2014/2015	2013/2014
Total	77%	79%	82%
By gender	2015/2016	2014/2015	2013/2014
Male	76%	79%	82%
Female	78%	81%	83%
By category	2015/2016	2014/2015	2013/2014
Partners*	42%	39%	37%
Directors	96%	92%	93%
Senior managers	95%	96%	94%
Managers	96%	98%	94%
Aspirant / Jr. Managers	93%	94%	94%
Other Staff	59%	63%	75%

*All partners are reviewed on an annual basis. Allocation in partner category takes place every two years and the figures stated in the table refer to this allocation

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, the Runbook scenario for sustainability that is part of our quality controls and specific project data.

Our people

The employee engagement score is calculated by taking the average scores of the third and fourth quarters of 2015 and the first quarter of 2016.

Lost days is the total of absent planned work days in one year.

Sickness leave is calculated by dividing the number of lost days by the total planned work days in one year.

Ecological footprint

The data included in the ecological footprint chapter of this report is gathered through a number of means:

- Total electricity consumption is measured through metering in our offices. In multi-tenant buildings the electricity consumption of public spaces is allocated on the basis of the relative share of the surface we rent in such buildings. All occupied offices have metering installed meaning that the figures for 2015/2016 can be compared with those for 2011/2012 but not with the preceding years
- In single tenant buildings, the total gas consumption is obtained by reading the available gas meters. In multi-tenant buildings, gas consumption is allocated on the basis of occupied office space by Deloitte
- In buildings where Deloitte has full control, we purchase green electricity and gas. For other buildings, CO2 emissions are offset by purchasing green certificates so that total CO2 emissions are zero.
- Total kilometres driven by lease cars as well as the number of lease cars in use are obtained from our supplier
- Total litres of petrol, diesel and LPG are obtained from our supplier. For conversion of petrol to CO2 emissions we used the most recent conversions as published by SKAO. For the current report these conversions are published in the Handboek CO2 Prestatieladder 2.2 (www.skao.nl):
 - Petrol: 1 litre equals 2.78 kilogrammes CO2
 - Diesel: 1 litre equals 3.135 kilogrammes CO2
 - LPG: 1 litre equals 1.86 kilogrammes CO2
- As we do not separately monitor business trips, commuting and private use of lease cars, our data includes all these elements.
- For the conversion of fuel consumption to MJ, we used the following conversions as mentioned in the GRI G3.1 protocol for EN3, except in the case of LPG where we have opted for a locally accepted conversion value:
 - Natural gas: caloric value per m3 is 39.01 MJ
 - Petrol: caloric value per litre is 32,256 MJ
 - Diesel: caloric value per litre is 35,964 MJ
 - LPG: caloric value per litre is 24 MJ
- 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 2013 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: 0.1583 kg CO2/kilometre per passenger
 - Short-haul international average: 0.0933 kg CO2/kilometre per passenger
 - Short-haul international economy class: 0.0889 kg CO2/kilometre per passenger
 - Short-haul international business class: 0.1334 kg CO2/kilometre per passenger
 - Long-haul international average: 0.1098 kg CO2/kilometre per passenger
 - Long-haul international economy class: 0.0802 kg CO2/kilometre per passenger
 - Long-haul international premium economy class: 0.1283 kg CO2/kilometre per passenger
 - Long-haul international business class: 0.2325 kg CO2/kilometre per passenger
 - Long-haul international first class: 0.3207 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, we used a conversion factor of 0.030 kg CO2/kilometre per passenger as published by Nederlandse Spoorwegen.
- In multi-tenant buildings, we do not have individual metering for water. This means that water consumption in such building is attributed on the basis of the surface that Deloitte has in use

Other strategic KPIs

- For determining our ranking as Employer of choice, we use the Employer Rankings of Deloitte The Netherlands as published by Universum Global for the category business students.
- Average profitability in growth areas is calculated by dividing the gross margins by the turnover for PSI and FSI advisory clients.
- % of revenues from innovative offerings relates to the turnover in pre-defined areas of Digital, Cyber, Analytics, Ecosystems/ partnerships, Fast ventures, CTRL and Project X-Ray and in line with DTTL practice a multiplier with factor 2 is applied to include the effects from innovative service offerings on regular services.

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Annex 3: Other information

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Other information

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.

Independent auditor's report

To: the members, supervisory board and executive board of Coöperatief Deloitte U.A.

Report on the audit of the financial statements

Our opinion

We have audited the financial statements for the year ended May 31, 2016 of Coöperatief Deloitte U.A. (the company), based in Rotterdam.

In our opinion:

- The financial statements give a true and fair view of the financial position of Coöperatief Deloitte U.A. for the year ended May 31, 2016, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The consolidated and company balance sheet for the year ended May 31, 2016.
- The consolidated and company profit and loss account for the year ended May 31, 2016.
- The notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Coöperatief Deloitte U.A. in accordance with the *Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten* (ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€7,800,000 (2014/2015: €6,000,000)
Benchmark used	1% of revenues
Additional explanation	We have chosen for revenues since pre-tax income is not deemed an appropriate basis due to the fact that the result is, to a large extent, paid out as membership fee to members of Coöperatief Deloitte U.A.

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 audit committee of the supervisory board that misstatements in excess of €390,000, 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.

Scope of the group audit

Coöperatief Deloitte U.A. is head of a group of entities. The financial information of this group is included in the consolidated financial statements of Coöperatief Deloitte U.A.

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 carried out audits ourselves on the complete sets of financial information of the group.

By performing the procedures mentioned above at group entities we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. 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 as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our audit response
<p>Revenue recognition and the valuation of unbilled work and receivables</p> <p>We refer to the notes to the consolidated financial statements (page 86)</p> <p>The allocation of revenues to the respective financial years and the valuation of the unbilled work and related receivables are subject to uncertain elements such as the extent to which the services as contracted are delivered at the agreed quality level and the collectability of the receivables. This matter was identified as a significant risk for our audit. The related balance sheet captions represent a material part of the balance sheet total as per May 31, 2016, €194 million (51% of balance sheet total), of which €50 million relates to unbilled work.</p>	<p>The process of recognizing revenues and the valuation of unbilled work includes estimates and involves many people and many subjective elements. Management has set up a comprehensive system of controls to reduce the subjective elements and to establish a reliable recognition of revenues and valuation of unbilled work and receivables.</p> <p>As part of our audit we focused on the controls to determine whether they have functioned properly and we independently tested a sample of unbilled work. The sample selection is based on a number of critical characteristics of the individual engagements.</p>
<p>Professional liability</p> <p>We refer to the notes to the consolidated financial statements (page 86)</p> <p>If Coöperatief Deloitte U.A. or one of its group companies receives claims for compensation related to alleged damages, these are generally covered by professional liability policies (insurance policies). The legal defense expenses are also covered by the insurance policies.</p> <p>The impact of legal claims from third parties on operating result is limited if claims are covered by the insurance policies. However, the impact can increase significantly in case of claims which fall outside the scope of insurance policies or if the amount involved exceeds the maximum coverage of the policies.</p>	<p>As part of our audit we focused on the completeness of registered claims and on determining that the correct insurance coverage is applied.</p> <p>In addition, we evaluated whether the level of insurance coverage and any additional expenses justified the recognition of a provision up to the level of policy excess, or, in case of claims which are not covered by insurance, the estimated total exposure.</p>
<p>Changes in organisation structure</p> <p>We refer to the notes to the consolidated financial statements (page 82-84)</p> <p>On June 1, 2015, Coöperatief Deloitte U.A. became the ultimate parent of Deloitte Holding B.V. and its subsidiaries. In addition, on May 23, 2016 Deloitte Holding B.V. was appointed as the sole Board member of Stichting InterNos and obtained control over Stichting InterNos. Therefore Stichting InterNos is now included in the consolidated financial statements per May 31, 2016.</p> <p>The proper accounting for these two complicated transactions is considered a significant risk for our audit.</p>	<p>During our audit we reviewed the various underlying documents and we took notice of the position papers prepared by the company in respect of the transactions. The various elements of the transactions were discussed with parties involved, including management and the audit committee.</p>
<p>The model of the profit-and-loss-account</p> <p>We refer to the notes to the consolidated financial statements (page 86)</p>	

Risk	Our audit response
<p>As disclosed in the notes to the consolidated financial statements, specific contractual arrangements existed/exist between Deloitte Holding B.V./Coöperatief Deloitte U.A and its shareholders/ members, and between shareholders/members themselves via the foundations Stichting Financiering Deloitte and Stichting InterNos. Based on these arrangements, shareholders are entitled to associate fees resp. members are entitled to management fees and profit distributions.</p> <p>As the contractual arrangements do not provide information that might be suitable for a further interpretation of the remuneration elements in the associate fees, it is not possible to determine how to record the fees in line with the financial statements Formats Decree.</p>	<p>The executive board concluded that the addition of a separate line item, which is not included in the models of the Formats Decree, is the most adequate presentation. The Formats Decree allows this amendment and the notes to the consolidated financial statements contain the required disclosures related to the amended presentation.</p>

Responsibilities of the executive board and the supervisory board for the financial statements

The executive board is responsible for the preparation and fair presentation of the financial statements, and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the executive board is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the executive board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the executive board should prepare the financial statements using the going concern basis of accounting unless the executive board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The executive board 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 the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

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 consolidated 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 judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- 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 company'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 company'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 the company ceasing to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 identify 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 those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. 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.

Report on other legal and regulatory requirements

Report on the executive board report and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the executive board report and other information):

- We have no deficiencies to report as a result of our examination whether the executive board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.

We report that the executive board report, to the extent we can assess, is consistent with the financial statements.

Engagement

We were engaged by the executive board as auditor of the group in 2003, and have operated as statutory auditor since that year. The audit of the financial statements for the year ended May 31, 2016 comprised the last year that we have served as the auditor of the company.

Amsterdam, September 2, 2016

Ernst & Young Accountants LLP

Signed by O.E.D. Jonker

Assurance report sustainability

Assurance report of the independent auditor

To: Shareholders, Supervisory Board and Executive Board of Coöperatief Deloitte U.A.

We have audited the sustainability information in the chapters "Our year at a glance", "About this report", "Report of the Executive Board (excluding the 'In control statement')", "Our impact", "Our interaction with stakeholders", "Our way of working (excluding 'roles and responsibilities' and 'risk management')", "Annex: GRI table and related sustainability information" and "Annex: Key numbers of our value creation by stakeholder category" of the Integrated Annual Report 2015/2016 (hereinafter: the Report) of Coöperatief Deloitte U.A., Rotterdam (hereinafter: Deloitte). The Report comprises a description of the policy, the activities, events and performance of Deloitte relating to sustainable development during the reporting year 2015/2016.

Limitations in our scope

The Report contains prospective information, such as ambitions, strategy, targets, expectations and projections. Inherent to this information is that actual future results may be different from the prospective information and therefore may be uncertain. We do not provide any assurance on the assumptions and feasibility of this prospective information.

References in the Report (to www.deloitte.nl, external websites and other documents) are outside the scope of our assurance engagement.

Management's responsibility

Management of Deloitte is responsible for the preparation of the Report in accordance with the Sustainability Reporting Guidelines G4 (option Comprehensive) of the Global Reporting Initiative (GRI) and the reporting criteria developed by Deloitte, including the identification of the stakeholders and the determination of material issues. The disclosures made by management with respect to the scope of the Report and the reporting criteria are included in chapter "About this report" and "Basis of reporting".

Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the Report based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standard 3810N "Assurance engagements relating to sustainability reports". This requires that we comply with ethical requirements and that we plan and perform the audit to obtain reasonable assurance about whether the Report is free from material misstatement.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant for the preparation of the Report 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. An assurance engagement aimed on providing reasonable assurance also includes evaluating the appropriateness of the reporting framework used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Report.

Procedures performed

Our main procedures included the following:

- Performing an external environment analysis and obtaining an understanding of the sector, relevant social issues, relevant laws and regulations and the characteristics of the organization.
- Evaluating the acceptability of the reporting policies and their consistent application, such as assessment of the outcomes of the stakeholder dialogue and the reasonableness of accounting estimates made by management.
- Evaluating the application level in accordance with the Sustainability Reporting Guidelines G4 (option Comprehensive) of GRI.
- Evaluating the design and implementation and operating effectiveness of the systems and processes for data gathering and processing of information as presented in the Report.
- Interviewing management (or relevant staff) at corporate level responsible for the sustainability strategy and policies.
- Interviews with relevant staff responsible for providing the information in the Report, carrying out internal control procedures on the data and the consolidation of the data in the Report.
- Investigating internal and external documentation, including examination of information on a test basis, to determine whether the information in the Report is reliable.
- Analytical review of the data and trend explanations at group level.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, and with due consideration of the limitations described in the paragraph "Limitations in our scope", the Report provides, in all material respects, a reliable and appropriate presentation of the policy of Deloitte for sustainable development, and of the activities, events and performance of the organization relating to sustainable development during 2015/2016, in accordance with the Sustainability Reporting Guidelines G4 (option Comprehensive) of the GRI and the reporting criteria developed by Deloitte as disclosed in chapter "About this report" and "Basis of reporting".

Emphasis of matter

Without affecting the opinion of our engagement, we would like to draw the readers' attention to table 07 on page 60 where Deloitte summarizes how they have determined the views of their stakeholders, to paragraph 'Gaining insights and setting targets' on page 61 where Deloitte discloses that the new sustainability targets set in 2015/2016 will be consulted with their stakeholders in the next reporting year, and to Chapter 'Ensure Quality' on page 29, where Deloitte describes that they are in the process of developing a basis to report the KPI's for target 'Ensure Quality'.

Amsterdam, September 2, 2016

Ernst & Young Accountants LLP

Signed by O.E.D. Jonker

Annex 4: key numbers of our value creation per stakeholder category

Regulators



Formal meetings
with AFM

Society



2,630

Legally required
audit performed



30,000

Children reached through
Fair Chance Foundation
since 2012



1,440

Deloitte's who participated in
FCF projects since 2012



253 m

Taxes paid by Deloitte

Media, opinion leaders & NGOs



51

Press releases in 2015/2016



49

Publications available



4

Reports explaining Deloitte's
strategy & performance

For access to our press releases and (business) reports, please visit www.deloitte.nl

Clients and their stakeholders



13,750

Number of clients

Suppliers*



€ 283.4 m

Total supplier spend



65.0%

Spend in accordance

*Our Supplier Code (containing sustainability related requirements) is under implementation since 2014

Our people



5,182

Average headcount



343 m

Compensation & benefits
in euros



253

Partners
(Average headcount)



€ 82.7 m

Capital provided by
partners in 2015/2016



18

Newly appointed
partners in 2015/2016

Financial institutions



€ 785.3 m

Turnover in millions
of euros



€ 122.3 m

Operating result in
millions of euros



19.9

Debt service
coverage ratio



\$ 35.2 Bn

Turnover of our
global network in 2014/2015



Relative position in
international network
of 46 member firms
based on turnover in 2014/2015

Graduates



>1,300

Graduate new hires

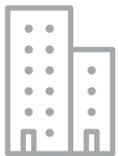


70.4%

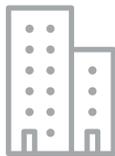
Graduate new hires as %
of total hires

Competitors

Relative size in turnover (base 2014/2015)



1. EY



2. PWC

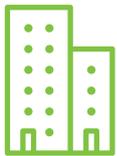


3. Deloitte



4. KPMG

Relative size in FTE (base 2014/2015)



1. Deloitte



2. PWC



3. EY



4. KPMG



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