

**Deloitte.**



2022 Audit Transparency Report  
Deloitte AG, Switzerland

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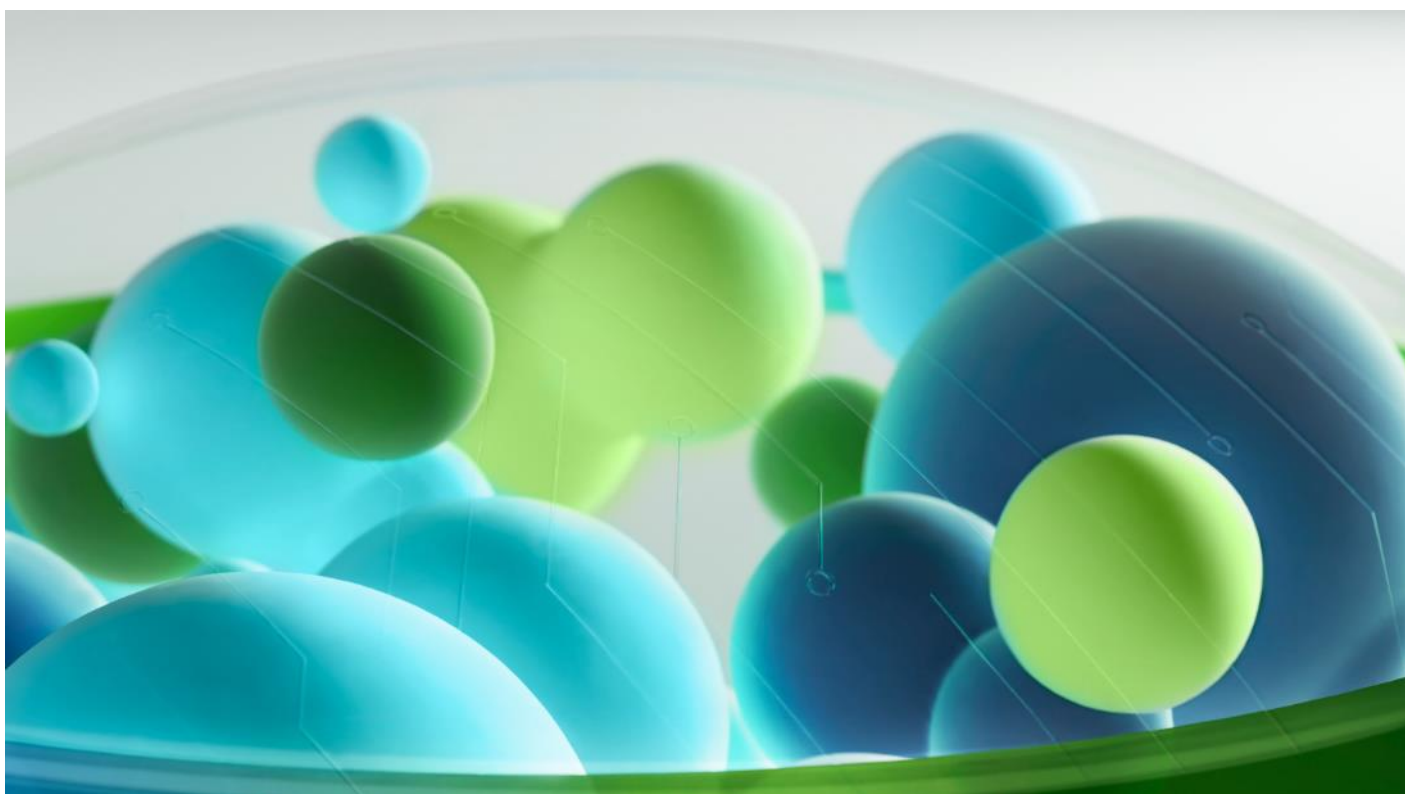
# Deloitte Switzerland leadership message

Welcome to our 2022 Transparency Report.

During our past fiscal year (June 2021 to May 2022), the COVID-19 pandemic continued to present challenges to which we had to respond in order to deliver the highest quality audits. Throughout the year our people have shown exceptional agility in adapting to hybrid operations; and we are extremely proud of their efforts and what we have achieved collectively. Supporting the wellbeing of our team members has been, and will always remain, a priority for the management of Deloitte Switzerland.

We have also continued to transform the future of our profession by embracing digitalisation and investing in innovative technologies to help our clients: automation to improve the performance of routine tasks, analytics to identify patterns in data and material anomalies, and artificial intelligence. We are committed to playing a leading role in transforming audit quality. Our innovation mind-set, combined with continual investment in our talent and skills, will be key factors for future-proofing our profession and supporting our clients.

In addition, Deloitte's multi-disciplinary model enables us in our audits to call on the assistance of our financial, forensic, IT and data experts (and many more), to go beyond what is expected.



Looking ahead, regulatory standards and expectations will remain a strategic focus for our organisation. For example, the Pillar Two Model Rules (also known as the “Global Anti-Base Erosion” Rules or GloBE) are designed to ensure that large groups with consolidated revenue of more than €750 million will pay a minimum level of tax on the income arising in each jurisdiction in which they operate. These regulations are transforming the international tax world and will lead to far-reaching changes in the preparation of the tax balance sheet and in the calculation of the tax base in accordance with the new OECD standard, adding layers of tax compliance and tax reporting obligations, and requiring companies to adapt their IT processes, systems and controls. The rules are expected to take effect in Switzerland from 1 January 2024, leaving companies with only a short time to make the required adaptations. These changes in the international tax landscape add significant risks for our audits, in terms of the potential impact on financial statements and new and updated disclosure and internal control requirements. We are already well positioned to respond to these changes. And by training our professionals in Pillar Two and involving internal specialists to a greater extent in our audits, we will not only meet our regulatory responsibilities but will also enhance the quality of our contribution.

Sustainability and climate change mitigation remain top priorities on our business agenda. We are acting to meet the demands for sustainable measures from all our stakeholders - our clients, our employees, our communities, our regulators – as well as ourselves. As a firm, we are committed to reaching net zero emissions by 2030 and are determined to achieve this with the minimum delay. Within our audit practice, this translates into investing heavily in our capabilities and expertise in performing audits and reviews of mandatory and non-mandatory climate change-related financial disclosures, which provide a factual analysis of company performance on key business and environmental metrics.

We are a people-powered business, and as such our talents are the backbone of our operations. Our 2,000 professionals operating across six business locations in Zurich, Geneva, Basel, Bern, Lausanne and Lugano all share common values: giving support and commitment to one another, acting with integrity, and inclusivity. As a firm, we recognise the huge value of employee engagement. On their own, our people are impressive: together, we form part of something much bigger and much stronger. Our culture of diversity and inclusion and our purpose-driven talent strategy are making significant headway, and this will gain further momentum over the next years.

Deloitte’s aim is to make an impact that matters for our clients, people and society in general. Within Audit & Assurance, this translates into going beyond what is expected, bringing meaningful insights to our clients, protecting the public interest, and building trust and confidence in financial markets. This is what Deloitte stands for.

Best regards,



**Reto Savoia**  
CEO  
Deloitte AG



**Alessandro Miolo**  
Managing Partner Audit & Assurance  
Deloitte AG

# Deloitte Network

## Deloitte Switzerland

Deloitte Switzerland is a leading audit and advisory company that offers industry specific services in the field of audit & assurance (A&A), advisory and tax & legal. Almost 2,200 employees, including 445 from the A&A department, at the six locations of Basel, Bern, Geneva, Lausanne, Lugano and Zurich (head office) support Deloitte in providing high quality solutions for organizations and institutions of different legal status and size from various economic sectors.

### Legal structure and ownership

Deloitte Switzerland operates as an AG, established under Swiss law, with registered offices<sup>1</sup> in Basel, Bern, Geneva, Lausanne, Lugano and Zurich (head office).

On 1 June 2017, Deloitte AG and Deloitte Consulting AG became part of Deloitte North & West Europe (NWE), a member firm of the global network of Deloitte Touche Tohmatsu Limited (DTTL) comprising of around 345,000 employees in more than 150 countries.

In June 2019, the Deloitte Central Mediterranean member firm (comprising the Deloitte practices in Italy, Greece and Malta) combined with Deloitte North & West Europe (NWE) to create Deloitte North & South Europe (NSE).

While audit & assurance, risk advisory, financial advisory and tax & legal services are offered via Deloitte AG, our consulting services are provided by Deloitte Consulting AG.

Deloitte AG is connected to the Deloitte network through Deloitte North & South Europe (NSE), a member firm of Deloitte Touche Tohmatsu Limited. Deloitte AG is referred to throughout this report as “Deloitte Switzerland”, and Deloitte North & South Europe (NSE) is referred to throughout this report as “Deloitte NSE”. Deloitte North & South Europe (NSE) holds practice rights to provide professional services using the “Deloitte” name which it extends to Deloitte entities within its territory (see graphic below).

### Governance—leadership in action

#### Deloitte Switzerland – Board of Directors

##### Roles and responsibilities

The members of the Board of Directors are responsible for the governance and oversight of Deloitte Switzerland. Specific responsibilities include determining long-term strategies, organising and monitoring operative business management in accordance with the non-transferable and inalienable duties according to Art. 716a Swiss Code of Obligations (SCO). The Board of Directors is also responsible for the organisational structure of the firm, its risk assessment and financial governance. The members of the Board of Directors meet at least four times a year in order to fulfil their role.

The following are the members of Deloitte Switzerland’s Board of Directors:

Members of the Board of Directors	Alessandro Miolo, Partner, Chairman of the Board of Directors	Reto Savoia, Partner, Chief Executive Officer
	Alessandro Miolo (licensed audit expert accredited by the FAOA) is the Managing Partner of Audit & Assurance in Switzerland and a member of the Management Committee.	Reto Savoia is the CEO of Deloitte Switzerland, Chairman of the Management Committee.

<sup>1</sup> UID CHE-101.377.666.

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### Deloitte Switzerland – Board of Directors (continued)

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The following are the members of Deloitte Switzerland’s Board of Directors:

<b>Members of the Board of Directors</b>	<b>Marcel Meyer, Partner</b>	<b>Matthias Gschwend, Partner</b>
	Marcel Meyer (licensed audit expert accredited by the FAOA) is an Audit & Assurance Partner and he leads Deloitte’s Investment Management and the Sustainability practice for Switzerland.	Matthias Gschwend (licensed audit expert accredited by the FAOA) is an Audit & Assurance Partner and he leads Deloitte Switzerland’s US Financial Reporting Group.
	<b>Michelle Hug-Fahrni<sup>2</sup>, Partner</b>	
	Michelle Hug-Fahrni (licensed tax expert) is a tax partner within Deloitte’s Tax & Legal Department.	

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### Deloitte Switzerland – Management Committee

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<b>Roles and responsibilities</b>	The Management Committee members represent different units within Deloitte AG (audit business, operating business, customer business). The Management Committee meets at least four times a year (quarterly). The standard agenda provides for: Business performance / Quality, Risk, Regulations and Compliance / FAOA related matters / Human Resources and Project related matters.
<b>Members of the Management Committee</b>	The Management Committee consists of three partners appointed by the Board of Directors and is led by the Chief Executive Officer. The three members are: <b>Reto Savoia</b> , CEO <b>Alessandro Miolo</b> , Managing Partner Audit & Assurance <b>Karine Szegedi</b> , Partner Audit & Assurance

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### Deloitte Switzerland – Audit & Assurance Executive

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<b>Roles and responsibilities</b>	The Audit & Assurance Executive defines the strategy for the Audit & Assurance practice. Its members are responsible for implementing the Audit & Assurance strategy and leading the operations within the business. Audit quality, innovation and talent management are at the top of the agenda for the Audit & Assurance Executive in accordance with the firm-wide objective to be the undisputed leader in the Swiss Market. The members of the Audit & Assurance Executive are appointed by Alessandro Miolo, Managing Partner of the Audit & Assurance business. Each member has a specific management function within the group (quality, innovation, talent and operations amongst others) in addition to his/her client facing role.
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<sup>2</sup> Michelle Hug-Fahrni was elected on 20 September 2021 and has replaced Jacqueline Hess, who resigned from the Board of Directors in May 2021.

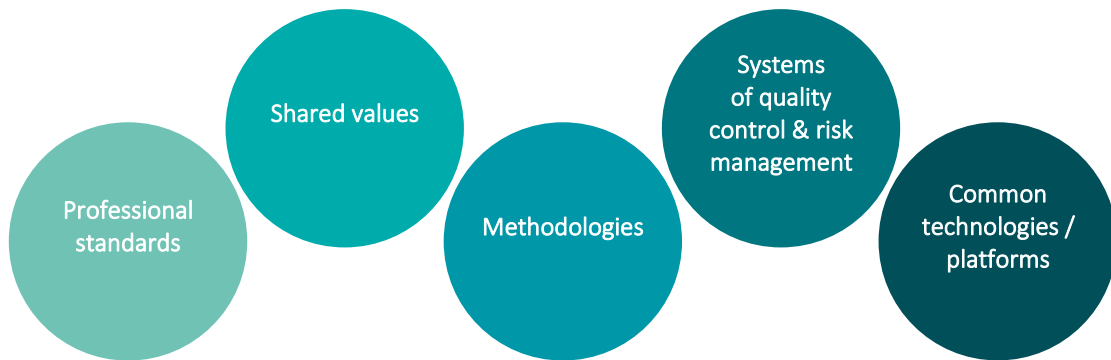
## The strength of the Global Deloitte network

In a post-pandemic environment, which has resulted in an increased digitization of international relationships and an increasingly active M&A market, market players no longer see the limits to international development in the same way. Deloitte's global network is therefore a key advantage in supporting the international development of market participants, guaranteeing a service of equivalent quality in all four corners of the globe.

### The Deloitte network

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

As part of the Deloitte organisation, Deloitte firms benefit from shared values, investments and resources and are able to leverage Deloitte's brand, eminence and intellectual property.



### Deloitte Touche Tohmatsu Limited (DTTL or Deloitte Global)

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

"Deloitte" is the brand under which approximately 345,000 dedicated professionals in independent firms throughout the world collaborate to provide audit and assurance, consulting, financial advisory, risk advisory, tax & legal, and related services to selected clients. These firms are members of DTTL. DTTL, these member firms and each of their respective related entities form the Deloitte organisation. Each DTTL member firm and/or its related entities provides services in particular

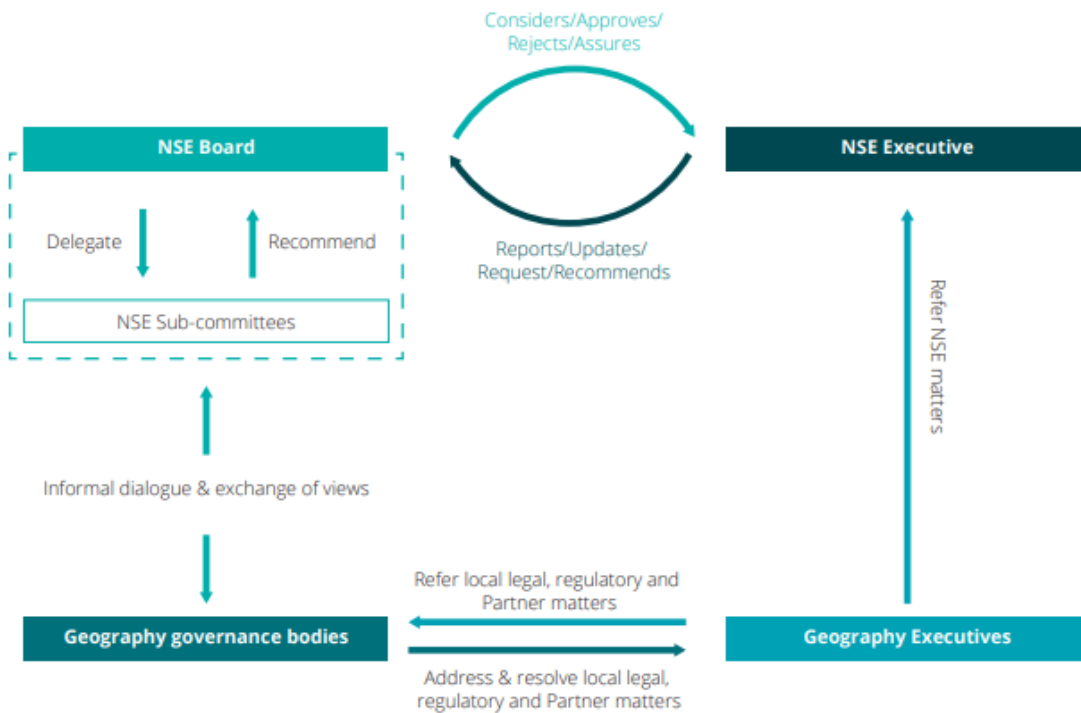
geographic areas and is subject to the laws and professional regulations of the particular country or countries in which it operates. Each DTTL member firm is structured in accordance with national laws, regulations, customary practice, and other factors, and may secure the provision of professional services in its respective territories through related entities. Not every DTTL member firm or its related entities provide all services, and certain services may not be available to attest clients under the rules and regulations of public accounting. DTTL, and each DTTL member firm and each of its related entities, are separate legal and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm, and their respective related entities, are liable only for their own acts and omissions, and not those of each other. The Deloitte organisation is a global network of independent firms and not a partnership or a single firm. DTTL does not provide services to clients.

## Deloitte NSE

Within the Deloitte member firm structure, Deloitte Switzerland is part of the NSE member firm. As a locally registered and regulated audit firm in Switzerland, we have decision-making authority regarding regulatory matters and professional obligations and maintain ultimate responsibility for the execution of audit and assurance services in accordance with local laws and regulations. As a member of a combined firm within the Deloitte network, we work in close cooperation

with the other geographies in NSE member firm and benefit from additional oversight of quality, risk management, and monitoring activities. This structure fosters shared investment in audit innovation and resources as well as the sharing of leading practices across geographies, contributing to our collective aspirations of continuous improvement in audit quality.

The NSE governance and leadership structure provides clear paths of communication from Geography to NSE level.

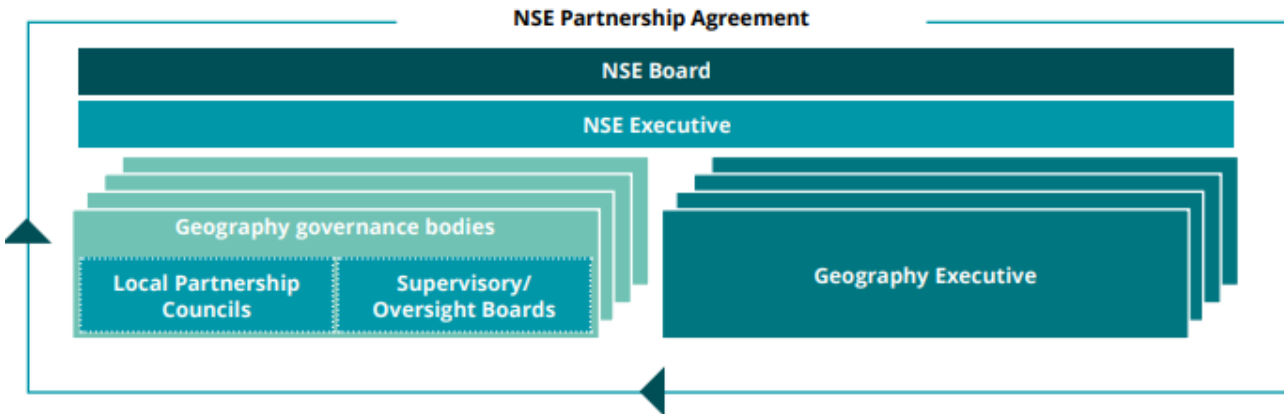


The Deloitte NSE governance structure consists of the NSE Board, the NSE Executive, Geography governance bodies and Geography Executives:

- The NSE Board is the primary governance body of NSE, responsible for ensuring high quality governance and stewardship of NSE. The NSE Board works with the NSE Executive to set and approve the long-term strategic objectives of NSE and the markets in which it operates. The NSE Board comprises the NSE CEO, NSE Chair and elected members, as well as Independent Non-Executives (INEs) and a Deloitte Global Representative. The latter do not have voting roles
- The NSE Board oversees the risk appetite in each business area; is responsible for the oversight of the executive function, ensuring alignment with Deloitte Global obligations; and is responsible for the promotion and protection of NSE Equity Partner interests generally



- The NSE Executive is responsible for developing NSE strategy and vision as well as NSE policies and overseeing their implementation and execution
- Geography governance bodies exist where this is required for legal and/or regulatory purposes and to oversee local Partner matters
- The Geography Executive works with the NSE Executive to reflect the Connected+ Autonomy operating model (balancing local and central requirements), including the development and delivery of approved plans, in line with the NSE strategy, tailored to reflect local market conditions



# Our purpose and commitment: instilling trust and confidence



The world is changing with accelerating scale and complexity. Future business challenges will increasingly require creative problem-solving that is generated by the fusion of different disciplines. Deloitte's multi-dimensional approach connects the talents of more than 310,000 professionals and extensive alliances to uniquely provide clients with the breadth of perspective needed to deliver breakthrough solutions

At Deloitte Switzerland, our purpose is to make an impact that matters. For Audit & Assurance, this means a focus on delivering independent high-quality audits and instilling confidence and trust in the capital markets through the services we deliver. This requires us to continuously build capabilities to support the delivery of high-quality audits and make leading contributions to shaping the future of the audit profession.

Making sure audit quality keeps pace with emerging economic, business, and regulatory conditions, as well as technological advances is critical to the continual enhancement of Deloitte's role in protecting the public interest and supporting the effective functioning of the financial ecosystem. Deloitte's brand is defined by the high-quality audits we deliver and by our unwavering commitment to continuous improvement.

## What Deloitte Audit & Assurance brings to capital markets?

As part of Deloitte Global Audit & Assurance's commitment to supporting the capital markets, Deloitte is focused on auditing entities where it serves the public interest and where Deloitte has the capabilities to perform a quality audit with objectivity and in compliance with applicable ethical and professional standards.

### A focus on audit quality

Deloitte's commitment to audit quality permeates everything we do. The independent audit is a central element of the financial reporting ecosystem, in place to protect investors and other stakeholders, as well as to promote the effective functioning of the capital markets. Deloitte is keenly aware of our obligation to deliver audit services that meet the challenges and complexities of the current environment, while complying with professional and regulatory standards. For the financial reporting ecosystem to function as intended, it is vital that the auditor's role be executed effectively.

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

### Entities Deloitte audits

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

Deloitte Switzerland has detailed policies and procedures in place for the acceptance of prospective clients, the continuance of existing engagements and the assessment of engagement risk. These policies and procedures are designed with the objective that Deloitte Switzerland will only accept or continue with engagements where it:

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

The company we keep is an important aspect of our Audit & Assurance strategy and global shared values that guide our behavior to lead the way, serve with integrity, take care of each other, foster inclusion and collaborate for measurable impact.

The question we ask ourselves is: what type of entities do we, as a global network, want to be associated with? In order to answer this question, an audit and assurance risk appetite statement has been developed to serve as the foundation for the company we want to keep. The risk appetite statement can be used as a tool to promote robust discussion of risk, and as a basis upon which acceptance and continuance decisions can be debated and challenged effectively and credibly. The statement, as shown below sets the tone for the risk culture and aims to drive global consistency in the engagement acceptance and continuance decision making process:

"Deloitte's Audit & Assurance (A&A) portfolio risk appetite underpins our purpose led agenda and reinforces our Principles of Business Conduct, which articulate the standards to which we hold ourselves, wherever in the world we live and work, in order to build and maintain a sustainable business for current and future generations.

Consistent with our commitment to purpose and to act in the public interest, we recognize that taking on a degree of risk is a natural consequence of doing business. In order to deliver high quality audit and assurance services, we proactively identify and manage risk through our quality control processes, policies and procedures to make informed decisions aligned to our strategy and values.

We aspire to have a portfolio of clients that aligns with our shared values, respects our professionals, recognizes emerging issues and societal responsibilities, and is committed to providing transparency to stakeholders in the financial reporting ecosystem. We endeavor to have a portfolio that does not include clients that lack integrity, engage in illegal activities, disregard the authenticity of financial accounting and reporting, or are unwilling to establish and maintain sufficient internal controls and related processes."

## Delivering audit excellence through process, people, and technology transformation

Being a relevant profession of the future and a sustainable practice that evolves with the pace of change in technology and society is critical. Driving this goal is the Deloitte Audit & Assurance Transformation initiative, which is currently being developed and deployed across the Deloitte network, including Deloitte Switzerland.

Leveraging evolving technology and data, Deloitte A&A delivers deeper insights to create more consistent, transparent, and valuable audit and assurance for our stakeholders. Deloitte brings bright minds, effective processes, and world-class technologies from across the global organization to deliver an impact beyond expectations.

## Shaping the future of the audit profession

The provision of relevant and reliable financial and, increasingly, non-financial information is critical to both the capital markets and broader society. Policy makers, regulators, investors, company directors, audit committee chairs, and auditors all have an important role so that users of corporate information have a clear and complete picture of uncertainties and risks in a company's business model to help support their informed decision making.

Uncertainty and complexity are set to remain a central theme over the coming years, driven by heightened global challenges and the rapid advancement of technology.

Deloitte is committed to establishing a meaningful vision for the future of the profession which addresses the shifting needs of society. We are proactively engaging with a range of stakeholders to bring innovation into the audit of today—as well as the audit of tomorrow—to support the audit, corporate governance and reporting regime in continuing to serve their purpose to enable confidence and trust.

## Audit & Assurance – the future, today

At Deloitte, meeting expectations is where our Audit & Assurance services begin.

Our people's commitment to integrity, to serve the public interest, and to deliver high quality assurance over the areas that matter most to our stakeholders is at the core of everything we do.

We are leaders in quality and will continually deliver on this commitment by focusing on excellence across people, process, and technology. Each of these core components helps us to deliver our vision for a better future, creating an impact that not only meets expectations but goes beyond them.

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

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

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

## Environmental, social, and governance (ESG) reporting

### Financial reporting today

To better assess the resiliency of corporate strategies to climate related and other ESG matters, investors and stakeholders are seeking reliable and comparable information on the potential impacts of these matters. These matters could have implications on a company's financial accounting and reporting, in the context of the existing accounting standards and the financial statement audit. Companies follow financial reporting standards such as the International Financial Reporting Standards (IFRS). Auditors follow auditing standards such as those established by the International Auditing and Assurance Standards Board (IAASB), International Standards on Auditing (ISA), and Public Company Accounting Oversight Board (PCAOB) related to the audit of the financial statements. These standards require auditors to identify and assess the risks of material misstatement in the financial statements of the companies they audit, and design and perform audit procedures responsive to those risks. Deloitte is increasing awareness of the potential impacts of climate-related and other ESG matters on financial reporting through guidance, tools, templates, learning, and leading practices.

### Corporate reporting of the future

In addition, market participants and broader stakeholders are calling for greater insight into corporate performance, specifically demanding enhanced transparency around ESG impacts and dependencies of a company's business model and strategy. Over time, many standard setters and other organizations have developed frameworks or standards for reporting metrics and ESG information for use by companies. However, currently there is no global enforcement mechanism or assurance requirements for consistent adherence or adoption. Deloitte supports the International Financial Reporting Standards Foundation's (IFRSF) proposal to establish International Sustainability Standards Board (ISSB) that, alongside the International Accounting Standards Board and under the governance and oversight of the IFRSF, would provide a set of global standards.

There is a growing interest for companies to integrate climate related and other ESG considerations into systems of internal control, enhancing the maturity of systems, processes, and governance over climate-related and other ESG information.

Those charged with governance (e.g., Audit Committees, Boards) are moving toward incorporating ESG considerations in their oversight responsibilities of companies' management—companies' readiness, companies' management skillsets, and implementation of processes and controls to collect data.

Deloitte supports efforts to make publicly disclosed ESG information consistent, comparable, and reliable. Assurance provides a greater confidence in ESG information. Deloitte believes that there is a benefit of ESG assurance being provided by an audit firm. Objectivity, credibility, and integrity are qualities valued most in assurance providers. These are in addition to independence, professional scepticism, commitment to quality, and appropriate training that are equally critical.

Deloitte supports the continued collaboration of all participants in the financial reporting ecosystem, working together to develop and implement common standards upon which to measure, disclose, and ultimately assure ESG information.

Further, to help the world achieve the goals of the Paris Agreement, Deloitte has launched WorldClimate, a strategy to drive responsible climate choices within the Deloitte network and beyond.



## Responding to climate and sustainability risk disclosures for our clients

Sustainability reporting has become more important for our clients. In the past two years regulators have developed and set out a road map to promote sustainable finance. Several sustainability initiatives have been drafted which promote additional disclosures on how companies are integrating sustainability into the business strategy e.g., impact of climate risk. These sustainability initiatives impact several of our large and listed clients. For our private clients although not impacted directly by these sustainability initiatives, they are indirectly impacted as their stakeholders will have more sustainability reporting requirements to meet.

At Deloitte, we live our purpose of making an impact that matters by delivering innovative solutions and insights to our clients to address their needs and challenges. Sustainability reporting is not a new concept. Recent years have seen a greater increase in sustainability reporting worldwide. This type of disclosure is often voluntary, and it is used to create a different and positive image of the company. Today's consumers and tomorrow's voters are voicing increasing demands to businesses, organizations and governments about how they implement sustainability and achieve sustainable development goals. With increase investors demand, political pressure to reduce our carbon footprint and new regulations, sustainability disclosures are becoming mandatory. However, among stakeholders, there is a growing concern that sustainability reporting does not respect transparency and truth, and consequently, rules of good corporate governance.

There is also a wider debate on how non-financial information complements the financial statements to provide the information necessary for stakeholder in making informed choices and decisions. Investors and other stakeholders have highlighted the need for sustainability reporting to provide a reliable basis for decisions and for holding organizations to account. Investors want to assess their exposure to financial risks including the impact of sustainability risk. As sustainability reporting continues to develop and the regulations become clearer for our clients, the need for assurance on sustainability reporting will change from voluntary to mandatory.

Auditors have a key role to play in providing assurance on sustainability information. Sustainability reporting is not new at Deloitte. Our sustainability team has been working with several clients providing voluntary assurance on sustainability reports reporting under the Global Reporting Initiative and providing assurance on sustainability metrics within lending agreements.

As the areas of sustainability has become more important to our clients, we have continued to grow our team. We feel that having a blend of traditional accountants and sustainability specialists will allow us to bring the best expertise to our clients as they continue their sustainability reporting journey. At Deloitte, we strived to identify innovate ways to support our clients by bringing the latest insights and developments on sustainability reporting through our engagement with key industry stakeholders.

## Auditing in disruptive times

In recent years the world has experienced a period of exceptional challenges and uncertainty, from the societal changes caused by the COVID-19 pandemic to the humanitarian crisis brought on by the war in Ukraine. These momentous shifts have brought unprecedented speed of change to the profession, and throughout this period, Deloitte has prioritized the safety and wellbeing of its people. In times of global complexity and economic uncertainty, the need for high quality audit and assurance services is critical. Now more than ever, investors and stakeholders are looking to auditors to bring trust and objectivity to capital markets.

Despite the unique challenges of the current environment, Deloitte Switzerland has not wavered in its commitment to ethics, integrity, independence, and transparency—all while serving the public interest. We recognize the importance of upholding our professional responsibilities and our role in instilling trust in the financial reporting ecosystem. We continually reinforce the following principles with A&A practitioners:

- Exercise professional scepticism and due professional care
- Critically evaluate the quality of audit evidence obtained and whether it is sufficient and appropriate to address the risk
- Make well-reasoned professional judgments supported by clear documentation
- Foster a culture of consultation
- Stay connected and support one another

In this period of continued uncertainty, all stakeholders of the financial reporting ecosystem (including governments, financial institutions, entity management, those charged with governance, auditors, and investors) must exercise significant judgment. This includes an awareness of the heightened risk of fraud, the presence of new or different risk factors, and potential changes in internal control environments.

Although the existing accounting frameworks have provisions for uncertainties, financial statement users and regulators should continue to expect a higher degree of market and economic volatility in the near term.

Deloitte welcomes the public statements and guidance issued by regulators that recognize the current uncertainties and emphasize the importance of high quality, forward-looking corporate disclosures. There is benefit to the public for greater transparency from various financial reporting ecosystem stakeholders raising awareness about these issues. This includes providing more clarity on the responsibilities of management, audit committees, companies, auditors, regulators, and other stakeholders.

The professional standards, Deloitte policies and guidance, strong consultation and specialist networks, and steadfast diligence continue to be the basis for Deloitte's execution of high-quality audits. Deloitte's global technology and infrastructure have allowed for an agile and rapid response to the various disruptions to the workplace, including the shift to virtual working. Deloitte Global continues to provide firms with globally relevant and locally adaptable audit resources and guidance. These responses have allowed us to continue to reinforce the execution of the Deloitte audit approach throughout this historically challenging period.

The transformation of audit delivery in an increasingly dynamic work environment has led Deloitte to respond to the rapidly changing needs and requirements of the talent landscape. This includes challenging historical working methods and supporting its people in a hybrid working environment.

Going forward, Deloitte Switzerland will continue to focus its efforts and provide a consistent audit experience in a way that embraces the evolving expectations of the entities we audit and our people.



# Our professional development and performance management

Deloitte Switzerland is a diverse and dynamic organisation with a strong and vibrant culture. Deloitte strives to be among the most renowned companies in Switzerland and a great place for people to learn, grow and make an impact. Deloitte Switzerland has successfully established itself as a major employer in the Swiss market and 97 people in A&A during 2021. Our Executive Group and all employees play an important part in building our inclusive and open culture, where everyone can thrive.

Deloitte culture and the design of learning programmes place people at the forefront. Deloitte professionals are technically proficient with high levels of ethics, integrity, professional scepticism, and objectivity, and are continuously enhancing their skillset and experience.

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

## Learning and development initiatives

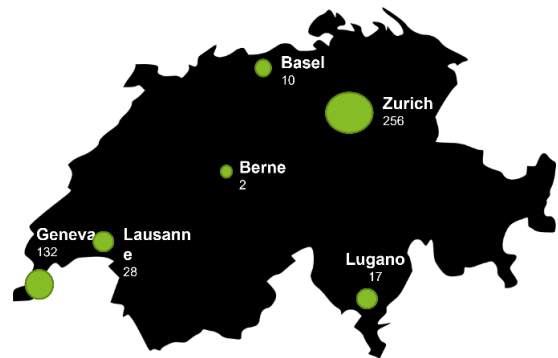
Deloitte professionals bring diverse backgrounds, knowledge, and skillsets that enhance capabilities as an organisation in delivering the highest quality audits. In addition, operational discipline, effective management of the business, and the development of a singular approach to doing audits known as The Deloitte Way, provide the foundation for Deloitte's commitment to bring consistency to our audits.

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

It offers opportunities to enhance their technical and professional skillsets and competencies.

Deloitte is driving a sustainable Audit & Assurance business that recognises and rewards its people and ongoing investments in their future. Not only does Deloitte deliver value in more areas, but as capabilities and skillsets are enhanced, we build greater confidence to our clients and the public and become ever-better evaluators of risk.

We are highly integrated within Deloitte's large global network, similarly, organized as our clients and well connected to the Swiss business community in all parts of the country.



For example, the following skills have become more important—enhanced data analytics, project management, critical thinking, communication, enhanced professional judgment, and the application of accounting and auditing principles to work more effectively and deliver higher quality engagements.

Enabling our practitioners for the new hybrid working model requires a new skill set and our learning & development program is a strategic enabler in helping us to achieve this. Seamless digital and physical experiences to connect, collaborate and innovate across our Deloitte network are a key strategic priority. The development of our people remains a priority and we know that sometimes the best place for this is when we learn from each other in our teams, often on live engagements and in person. We strive to ensure to leverage the technologies such as MS Teams and opportunities available to us, especially for our junior people who will continue to receive support, coaching and oversight.



## Deloitte Global Audit & Assurance Curriculum

Deloitte has made substantial investments in talent and learning strategies and transformed the technical audit curriculum to strengthen the required skillsets and proficiency levels:

- At the core, Deloitte has a single, global mandatory audit technical learning curriculum for auditors (ISA Curriculum), targeting learners by level, using a dynamic blend of live instructor-led, digital on-demand courses, and on-the-job activities
- All client service professionals are required to complete at least 20 hours of continuing professional education (CPE) each year and at least 120 hours every three years, through structured, formal learning programs, such as internal or external courses, seminars, or e learning modules covering all areas of the competency model (e.g., shared competencies, function-specific technical competencies, and competencies in areas of specialization)
- All client service professionals have clearly defined role expectations. In addition, our global talent standards outline the capabilities that are required of practitioners at each level

Deloitte has also established specific learning opportunities for specialists working on audit engagements to support their knowledge and understanding of the audit process. Enhanced project management, a key capability for executing audit engagements, has been included in annual development programmes which provide a blend of technical and soft skill learning development.

## Technical Excellence event

All qualified audit professionals working on audits are required to attend our Technical Excellence event. This four-day course is specifically designed for the Swiss practice and covers the latest developments in audit and accounting, relevant technological advances and crucial topics such as quality, ethics, leadership and project management skills.

In addition, we offer a broad curriculum of courses for colleagues operating in specific regulatory environments, such as PCAOB engagements or audit clients subject to the regulations of the financial markets.

## Swiss CPA

These learning and development initiatives are complemented by a strong local learning curriculum for our Swiss practitioners. We are committed to supporting our employees in obtaining relevant qualifications, such as the Swiss Certified Public Accountant (Swiss CPA) qualification. We also invest significantly in training and provide a supportive environment for professional learning. Our recently qualified Swiss CPAs are now transforming their technical knowledge into value for our clients.

In line with the requirements set by EXPERTsuisse, Deloitte Switzerland establishes minimum levels of continuing professional development to be undertaken by partners and other professionals within a specific period of time. To achieve these levels of development, Deloitte Switzerland offers structured, formal learning programmes, one of them being the Technical Excellence event.

## Deloitte University

Deloitte actively cultivates the collective knowledge and skills of Deloitte professionals globally through continued investment in Deloitte Universities (DU). These are state-of-the-art learning and development centres focused on Deloitte culture and rooted in the principles of connectedness and leadership in a highly inclusive learning environment.

The logo for Deloitte University. The word "Deloitte" is in a bold, black, sans-serif font with a green dot at the end of the "e". Below it, the word "University" is in a lighter, black, sans-serif font.

## Performance management

The performance and development model at Deloitte is designed to build a culture of constant flow of new opportunities for our people to develop and grow. Frequent, “future-focused” conversations enable our people to benefit from real-time feedback, which focus on developing their strengths. Our practitioners have regular check-ins with their team leaders. The Performance Development Leaders hold an important role with overall accountability for the performance management process in their business area, including the ongoing development and feedback of the team during the year.

### Partner remuneration

Execution of high-quality audits is expected from all professionals and is embedded across the Deloitte network. Audit quality is recognized through reward and recognition programs and is built into performance standards at every level, against which professionals’ overall evaluations are measured. In accordance with global policies, Deloitte Switzerland’s partners are evaluated on a yearly basis, and depending on the outcome of the evaluation, the remuneration of partners may increase or decrease. With purpose at the heart, the Deloitte Future Leader Framework recognizes the contexts within which a leader operates, and recognizes the values, personal attributes and capabilities that we know are the building blocks of successful leaders. Specifically, partner performance evaluation is assessed across three dimensions, namely, shared values, personal attributes and capabilities. As stewards of our firm, all partners should be role models of our shared values. It is up to the partners, collectively, to know our firm, to take a broader view and to set the “tone at the top”, guided by our values and our culture as an organization, delivering quality to our clients.

## Recruitment



Our attractiveness and selection methodology are designed to recruit highly skilled and diverse team members with strong technical expertise, who can demonstrate exceptional client service, business acumen and innovative thinking.

As a result of our continuous efforts, we were included in Universum’s “World’s Most Attractive. Employer” ranking, an honour we have received 12 consecutive years. We enhance our market perception by organising different Deloitte events, where we introduce future talent to our integrative culture and

### Leadership

Critical A&A Leadership roles are clearly defined. A role profile and key performance indicator framework provide a basis for consistent leadership appointment and evaluation across the Deloitte A&A network and align member firm and Deloitte Global A&A strategic objectives. Deloitte has introduced globally consistent standards for member firm A&A leaders, including A&A Business Leaders, A&A Quality Leaders, and A&A Risk Leaders through clearly defined roles, responsibilities, and expected success outcomes. These inform objective setting and evaluation processes and reinforce Deloitte’s culture of quality and excellence. Robust monitoring of succession planning is in progress to ensure Deloitte is developing and appointing the appropriate individuals with the capabilities to achieve these consistent standards.

### Rewards

Deloitte is driving a sustainable audit and assurance business that recognizes and rewards its people and is committed to ongoing investments in their future. The Audit Quality Reward and Recognition Program has been launched for the first time in 2020 and is aiming at sharing achievement of our people with their peers and rewarding them for their impact on the quality they have brought.

show them innovative ways of finding effective solutions to complex questions. We also actively participate in workshops, guest lectures and career fairs organised by our target universities to engage with and attract skilled and motivated individuals.

Lastly, in order to enhance the recruitment experience for our graduates, we organise “Assessment Days”. It enables us to show our candidates “what life is like” at Deloitte while efficiently completing the entire recruitment process on the same day.

# Our Leadership and shared values

## Leadership commitment and tone at the top

Deloitte's culture of quality and excellence begins with a strong tone from the top, starting with senior leadership through to the leaders in all our offices and audit engagements. Deloitte's focus on audit quality is evident through the direct involvement of leaders across activity levels and consistent messaging that reinforces the importance placed on audit quality. Deloitte's relentless pursuit of quality defines not just what we do, but who we are.

### **Audit & Assurance (A&A) leadership appointments**

Critical A&A Leadership roles are clearly defined. A role profile and key performance indicator framework provide a basis for consistent leadership appointment and evaluation across the Deloitte A&A network and align member firm and Deloitte Global A&A strategic objectives. Deloitte has introduced globally consistent standards for member firm A&A leaders, including A&A Business Leaders, A&A Quality Leaders, and A&A Risk Leaders through clearly defined roles, responsibilities, and expected success outcomes. These inform objective setting and evaluation processes and reinforce Deloitte's culture of quality and excellence. Robust monitoring of succession planning is in progress to ensure Deloitte is developing and appointing the appropriate individuals with the capabilities to achieve these consistent standards.

### **Shared values**

#### *Lead the way*

Deloitte is not only leading the profession, but also reinventing it for the future. We're also committed to creating opportunity and leading the way to a more sustainable world.

#### *Serve with integrity*

By acting ethically and with integrity, Deloitte has earned the trust of clients, regulators, and the public. Upholding that trust is our single most important responsibility.

#### *Take care of each other*

We look out for one another and prioritize respect, fairness, development, and well-being.

#### *Foster inclusion*

We are at our best when we foster an inclusive culture and embrace diversity in all forms. We know this attracts top talent, enables innovation, and helps deliver well-rounded client solutions.

#### *Collaborate for measurable impact*

We approach our work with a collaborative mind-set, teaming across businesses, geographies, and skill sets to deliver tangible, measurable, attributable impact.

#### *Personal attributes*

Personal attributes are accelerators for leader success and have been shown to link to faster progression. Personal attributes are used when considering the potential an individual has to move into a more senior and/or complex role.

#### *Fundamental capabilities*

The fundamental capabilities are the same for all partners, although it is recognized that some partners may excel in certain areas and capability requirements may differ according to specific roles. Capabilities include four key themes: Energize, Empower, Connect and Grow. There are eight learnable and developable capabilities for every leader within these themes, regardless of their business, industry, sector, or geography. These are: Inspiring, Creating Purpose, Driving Agility, Building Diverse Capability, Influencing, Collaborating, Delivering Value and Building the Business.

# Our priority focus on audit quality

Deloitte's commitment to audit quality is central to everything we do, from instilling a culture of quality and excellence across the network, to business and financial priorities, and the processes, tools and technologies applied in the execution of audits.

Making sure audit quality keeps pace with emerging economic, business, and regulatory conditions, as well as technological advances is critical to the continual enhancement of Deloitte's role in protecting the public interest and supporting the effective functioning of the financial ecosystem. Deloitte's brand is defined by the high-quality audits delivered and by the unwavering commitment to continuous improvement.

The resources applied by Deloitte professionals in the performance of their audits include the proprietary tools, guidance, materials, and practice aids which are available to all our professionals through the Deloitte Global Technical Library, and the Deloitte Accounting Research Tool. Deloitte regularly issues accounting and auditing guidance to our professionals and communicates developments that may affect audit quality.



## Multidisciplinary model (MDM)

MDM is an important contributor to high-quality audits. Auditors increasingly use the work of specialists in a number of areas, including to assist in their evaluation of accounting estimates and fair value measurements. This has been more important than ever as companies' financial statements were required to reflect the uncertainties presented by Covid-19. Financial statements may continue to grow in complexity due to new ESG considerations and other focus areas. Further, as big data utilization becomes more pervasive in line with other digital advances, the demand for data analysts and IT specialists will grow accordingly. Among the benefits of the MDM are:

- Possibility to develop industry insights through multiple lenses, which enhances auditors' understanding of business risks relevant to conducting audits
- Immediate access for the audit practice to specialized resources in other business lines. This promotes audit quality because auditors can leverage the knowledge and experience of advisory professionals who are skilled in subjects beyond audit and assurance
- A diverse organization helps attract and retain premier talent
- Availability of intellectual capital within the network to innovate audit processes, technologies, etc.
- Parts of Deloitte's business grows at different rates at different times across various markets. Deloitte's MDM provides a safeguard against market volatility that is important to ensuring the long-term viability of the network. The MDM enables significant investment to be made in audit quality and innovation, even in times of financial pressures on the audit business

Deloitte's response to Covid-19 demonstrates both resiliency in putting audit quality and the public interest first which is further supported by the significant benefits of the MDM. Each non-audit Deloitte business has a shared and vested interest in supporting audit quality initiatives and Deloitte's strategy to deliver high-quality, globally consistent service to clients.

## Performance of the Audit

### Audit engagement acceptance and continuance

Deloitte Switzerland has detailed policies and procedures in place for accepting prospective clients and engagements and assessing engagement risk. These policies and procedures are designed to ensure that Deloitte Switzerland only accepts engagements where it:

- Is able to perform the engagement and has the capabilities, including time and resources, to do so
- Can comply with all relevant ethical requirements and professional standards, including independence, conflicts of interest assessments and considerations

The execution of high-quality audits requires independence, objectivity, and professional scepticism. This means a continuous and tangible focus on Deloitte's critical role in protecting the public interest, including creating a culture of quality where doing the right thing is of paramount importance.

As evaluators, Deloitte consistently reinforces the important role of who must maintain a mindset of professional scepticism throughout the conduct of our work. This approach to the audit is reflected in many aspects of Deloitte policies, methods, procedures, and learning, and is reinforced through quality control and accountability measures.

### Audit approach

Deloitte's approach to high-quality audits involves an audit methodology, common across the Deloitte network, supplemented by audit tools for use by our professionals to plan, perform, supervise, review, document, conclude, and communicate the results of each audit. Deloitte's audit approach is underpinned by professional standards.

This audit methodology is dynamic—it evolves continuously to keep pace with the changing demands of audit committees, investors, companies, and other stakeholders. It recognizes that advances in the availability and management of large data sets and in statistical science are relevant to continuing to enhance the quality of Deloitte's audits.

Deloitte's audit methodology is risk-based, focusing on the account balances of financial statements and classes of transactions, disclosures, and underlying assertions that have a reasonable possibility of being materially misstated.

## Processes to support Deloitte professionals in the execution of high-quality audits

The resources applied by Deloitte professionals in the performance of their audits include the proprietary tools, guidance, materials, and practice aids used in conducting audits, which are available to all our professionals in the Deloitte Global Technical Library, an extensive online library. Deloitte regularly issues accounting and auditing guidance to our professionals and communicates developments that may affect audit quality.

## Our move to transform audit delivery

Innovation and technology enablement are an expectation in today's fast-changing business environment, and this expectation holds true for the audit profession as well.

Today's complex business environment requires the audit to be dynamic, multidimensional, and insightful. There is a demand for real-time, relevant information, and clients expect audits to evolve as they innovate their businesses and processes.

Deloitte Switzerland's auditors are enhancing procedures by making increased use of data-driven analytics, as well as cognitive technologies like artificial intelligence (AI). This is due in part to the increased automation and effectiveness these provide, but also the need for Deloitte Switzerland to stay ahead of technological advances used by the entities that we audit.

Deloitte is committed to the continued investment in emerging technologies and the diversity of thought that enables the delivery of enhanced quality, insights, and value to our clients and the markets. Deloitte will release Deloitte Omnia, our next-generation audit delivery platform, as well as Deloitte Levvia, a tailored solution to support our small audits. Further development, enhancement, and broad deployment of both solutions will continue over the next several years. Deloitte also has a global analytics platform, as well as an integrated suite of enabling innovation tools all connected to Omnia and Levvia.

## Consultation

Quality and risk management considerations are integral to Deloitte's audit business. That is why Deloitte views consultation as an essential, collaborative process—one that helps determine the most appropriate answers to complex questions. Deloitte consultation policies require that conclusions following internal consultations and discussions are documented and implemented. In addition to formal consultations, whenever engagement partners and teams need additional information or perspectives, they are encouraged to seek assistance from the Audit Quality team, or others in the organization with specialized knowledge.

These include wider adoption of global tools and technologies as well as locally developed resources:

**Argus** – client document interrogation and analysis using artificial intelligence.

**Audit Online** – interface with delivery centers and support of guided risk assessments.

**Deloitte Connect** – online communication, information sharing, and progress tracking.

**Disclosure Analytics** - analyses and curates a massive quantity of financial information to enable more comprehensive and data-driven risk assessments of client disclosures and regulator comment letters.

**Icount** – mobile-enabled inventory counts.

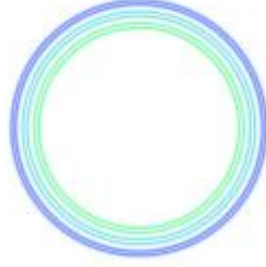
**Iconfirm** – automated management of the audit confirmation process.

**Reveal** – sophisticated regression analysis.

**Signal** – comprehensive risk analytics.



OMNIA



LEVVIA

With “The Deloitte Way”, Deloitte is bringing transformation into the core of how our audits are executed: with automation that improves routine tasks, analytics that yield a deeper and more insightful view into data, and artificial intelligence that enhances human discovery and problem-solving. As a result, clients get an experience that is less burdensome, with more transparency and deeper insights.

During the current year our teams have also continued to adapt and evolve our ways of working in a virtual environment, due to this we have found innovative solutions to the challenges posed by performing a virtual audit.

Innovation ensures the improvement of our audits’ effectiveness and efficiency in many different ways. The following description provides an example of how we improved the scoping of group audits:

We made our group audit scoping of a large multinational company more effective and efficient through a data analytics driven approach. Based on granular consolidation of data, we implemented a comprehensive group audit scoping dashboard that presented reported values by entity, geography and account, incorporated all consolidation adjustments and provided ties to consolidated financial statements as well as using qualitative factors. The comprehensive database allows us to drill down from the financial statement line as per the annual report to the disaggregated balance by entity, therefore taking group audit scoping to the next level.

This enables us to easily determine a detailed coverage by financial statement line item and simulate any combination of scopes to ensure that we reach appropriate audit coverage. The dashboard is flexible allowing the scoping to be updated easily at any point in time. It also visualises the results to enable easy understanding, improves the audit documentation process and allows more effective board/audit committee communication.

# External and internal audit quality monitoring

Deloitte believes an effective system of quality control is crucial for the consistent performance of high-quality audit engagements and we continue to make significant investments in the people, processes, and technologies that underlie Deloitte’s quality control processes.

## Audit quality monitoring & measurement (AQMM)

Consistent with Deloitte’s culture of continuous improvement and innovation, these monitoring activities provide the opportunity to challenge ourselves—examining those areas where we can further support and transform the system of quality control. Audit quality is always front and center, and robust audit quality monitoring and measurement processes play an integral role in our ability to continually improve.

The objectives of the Deloitte Global Audit Quality Monitoring & Measurement (AQMM) program are to:

- Transform the way audit quality is monitored and measured and how audit deficiencies are resolved
- Enhance the internal system of quality control which all Deloitte network firms follow

The AQMM program is focused on driving:

- Continuous, consistent, and robust monitoring of completed and in-flight engagements
- Fundamental understanding of deficiencies and timely execution of corrective actions by all member firms on a consistent basis
- Greater transparency and consistency in reporting key measures of audit quality

## System of quality control (SQC)

System of quality control (SQC) reviews include numerous elements, such as, documenting key areas of the SQC processes and controls and performing procedures for testing the operating effectiveness of the SQC, including execution of a comprehensive SQC review program. Deloitte is also preparing for the future by focusing on readiness activities related to implementation of ISQM1. These preparations are further advancing quality control processes and our approach to monitoring, while continually strengthening our culture of continuous improvement.

Regulators and standard setters both in Switzerland and globally are focused on driving further improvements in the quality control systems of firms. In December 2020, the IAASB released its new, revised suite of quality management standards, including International Standard on Quality Management 1 (“ISQM 1”). Effective as of 15 December 2022, ISQM 1 focuses on quality management at the firm level.

Deloitte’s ISQM 1 implementation activities are well underway, working with leaders across Deloitte Switzerland, as well as the broader network, to further enhance our proactive approach to managing the quality of engagements—identifying and addressing risks to audit quality and driving continued advancements in quality control processes.

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

In addition, proper timing and sequencing of audit activities, including timely reviews of work performed and the resolution of matters identified, are closely associated with high quality audits. Audit quality milestones are intended to drive consistency of engagement teams in terms of project management, timing of when work is done, and ensuring the appropriate engagement staffing occurs – covering the skills, knowledge, and experience of assigned resources.





### Engagement reviews

At its core, the engagement review program (“Practice Review”) determines whether we have complied, in all material respects, with the professional standards and the policies contained in the Deloitte Policies Manual (DPM) and Deloitte Audit Approach Manual (DAAM), as well as applicable professional standards and regulatory and legal requirements. It provides assurance over the level of quality delivered by a Deloitte audit and drives the culture of continuous improvement.

The Practice Review covers all partners, signing directors and other responsible individuals on a rotation basis, and is subject to oversight by an independent partner from another member firm within the Deloitte network.

Key components of engagement reviews (internal Practice Reviews) include:

- Risk-based engagement selection and consideration of all major industries served by Deloitte Switzerland
- Mandatory moderation panel to drive consistency in findings and engagement ratings
- External partners and deputies who oversee Practice Reviews to drive global consistency
- Identifying appropriate resources (from within Deloitte Switzerland and the broader network) who have the right experience and industry knowledge to perform the internal reviews. This includes establishing central review teams

### In-flight monitoring & Health Checks

Continuous audit quality monitoring by Deloitte Switzerland drives a faster response to audit issues on “in-flight” engagements, driving identification, timely solutions, and real time corrective actions achieved by:

- Deployment and monitoring of a series of core diagnostics, enabling engagement partners and teams, as well as Deloitte Switzerland audit quality leader(s) to continuously monitor audit quality and take immediate action
- A program of subject matter specific “health checks” to assist Deloitte Switzerland audit quality leader(s) in assessing progress and identifying potential issues on in-flight engagements
- Performance reviews of live engagements which allows Deloitte Switzerland to proactively identify and remediate any quality issues throughout the audit
- In-flight monitoring results are evaluated overall to determine whether additional communication and support is needed for audit engagement teams with respect to adherence to the audit methodology or updates thereto

## Regulatory audits in financial markets

Financial markets and the respective intermediaries in Switzerland are regulated and supervised by FINMA (Swiss Financial Market Supervisory Authority) as an independent governmental supervisor. Audit firms serve to extend FINMA's reach and at Deloitte we are proud of the role we have, as a regulated audit firm, in making a significant contribution to achieving this responsibility. As the basis for our regulatory audits, we provide FINMA with an annual risk analysis on each supervised institution audited by us.

As part of this risk analysis, we present a forward-looking view of the audited institution's risk profile. This directly influences the annual audit strategy, highlighting which areas of risk ought to be audited and to what extent (either audit or critical assessment scope).

We follow a rotation principle with the objective of covering each area of risk within a specific period (from 1 years to 6 years maximum). Examples of areas of risk include anti-money laundering, compliance, credit, market, suitability or capital adequacy risks. Based on our audit procedures, we then issue a regulatory audit report every year, within four months of the client's year-end.

When specifically requested by FINMA we also perform supplementary audits. This allows us to conduct more-focused audits on specific topics and to issue special reports in relation to FINMA specifications, which vary according to the size and activities of the institution.

## External inspections

In addition to Deloitte Switzerland's own monitoring of audit quality, we are subject yearly to external reviews by the Federal Audit Oversight Authority (FAOA). The FAOA has the responsibility to decide on applications for the licensing of individuals and audit firms who offer statutory audit services and to oversee audit firms auditing public interest companies. The FAOA undertakes independent inspections of the overall quality of Deloitte Switzerland. Deloitte's policies and processes relating to audit quality are reviewed, in addition to a sample of individual engagements, including financial and regulatory audits from different industries.

Further, Deloitte is, in general, inspected at least once every three years by the Public Company Accounting Oversight Board (PCAOB).

## Causal factor analysis and remediation

Continuous improvement is essential to Deloitte's culture of quality and excellence. Understanding why audit deficiencies occur is critical to the design of effective actions to remediate issues. Further, actions are taken when audit deficiencies are identified during the performance of an audit engagement. Engagement-level and firm-level remediation is imperative to drive continuous improvement in audit quality and avoid future similar findings. An audit quality plan is prepared by Deloitte Switzerland and provides for effective implementation and monitoring of key audit quality priorities.

Beyond the identification and remediation of deficiencies, this exercise allows to highlight and share with everyone the best practices observed, thus adding a new dimension to the quality aspects.

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

We confirm that we are satisfied that our internal quality controls and systems are robust, working in accordance with the respective standards and allow us to readily identify any areas of potential enhancement. We continually seek to refine all aspects of our business and we use the findings of the practice review, other internal reviews, and external regulatory reviews to enhance our system of quality control.

# Our independence, ethics, and professional scepticism

The execution of high-quality audits requires independence, objectivity, and professional scepticism. This means a continuous and tangible focus on Deloitte’s critical role in protecting the public interest, including creating a culture of quality where doing the right thing is of paramount importance.





As evaluators, Deloitte consistently reinforces the important role of maintaining a mindset of professional scepticism throughout the conduct of our work. This approach to the audit is reflected in many aspects of Deloitte policies, methods, procedures, and learning, and is reinforced through quality control and accountability measures.

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

Deloitte’s Global Principles of Business Conduct (“Global Code”) outlines Deloitte’s ethical commitments as a network and communicates the strong, principled expectations expected of our Deloitte’s people.

## Independence

Deloitte Switzerland has policies and procedures designed to address compliance with applicable professional standards that relate to independence. These policies and procedures are based on the Deloitte Global Independence policy, and are supplemented, as appropriate, to reflect additional national or regional requirements that may be more restrictive than Deloitte Global policies (e.g., Independence rules contained in the Code of Obligations, Independence guidelines issued by EXPERTsuisse and guidance included in FINMA circular 2013/3 Auditing).

Deloitte Global Independence	
	Sets <b>independence policies and procedures</b> based upon the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and the independence standards of the US Securities and Exchange Commission and the Public Company Accounting Oversight Board.
	Performs <b>on-going monitoring</b> activities of firms—enabling continuous enhancements to global policies, quality controls, tools, and practice support activities. Performs full reviews of independence quality controls on a three-year cycle; provides an annual focused review program to be performed by member firms as part of their Audit Practice Review for the off-cycle years; and performs in-depth follow-up reviews as needed.
	Delivers <b>global systems</b> to provide professionals with entity information to support compliance with personal and professional independence requirements, including financial interests and scope of service approvals.
	Supports <b>independence awareness</b> across the Deloitte network through active engagement with independence and business leadership groups, periodic communications and alerts, and development of guidance, learning and instructions.

## Deloitte Switzerland independence

Deloitte Switzerland leadership reinforces the importance of compliance with independence and related quality control standards, thereby setting the appropriate tone at the top and instilling its importance into the professional values and culture of Deloitte Switzerland. Strategies and procedures to communicate the importance of independence to partners, other professionals, and support staff have been adopted, emphasizing everyone’s responsibility to understand and meet the independence requirements. The Director of Independence is responsible for overseeing independence matters within the member firm, including the design, implementation, operation, monitoring, and maintenance of the system of quality control related to independence.

The key elements of the system of quality control that Deloitte Switzerland implemented in accordance with global independence policies include the following:

- Engagement acceptance and monitoring
- Monitoring long association of partners and professionals with audited entities
- Business relationship assessments and monitoring
- Use of independence business process tools, including the Deloitte Entity Search and Compliance (DESC) system, the Service Request Monitoring (SRM) application, and the Global Independence Monitoring System (GIMS)
- An inspection & testing program, and annual and special purpose independence confirmations, to monitor individuals’ compliance with independence requirements
- Consultation processes including the identification of individuals who are to be contacted for independence matters
- Procedures to identify and analyze non-compliance with independence requirements and apply related disciplinary measures and actions
- Independence-related learning and communications
- An internal review of independence compliance was conducted during the year



### DESC

Deloitte Entity Search and Compliance

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



### SRM

Service Request Monitoring

Application integrated with DESC that provides a standard business process workflow for submitting and reviewing pre-approval requests to provide services to clients.



### GIMS

Global Independence Monitoring System

Application that contains financial relationship data with relevant independence compliance indicators.

## Long association requirements of audit partners and professionals

Deloitte Switzerland has put policies and controls in place to address the local rotation requirements for audit partners and other key personnel. This includes Swiss law and guidelines of the Swiss profession (EXPERTsuisse), the IESBA Code of Ethics, the Regulation (EU) 537/2014 of the European Parliament and of the Council of 16 April 2014, the U.S. Securities and Exchange Commission (SEC) and others, as applicable.

Changing partners and other key personnel is very important both for the companies we audit and for Deloitte. The companies we audit may benefit from a fresh viewpoint without sacrificing the knowledge of the business that Deloitte Switzerland has accumulated by periodically changing partners.

## Partner remuneration

Execution of high-quality audits is expected from all professionals and is embedded across the Deloitte network. Audit quality is built into performance standards at every level, against which professionals’ overall evaluations are measured.

In accordance with global policies, Deloitte Switzerland’s partners are evaluated on a yearly basis, and depending on the outcome of the evaluation, the remuneration of partners may increase or decrease. Specifically, partner evaluations take the following factors into account: high quality work, professional competency, risk management and protecting our brand by acting upon the shared values, people leadership and collaboration, operational excellence, market leadership and growth.

## Rotation requirements

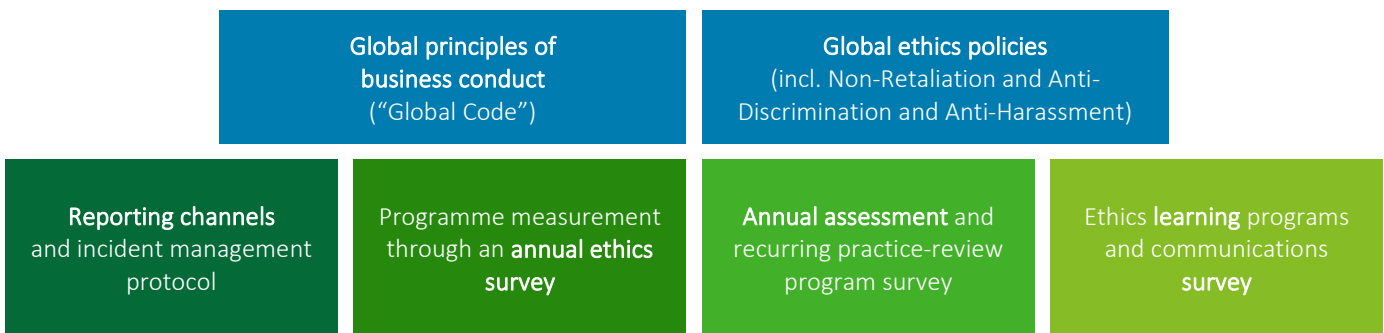
At Deloitte Switzerland, audit partners and other key personnel (including quality reviewers) shall not serve a Swiss Public Interest Entity (PIE) for more than seven consecutive years.

## Cooling off

The cooling-off period for lead audit partners is at least three years and for other key audit partners at least two years after reaching the maximum period of continuous service.

## Ethics standards

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



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

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

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

The ethical requirements for audit and related assurance services provided by Deloitte Switzerland are in accordance with the rules and guidelines issued by EXPERTsuisse, the FAOA and FINMA. Deloitte Switzerland also complies with Deloitte Global policies and procedures, which align with the

requirements and guidance set out in the international Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), a standard-setting body of the International Federation of Accountants (IFAC). When the national professional requirements are more restrictive than the Deloitte Global policies and procedures, Deloitte Switzerland follows the applicable national requirements.

Deloitte Switzerland reinforces its commitment to ethics and integrity through communication tools, learning programs, compliance processes, and measurement systems. In addition, Deloitte Switzerland requires all partners, other professionals, and support staff to confirm annually that they have read and comprehended the member firm’s Code of Conduct and understand that it is their responsibility to comply with it.

How do we deal with reported incidents in Switzerland? All incidents referred to the Ethics team, whether directly, via other departments or through our externally hosted Speak-Up line (which can be done anonymously), are taken at face value. While we strive to maintain confidentiality, if taking a matter forward would potentially identify an individual, we will seek their consent before proceeding. The case management system ensures all cases are monitored through to a conclusion and Deloitte’s policy of zero tolerance to retaliation is supported through regular post-case monitoring directly with the person who reported the incident (and/or any witness). Feedback from the monitoring process has been overwhelmingly positive.

# Appendices

# Appendix A | EU EEA audit firms

## Disclosure in accordance with Article 13.2 (b)(ii)-(iv) of the EU Audit Regulation<sup>3</sup>

**EU/EEA member state** (Article 13.2 (b)(iii) EU Audit Regulation: the countries in which each audit firm that is a member of the network is qualified as a statutory auditor or has its registered office, central administration, or principal place of business)

**Name of audit firms carrying out statutory audits in each member state** (Article 13.2 (b)(ii) EU Audit Regulation: the name of each audit firm that is a member of the network)

EU/EEA member state <sup>4</sup>	Name of audit firms carrying out statutory audits in each member state <sup>5</sup>
Austria	Deloitte Audit Wirtschaftsprüfungs GmbH
	Deloitte Burgenland Wirtschaftsprüfungs GmbH
	Deloitte Niederösterreich Wirtschaftsprüfungs GmbH
	Deloitte Oberösterreich Wirtschaftsprüfungs GmbH
	Deloitte Salzburg Wirtschaftsprüfungs GmbH
	Deloitte Tirol Wirtschaftsprüfungs GmbH
	Deloitte Wirtschaftsprüfung Styria GmbH
Belgium	Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL
Bulgaria	Deloitte Audit OOD
Croatia	Deloitte d.o.o. za usluge revizije
Cyprus	Deloitte Limited
Czech Republic	Deloitte Audit s.r.o.
Denmark	Deloitte Statsautoriseret Revisionspartnerselskab
Estonia	AS Deloitte Audit Eesti
Finland	Deloitte Oy
France	Deloitte & Associés
	Deloitte Marque & Gendrot
	Audalian Commissaire
	BEAS
	Cisane
	Constantin Associés
	DB Consultant
	ECA Audit
	Jacques Serra et Associés
	Laurens Michel Audit
Opus 3.14 Audit et Conseil	

<sup>3</sup> EU Regulation 537/2014 on specific requirements regarding statutory audit of public-interest entities

<sup>4</sup> EU transparency reporting requirement: the countries in which each audit firm that is a member of the network is qualified as a statutory auditor or has its registered office, central administration, or principal place of business.

<sup>5</sup> EU transparency reporting requirement: the name of each audit firm that is a member of the network.

EU/EEA member state <sup>4</sup>	Name of audit firms carrying out statutory audits in each member state <sup>5</sup>
	Pierre-Henri Scacchi et Associés
	Revi Conseil
Germany	Deloitte GmbH Wirtschaftsprüfungsgesellschaft
	Deutsche Baurevision GmbH Wirtschaftsprüfungsgesellschaft
	SüdTreu Süddeutsche Treuhand GmbH Wirtschaftsprüfungsgesellschaft
Greece	Deloitte Certified Public Accountants S.A.
Hungary	Deloitte Könyvvizsgáló és Tanácsadó Kft.
Iceland	Deloitte ehf.
Ireland	Deloitte Ireland LLP
Italy	Deloitte & Touche S.p.A.
Latvia	Deloitte Audits Latvia SIA
Liechtenstein	Deloitte (Liechtenstein) AG
Lithuania	Deloitte Lietuva UAB
Luxembourg	Deloitte Audit
Malta	Deloitte Audit Limited
Netherlands	Deloitte Accountants B.V.
Norway	Deloitte AS
Poland	Deloitte Audyt spółka z ograniczoną odpowiedzialnością spółka komandytowa
	Deloitte Audyt spółka z ograniczoną odpowiedzialnością
Portugal	Deloitte & Associados, SROC S.A.
Romania	Deloitte Audit SRL
Slovakia	Deloitte Audit s.r.o.
Slovenia	Deloitte Revizija d.o.o.
Spain	Deloitte, S.L.
Sweden	Deloitte AB
United Kingdom	Deloitte LLP
	Deloitte Limited
	Deloitte N.I. Limited
EU/EEA member state	Name of audit firms carrying out statutory audits in each member state
Austria	Deloitte Audit Wirtschaftsprüfung GmbH
	Deloitte Burgenland Wirtschaftsprüfung GmbH
	Deloitte Niederösterreich Wirtschaftsprüfung GmbH
	Deloitte Oberösterreich Wirtschaftsprüfung GmbH
	Deloitte Salzburg Wirtschaftsprüfung GmbH
	Deloitte Tirol Wirtschaftsprüfung GmbH
	Deloitte Wirtschaftsprüfung Styria GmbH
Belgium	Deloitte Bedrijfsrevisoren / Réviseurs d'Entreprises BV / SRL
Bulgaria	Deloitte Audit OOD
Croatia	Deloitte d.o.o. za usluge revizije



EU/EEA member state <sup>4</sup>	Name of audit firms carrying out statutory audits in each member state <sup>5</sup>
Cyprus	Deloitte Limited
Czech Republic	Deloitte Audit s.r.o.
Denmark	Deloitte Statsautoriseret Revisionspartnerselskab
Estonia	AS Deloitte Audit Eesti
Finland	Deloitte Oy
France	Deloitte & Associés
	Deloitte Marque & Gendrot
	Audalian Commissaire
	BEAS
	Cisane
	Constantin Associés
	DB Consultant
	ECA Audit
	Jacques Serra et Associés
	Laurens Michel Audit
	Opus 3.14 Audit et Conseil
	Pierre-Henri Scacchi et Associés
	Revi Conseil
Germany	Deloitte GmbH Wirtschaftsprüfungsgesellschaft
	Deutsche Baurevision GmbH Wirtschaftsprüfungsgesellschaft
	SüdTreu Süddeutsche Treuhand GmbH Wirtschaftsprüfungsgesellschaft
Greece	Deloitte Certified Public Accountants S.A.
Hungary	Deloitte Könyvvizsgáló és Tanácsadó Kft.
Iceland	Deloitte ehf.
Ireland	Deloitte Ireland LLP
Italy	Deloitte & Touche S.p.A.
Latvia	Deloitte Audits Latvia SIA
Liechtenstein	Deloitte (Liechtenstein) AG
Lithuania	Deloitte Lietuva UAB
Luxembourg	Deloitte Audit
Malta	Deloitte Audit Limited
Netherlands	Deloitte Accountants B.V.
Norway	Deloitte AS
Poland	Deloitte Audyt spółka z ograniczoną odpowiedzialnością spółka komandytowa
	Deloitte Audyt spółka z ograniczoną odpowiedzialnością
Portugal	Deloitte & Associados, SROC S.A.
Romania	Deloitte Audit SRL
Slovakia	Deloitte Audit s.r.o.
Slovenia	Deloitte Revizija d.o.o.

EU/EEA member state <sup>4</sup>	Name of audit firms carrying out statutory audits in each member state <sup>5</sup>
Spain	Deloitte, S.L.
Sweden	Deloitte AB
United Kingdom <sup>6</sup>	Deloitte LLP
	Deloitte Limited
	Deloitte N.I. Limited

#### Disclosure in accordance with Article 13.2 (b)(iv) of the EU Audit Regulation<sup>7</sup>

The total turnover achieved by the audit firms that are members of the network, resulting from the statutory audit of annual and consolidated financial statements: € 1.9 billion<sup>8</sup>.

<sup>6</sup> On 31 January 2020, the United Kingdom was no longer part of the European Union. However, pursuant to an agreement between the United Kingdom and EU, the United Kingdom remained part of the EU customs union and single market and continued to apply EU law through the end of the transition period (i.e., 31 December 2020). The disclosure of total turnover from the statutory audit of financial statements includes turnover from the United Kingdom firms for the period from 1 June 2020 to 31 December 2020.

<sup>8</sup> Amount represents an estimate determined based upon best efforts to collect this data. Certain Deloitte audit firms registered to perform statutory audits in respective member states provide statutory audit services as well as other audit, assurance, and non-audit services. While Deloitte endeavored to collect specific statutory audit turnover for each EU/EEA Deloitte audit firm, in certain cases turnover from other services has been included. The turnover amounts included herein are as of 31 May 2021, except for a limited number of instances where a Deloitte audit firm has different financial year-end or has not finalized its reporting for such period. In these cases, turnover amounts are for the relevant financial year or preceding financial year. Where currency other than the Euro is used in the member state, the amount in Euros was translated using an average exchange rate in effect for the period 1 June 2020 to 31 May 2021.

# Appendix B | Public interest entities

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

Public Interest Entities Audited for Statutory Purposes by Deloitte AG in the Financial Year 2021:

Name <sup>9</sup>	FYE	Listing
SOFISA SA	31.12.2021	Luxembourg Stock Exchange
Glencore Funding LLC	31.12.2021	Berlin Stock Exchange
LafargeHolcim Ltd	31.12.2021	Euronext Paris
Holcim Capital Corporation Ltd	31.12.2021	Luxembourg Euro MTF (Luxalter)
Edag Engineering Group AG	31.12.2021	Frankfurter Wertpapierboerse
Holcim Overseas Finance Ltd	31.12.2021	Luxembourg Stock Exchange

<sup>9</sup> EU transparency reporting requirement: list of public interest entities for which the audit firm carried out statutory audits during the preceding financial year.



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