

FY2021 Deloitte China Impact Report



I. Message from the Chairman and the CEO

In 2021, the global economy has been striving to come out of the woods from the lingering effects of last year challenges, and the Chinese economy has been moving steadily towards a new development pattern. As the first year of the 14th Five-year Plan and the historic intersection of its Two Centenary Goals, 2021 witnessed the first leg of China's new journey to fully building a modern socialist country.

Deloitte China is privileged to be a part of this important historic process. We have joined hands with all sectors of society to celebrate China's hundred years of achievements and inherit the "red genes" of the revolutionary spirit and history of the Chinese Communist Party. We are committed to serving the Chinese market as a long-term development strategy to help the national economy prosper. In the face of challenges, we remain true to our original aspiration.

At this new starting point, promoting "high-quality development", "innovation-driven development", and "green development" are the key missions. As a leading professional services firm deeply involved in the development of the Chinese economy, Deloitte China is dedicated to serving the country with our expertise. By leveraging competitive resources and investing heavily in digitalization and innovation capabilities, we defend the public interest through the highest standards of work quality and empower businesses to achieve high-quality development. We have also taken on the historic mission of expanding our climate change and sustainability services, and remain steadfast in fulfilling our corporate social responsibility to contribute to the collective growth of society.

In this year's Impact Report, we focus on Deloitte China's achievements in supporting sustainable business models, innovation, and green development. By sharing these topics, we hope to arouse broader discussions and participation from all parts of society.

Driven by carbon peak and carbon neutrality goals, systemic change is underway. If businesses can take the lead through their actions, they can grasp opportunities arising from climate change and lead the next wave of growth in a changing economic landscape. Addressing climate change is a shared mission of the whole of society. We recognize that helping more businesses pursue long-term economic and environmental benefits means saving our home; and attracting more collaborators into the ecosystem means accelerating our responses to the challenges of the climate crisis. We are proud to be able to exert our influence and voice in the market to help more businesses create sustainable business models.



Dennis Chow

Deloitte China Chairman

Patrick Tsang

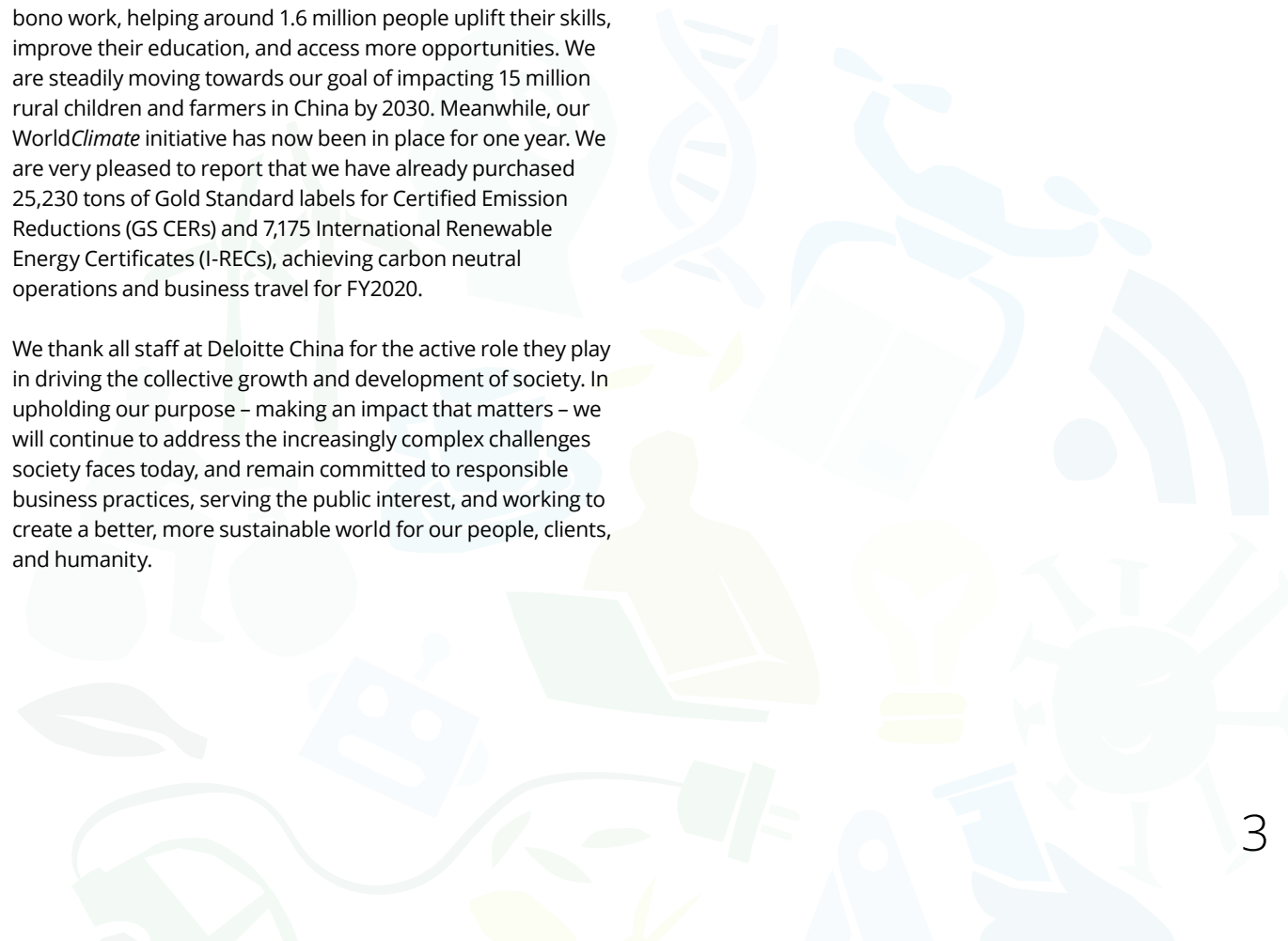
Deloitte China CEO

In China's new development pattern, technology and innovation remain the key to new opportunities and winning out against challenges. This fiscal year, we have continued to strengthen our digitalization capabilities, and enhanced and innovated our audit and advisory businesses. Starting by addressing clients' core issues, we provide them with comprehensive, end-to-end services, and leverage our innovation capabilities and best practices to help Chinese enterprises grow and thrive.

On the journey towards common prosperity for all of society, we have continued to drive social impact programs as a responsible professional services firm. This fiscal year, Deloitte China's total societal investments amounted to nearly HKD30 million, with more than 30,000 hours of volunteer and pro

bono work, helping around 1.6 million people uplift their skills, improve their education, and access more opportunities. We are steadily moving towards our goal of impacting 15 million rural children and farmers in China by 2030. Meanwhile, our *WorldClimate* initiative has now been in place for one year. We are very pleased to report that we have already purchased 25,230 tons of Gold Standard labels for Certified Emission Reductions (GS CERs) and 7,175 International Renewable Energy Certificates (I-RECs), achieving carbon neutral operations and business travel for FY2020.

We thank all staff at Deloitte China for the active role they play in driving the collective growth and development of society. In upholding our purpose – making an impact that matters – we will continue to address the increasingly complex challenges society faces today, and remain committed to responsible business practices, serving the public interest, and working to create a better, more sustainable world for our people, clients, and humanity.



Contents



2. Societal impact performance highlights

- 2.1 Business performance
- 2.2 Environmental performance
- 2.3 Societal performance



3. Business

- 3.1 Sustainable business models
- 3.2 Contribution to national economic growth
- 3.3 Elevating value through innovation



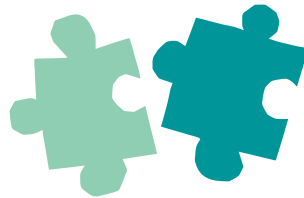
4. Environment

- 4.1 Our emissions reduction commitment
- 4.2 Joint responses to challenges



5. Society

- 5.1 Smart talent experience
- 5.2 Societal investments



6. Governance

- 6.1 Governance structure
- 6.2 Risk management

Key performance metrics

About this report

2. Societal impact performance highlights

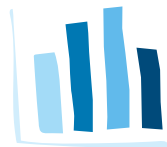


2.1 Business performance

- Deloitte China has **807** partners, of whom **212** are Certified Public Accountants in China.
- Nearly **20 executives** serve as **National People's Congress (NPC) deputies or Chinese People's Political Consultative Conference (CPPCC) members** on NPC or CPPCC National Committees, people's congresses or CPPCC committees across **14 provinces and municipalities**, covering **nearly half** of provincial-level administrative regions, and have put forward **more than 70 proposals**; we have been an Intellectual Supporting Partner of the Boao Forum for Asia Annual Conference for 17 consecutive years, supporting China's steady economic progress through our insights.
- We completed **eight special research studies** engaged by SASACs in Beijing, Shanghai, and Shenzhen, and delegated **four partners** to take part in studies under the Benchmarking against World-class Management Improvement Actions of the SASAC of the State Council.
- Deloitte Analytics Institute (DAI), Greenhouse (an innovation transformation support platform), and Innovation Digital Development Center (IDDC) were established, and now have **1,500 digital assets**.

2.2 Environmental performance

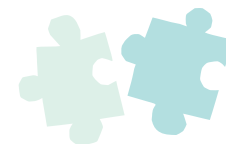
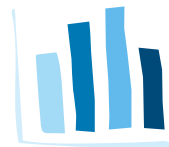
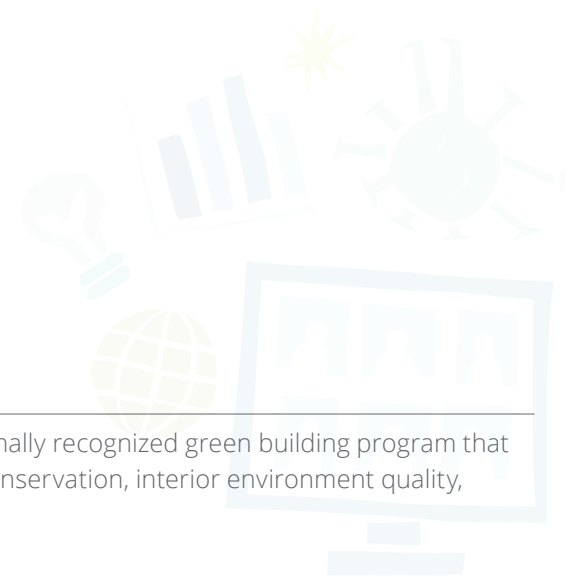
- Deloitte China has committed to achieving **net-zero carbon emissions** by FY2030 by:
 - reducing Deloitte's business travel emissions by **50%** per full time equivalent from FY2019 levels by FY2030
 - sourcing **100%** renewable energy for our buildings by FY2030
 - converting **100%** of our fleet to electric or hybrid vehicles by FY2030
 - engaging with our major suppliers with the goal of having **two-thirds** of them adopt science-based emissions reduction targets.
- In 2021, we purchased **25,230 tons** of GS CERs and **7,175** I-RECs, achieving **carbon neutral operations and business travel in FY2020**.
- **Six** offices have achieved **LEED¹ certification**; we recycled **3,506** batteries, **1,179.7kg** of plastics, **131.2kg** of glass, **507.1kg** of aluminum products, and **105,578kg** of paper; as well as **468** worn-out printer cartridges by collaborating with suppliers.
- Our green travel initiative in collaboration with a car-hailing platform recorded a total of **1,454** orders using new energy vehicles (NEVs), covering a **distance of 22,054km**.



2.3 Societal performance

- As of the end of FY2021, we employ **17,858 people** and made **5,082 new hires**.
- In FY2021, we made about **2,600** job offers to **graduates** and **4,559** internship offers to students; women account for **60%** of our total headcount and hold **45%** of roles at manager or above, and female representation on our leadership team has reached **31%**.
- In FY2021, our total societal investments amounted to **HKD27.24 million**, with **30,338 hours** of volunteer and pro bono time.
- In FY2021, Deloitte China launched **13 WorldClass** programs, supporting rural and future talent. **1,595,580 individuals have been positively impacted through education, skills development, and access to opportunities**. We are steadily moving towards to our goal of impacting 15 million rural talent in China by 2030.

¹ LEED (Leadership in Energy and Environmental Design) is an internationally recognized green building program that certifies buildings according to their performance in energy and water conservation, interior environment quality, material and resource management, and sustainable site selection.



3. Business



3.1 Sustainable business models

For enterprises, sustainability management is not just a management model, but also a way to pursue long-term value. Having served the sustainability requirements of its clients for many years, Deloitte China views this as an important way to improve business operations for the long term. Leveraging our profound knowledge, extensive experience and scientific work approaches, we provide clients with solutions to issues around the sustainability of systems, helping them enhance the resilience, value, and comprehensive competitiveness of their organizations and business models to drive society towards a more sustainable future.

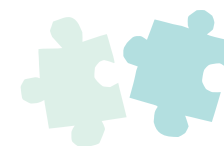
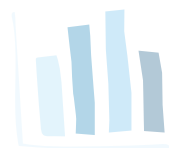
Climate change and decarbonization management	We help clients address operational risks brought by climate change. By helping them reduce carbon emissions and put decarbonization actions into practice, we help improve their climate-related information disclosures, and transform and upgrade their business models, to form competitive advantages as a new generation of low-carbon enterprises.
Green finance	By integrating environmental, social and governance (ESG) criteria into our strategic planning and services to financial businesses, we help clients identify and prevent environmental and social risks at every stage of investment, lending, and financing to enhance their green finance management and develop green finance business.
ESG strategy and reporting	We help clients develop ESG management strategies, and provide robust and comprehensive non-financial disclosure services to enhance transparency, helping clients meet their regulatory requirements and stakeholder expectations.
Sustainable supply chain management	We help clients understand how to identify, reduce and adapt to various risks in their supply chains, and help them build resilient, future-facing supply chains and business ecosystems.
Circular economy	Based on current and future conditions, we assist clients in integrating sustainability into their economic development strategies. By optimizing resource utilization, we help develop the circular economy to increase value, improve people's livelihoods, and protect the environment.

Organization: Climate & Sustainability Institute established to focus on sustainable development

Deloitte Global established the Climate & Sustainability Bold Play to develop tools, models, and provide a range of professional services and insights. Based on Deloitte's profound global professional support, Deloitte China announced the establishment of its Climate & Sustainability Institute on Earth Day, 22 April 2021, to share our leading industry insights and policy research. The Institute collaborates with governments, NGOs, research institutes, and universities to build ecosystems. By providing clients with end-to-end, integrated solutions, the Institute helps accelerate the transition to a net-zero economy and fulfil climate commitments together.



Deloitte China National Managing Partner Rosa Yang and Deloitte China Climate & Sustainability Services Leader Allan Xie at the launch of the Deloitte China Climate & Sustainability Institute



“The concept of responding to climate change and sustainable development is now widespread, and has become a key focus of companies’ management. As the market for climate change services scales up, the complexity of projects and demand for expertise are multiplying. We will integrate Deloitte’s internal resources and collaborate with external partners to better assist clients in addressing the risks and opportunities brought by climate change and achieving a green and low-carbon transition.”



Using our voice to drive society towards sustainability

Deloitte China cares about society’s progress toward sustainability. Through our influence, we call for all of society to recognize and take sustainability seriously. Deloitte China spokespeople appear regularly in mainstream media such as CGTN, CNR, TVB, Yicai, and Financial News, to interpret regulatory policies, predict industry trends, and use the voice of industry to drive society towards a sustainable future together.



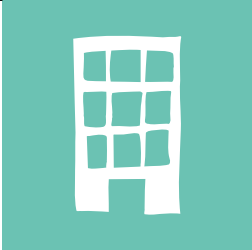
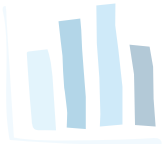
Deloitte China Climate & Sustainability Services Leader Allen Xie takes part in the recording of CGTN’s Global Climate Dialogue – Special Program on the National Carbon Trading Sector



Deloitte China Climate & Sustainability Services Partner Jolin Gu on Yicai discusses the development of green finance and its contribution to the carbon neutrality goal



Allan Xie
Deloitte China Climate & Sustainability Services Leader





Sharing perspectives to communicate Deloitte's knowledge of sustainability

Following President Xi Jinping's announcement of China's peak carbon and carbon neutrality goals, Deloitte China conducted research and analysis based on industry trends to publish a series of special research reports, including *China's turning point*, *Creating a feasible hydrogen economy for carbon neutrality*, *2021 Climate check: business' views on environmental sustainability*, *The future of the Chief Sustainability Officer*, *The 2030 decarbonization challenge*, and the Sustainability in focus series. We also co-organized the 2021 Science-based Carbon Reduction Targets Workshop with the World Wildlife Fund (WWF) to help clients understand the latest trends and polices, set directions, and deploy the right methods to seize carbon reduction opportunities.



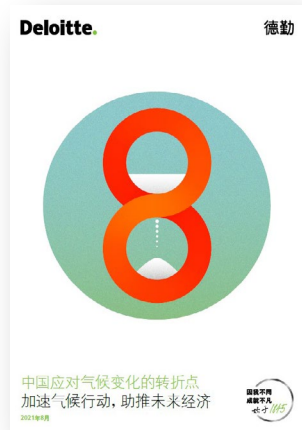
Research report on the decarbonization readiness of enterprises in China



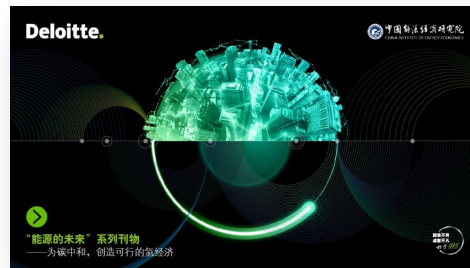
2021 Climate check: business' views on environmental sustainability



2021 Science-based Carbon Reduction Targets Workshop



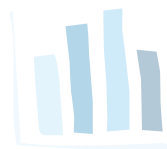
China's turning point



Deloitte Future of Energy series: Creating a feasible hydrogen economy for carbon neutrality



The future of the Chief Sustainability Officer





Expanding our influence to pursue progress in the green development of industries

Deloitte China has entered strategic cooperation partnerships on sustainability with various governments, enterprises, and research institutes, including Pengshui Miao and Tujia Autonomous County of Chongqing, the Shanghai Environment and Energy Exchange, Jilin Electric Power Co., and the Shanghai Academy of Social Sciences. By strengthening our connections we can achieve resource integration. We have also cooperated on rural revitalization, smart city, energy transition, technological innovation, and the green economy, and helped clients better respond to risks and opportunities, develop the ecological economy, achieve low-carbon transitions, and establish industry benchmarks to move towards a sustainable future.



Deloitte China Social Impact Leader Alan Wang and a senior official from Pengshui County of Chongqing sign a rural revitalization strategic cooperation agreement



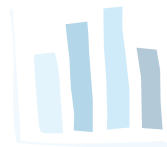
Deloitte China Chairman Dennis Chow, Deloitte China Deputy CEO Vivian Jiang and delegation meet leaders from the Shanghai Environment and Energy Exchange



Deloitte China Party Committee Secretary Frank Xu and Shanghai Academy of Social Sciences Party Committee Deputy Secretary Wang Yumei sign a strategic cooperation agreement



Deloitte China and Jilin Electric sign a strategic cooperation agreement





Serving the “3060 goal” to support enterprises’ carbon transition

Deloitte China was invited by a well-known financial institution to help plan their medium and long term carbon emissions reduction targets and implementation plans, and provide technical support for implementation to help achieve China’s “3060 goal”.² In this project, Deloitte’s professional team assisted the client to conduct full-scope carbon emissions verification using scientific calculations. Based on the client’s circumstances, we set carbon emissions targets by benchmarking against pioneering experiences with reference to international trends and in accordance with national policies. With a comprehensive consideration of multiple factors including practicality, the economy, science, and effectiveness, we developed a carbon emissions reduction implementation plan to ensure the client accomplished its targets.

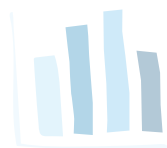
Building a climate risk management system

As global climate and environmental threats become more pressing, financial institutions face more related risks. Climate risk management systems are now essential, and quantitative assessment of environmental and climate threats is a key method and tool in managing related

risks. A team of professionals from Deloitte China helped a large financial institution in China bring climate issues into its comprehensive risk management system and explore how to conduct environmental and social risk scenario analysis, stress testing, and ESG rating work. Based on research and studies of leading practices in global climate risk quantitative assessment and management, we tailored a complete implementation plan for scenario analysis and climate stress testing. We then implemented this plan to target certain high-carbon-emission industries and help the bank achieve prospective quantitative assessment of climate risks, prepare for these risks in different future scenarios, and improve the quality of climate related disclosures. We also assisted the bank to include ESG factors into its internal assessment system and facilitate the integration of enterprise ESG assessment factors throughout its credit management process.

²The “3060 goal” refers to promoting reductions in greenhouse gas (GHG) emissions, mainly carbon dioxide, in response to climate change. China will strive to reach peak carbon dioxide emissions by 2030 and carbon neutrality by 2060.

² The “3060 goal” refers to promoting reductions in greenhouse gas (GHG) emissions, mainly carbon dioxide, in response to climate change. China will strive to reach peak carbon dioxide emissions by 2030 and carbon neutrality by 2060.





Providing climate risk plans conforming to the TCFD framework

Deloitte China was invited to support a client in strengthening its climate risk capacity building and enhancing the quality of climate related financial disclosures. Conforming to the suggested framework of the globally authoritative Task Force on Climate-related Financial Disclosures (TCFD), our professional team assisted the client in assessing its capacity to respond to climate risks in investment portfolios, and developed and used scientific calculations to help the client account for the carbon footprint of those portfolios. Based on the suggested TCFD framework and with reference to the climate risk metrics used in the industry, we proposed recommendations on improving climate-related risk management, and assisted the client in preparing TCFD reports with sufficient disclosures to meet regulatory requirements and stakeholders' expectations.

Research on the management of small and medium-sized banks' environmental and social risks

Deloitte China was engaged by an intergovernmental organization to research the environmental and social risk management practices of small and medium-sized banks in China. We analyzed the past 10 years' development trends and current state of the banks' environmental and social risk management; identified best practices; summarized related challenges; and proposed recommendations to facilitate improvements in their environmental and social risk management.

Supporting green finance capacity building

Deloitte China was invited to assist a client in building a green finance information management system. By optimizing its business process using modern financial technologies, we helped the client carry out green finance projects efficiently and accurately, and supported its innovation of related products to deepen the capacity of its green finance business. Using research on the client's current structure, processes, and systems, Deloitte China's professional team helped establish the planning and system development requirement specifications of the green finance information management system according to the client's needs. We also helped with system development and construction to support improvements in their digitalized management of green finance.

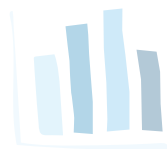
Facilitating investments in regional low-carbon infrastructure

To lead and advocate green and low-carbon transition across society, a growing number of provincial and municipal (district) governments are promoting the development of low-carbon and zero-carbon demonstration zones in their administrative regions during the 14th Five-year Period. Deloitte China was invited to assist in the top-level design and subsequent investment and financing planning for the zero-carbon demonstration zone of a city in the Guangdong-Hong Kong-Macao Greater

Bay Area, which laid solid foundations for the early achievement of carbon neutrality and low-carbon development in the region. Deloitte China's professional team assisted the regional government to assess carbon emissions within its jurisdiction. Based on local conditions, we set practicable carbon emissions reduction targets, broke down and confirmed key goals and tasks, formed a low-carbon infrastructure investment project list and matched quality investment, and implemented the entire project.

Building a responsible investment model in China

Deloitte China was invited to assist a state-level investment institution in developing an overall framework for impact investments, defining the strategy, designing its implementation path, and matching the corresponding tools to drive implementation. Deloitte China's professional team assisted the client in implementing the rural revitalization concept in industrial funds investment, building a robust ESG assessment metrics system and integrating this into the entire investment process – from fund raising and investment, to management and exit – enhancing the societal impact of its investment decisions.





Advising on the 14th Five-year Plan of a central enterprise's environmental protection business

Deloitte China was invited to be an independent advisor to a large environmental protection company under a central state-owned enterprise (SOE) to design and develop its 14th Five-year Plan. We analyzed strategies and key measures in core development areas in detail to promote the implementation of the 14th Five-year Plan. We also assisted the central SOE in providing integrated and technology-based environmental protection solutions to create a sound working and living environment for its people, build an environment-friendly society, and promote ecological progress.

Sustainable supply chain due diligence to create a compliant and robust operating environment

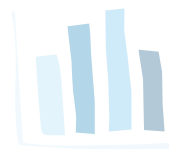
Deloitte China was invited by a large multinational technology company to audit its supply chain social responsibility. We helped the client standardize supply chain social responsibility management, prevent related risks, and extend supply chain social responsibility management standards and ideas to its upstream and downstream value chains and drive positive ecosystem development. Conforming to local laws, rules, and regulations and the client's brand social responsibility standards, and with reference to conventional international supply chain review standards, Deloitte China's professional team conducted supplier social responsibility reviews on-site, identified potential risks and management shortcomings, and submitted a report on several hundred key recommended compliance points in respect of the environment, health, and safety. We also followed up on rectifications of non-compliance, and helped the client improve management in conjunction with its suppliers to enhance brand value.

Developing the industrial and conceptual plans for the Duobao Lake Development Area in Yubei District, Chongqing

The Duobao Lake Area in Yubei District, Chongqing, is to the north of Jiangbei International Airport Port Area. It will develop industrial clusters based on the landscape of Duobao Lake to form a new city integrating industry, urban facilities, and landscaping. Deloitte China provided the client with a high-quality, professional smart city proposal. Centered on functions including research and development pilot programs, high-end manufacturing, low-carbon living, sports and "big health", and culture, tourism and leisure, we proposed a comprehensive park integrating four elements: a city with special characteristics, an innovation park, dynamic streets, and scenic areas. We assisted the client in developing the first zero-carbon city in Sichuan and Chongqing, thus helping Chongqing expedite its development of a future-ready and open city, and its international influence as a result of the synergetic innovation of Sichuan and Chongqing.



Layout of the Duobao Lake Development Area in Yubei District, Chongqing



3.2 Contribution to national economic growth

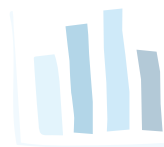
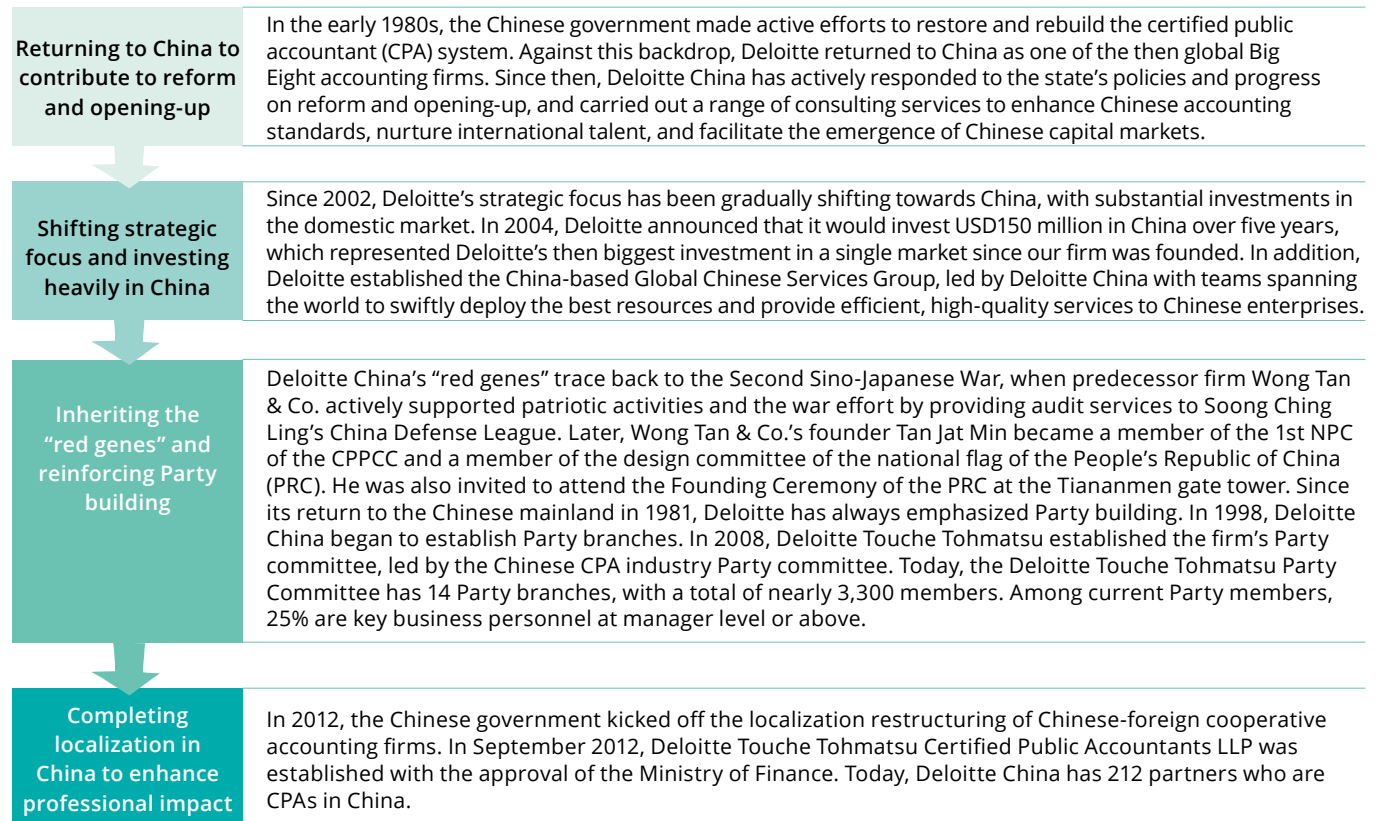
“In the unprecedented practices of the socialist market economy, Deloitte China will offer a broader range of services, and our people will continue to uphold the highest standards of professional services quality and ethical requirements, working diligently to remain the leading professional services force in the market economy.”



David Wu
Deloitte China Vice Chairman

3.2.1 Establishing roots in China to achieve success together

Deloitte has a history of more than 104 years in China. Today, Deloitte China is already a key part of Deloitte Global. For Deloitte, serving the Chinese market is a long-term development strategy. Despite challenges, we remain true to our original aspiration.



Celebrating the 100th anniversary of the founding of the CPC

As the Communist Party of China (CPC) celebrated the 100th anniversary of its founding, Deloitte China exemplified its “red genes” and drew on historical experience for a series of special activities. The Deloitte Beijing Office General Party Branch organized special Party history study and education seminars to encourage and call for Deloitte China’s Party members to devote themselves to China’s new journey towards fully building a modern socialist country. Deloitte Touche Tohmatsu’s Certified Public Accountants Party committee organized and compiled staff learning materials – Our journey of growth in the building of China’s socialist market economy – which reviews Deloitte China’s journey of development and growth in the era of reform and opening-up, and calls for Deloitte to prepare for the further enhancement of our professional services during the 14th Five-year Period. Deloitte China CEO Patrick Tsang was invited to attend a ceremony marking the centenary of the CPC at Tiananmen Square, Beijing. Deloitte China offices arranged for colleagues to watch the ceremony together and share their thoughts.



Our journey of growth in the building of China's socialist market economy



Deloitte China CEO Patrick Tsang attends a ceremony marking the centenary of the CPC

3.2.2 Engaging in policy-making and contributing advice and suggestions

Deloitte China provides advice and suggestions on developing a prosperous economy and sound business environment. About 20 Deloitte China executives are NPC deputies or CPPCC members on NPC or CPPCC National Committee, people’s congress or CPPCC committees across 14 provinces and municipalities, covering nearly half of provincial-level administrative regions. Among them, Deloitte China Deputy CEO Vivian Jiang is a member of the 13th CPPCC National Committee; CEO Patrick Tsang is a member of 13th Beijing Municipal Committee of the CPPCC; and National Audit & Assurance Leader Dora Liu is a deputy to the 15th Shanghai Municipal People’s Congress. So far, Deloitte China representatives have put forward more than 70 key proposals.

Providing advice and suggestions to support the sustainable development of the economy

At the Two Sessions in March 2021, CPPCC National Committee member and Deloitte China Deputy CEO Vivian Jiang put forward many proposals, covering optimizing policy for the implementation of foreign investment projects, deepening the optimization of the tax and business environments, promoting ESG investments, further improving gender



CPPCC National Committee member and Deloitte China Deputy CEO Vivian Jiang attends a meeting session

parity, and completing data protection mechanisms. These offer constructive plans to support the orderly and healthy development of the Chinese economy.

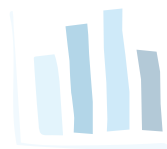
Deloitte China has been an Intellectual Supporting Partner of the Boao Forum for Asia Annual Conference for 17 consecutive years. We have also been an active participant in domestic and foreign events, including the China Development Forum, the World Economic Forum, and the Lujiazui Forum, providing intellectual support to the steady and healthy development of the Chinese economy and facilitating discussions on major issues by business and political leaders from across the world.

Intellectual support for the Boao Forum for Asia Annual Conference’s flagship report – Sustainable Development in Asia and the World

Deloitte China was a leading contributor to the flagship report – Sustainable Development: Asia and the World – released by the Boao Forum for Asia Annual Conference 2021. According to Deloitte China Vice President Rosa Yang, sustainability is a perennial issue in the development of all humankind. With sustainable development in Asia and the world as its subject, 2021’s Boao flagship report analyzed how Asia and the world can move forward to a sustainable recovery, aligning with global, regional, and enterprise development focuses.



Deloitte China Vice President Rosa Yang speaks at the Boao Forum for Asia Annual Conference



Attending the China Development Forum

In March 2021, the China Development Forum on the theme – China on a new journey of modernization – was held in Beijing. Deloitte provided intellectual support to the Forum from professional and expert perspectives. Our delegation led by Deloitte Global Board Chair Sharon Thorne, Deloitte China CEO Patrick Tsang, and Deloitte China Vice Chairman David Wu took part throughout the Economic Summit, opening ceremony, and sessions of the Forum. They expressed Deloitte China’s longstanding commitment to supporting Chinese enterprises to go global and achieve more efficient globalized operations and higher-quality international development; and to leveraging Deloitte’s capabilities and best practices in innovation to empower Chinese enterprises and help them grow stronger.



Deloitte China Global Chair Sharon Thorne speaks online



Deloitte China CEO Patrick Tsang attends the China Development Forum

3.2.3 Boosting the real economy

Supporting the state-owned economy

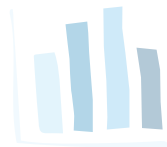
Deloitte China has served as the principal auditor of many central state-owned corporations and large financial institutions, including Industrial and Commercial Bank of China, Postal Savings Bank of China, China Unicom, Baosteel Group Corporation, China Merchants Group, China Resources (Holdings) Company, China Railway Engineering Corporation, and China Telecommunications Corporation, or as the annual report or initial public offering (IPO) auditors of their subsidiaries, pre-IPO companies, and listed companies. Given our sound practice record and comprehensive quality control, Deloitte China’s leadership is regularly invited to share our firm’s experience in quality control at major meetings or in news media.

Deloitte China strictly adheres to laws, rules, regulations, professional ethical standards, and codes of business standards. In her keynote speech at the Lujiazui Forum, Deloitte Global Board Chair Sharon Thorne expressed Deloitte’s deep commitment to serving the public interest and helping to maintain the veracity of capital markets through quality and integrity, which is our highest priority. On various occasions, Deloitte China CEO Patrick Tsang has stated that in client and business acceptance and re-engagement, Deloitte only serves those who share the integrity and values of our firm. Deloitte has declined to serve potential audit clients whose major shareholders or key management personnel have records of violation of laws or regulations or negative integrity. To maintain world-class audit quality and professional ethics, Deloitte China has established a complete set of internal quality controls and professional ethics management policies and procedures to encourage employees to speak out against violations of independence, professional ethics, and audit quality requirements, and has implemented a non-retaliation policy to protect those who file reports.

Deloitte China has provided professional opinions in the formulation and implementation of various policies of the SASAC of the State Council to help state-owned enterprises grow stronger and better. To facilitate the new round of SOE reforms, Deloitte China took the lead among international professional services organizations in building the SOE Transformation Initiative in 2014 to provide intellectual support for the SASAC of the State Council and more than 30 provincial and municipal governments and SASAC entities. We have helped nearly 100 central and regional SOEs complete their mixed-ownership reforms, the “Double Hundred Enterprises” reform, reform of companies invested-in and operated by state-owned assets, and benchmarking against world-class management improvement projects, fulfilling our commitment to serving the country with our expertise.

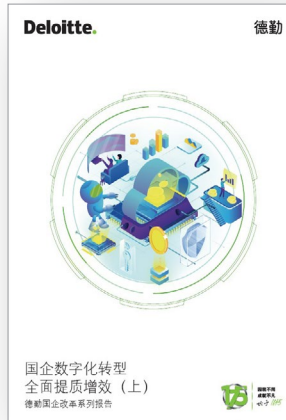


Deloitte Global Board Chair Sharon Thorne delivers a keynote speech at the Lujiazui Forum



In thought leadership, Deloitte China has published a series of reports on SOE reform and developed systematic research on hot reform topics and solutions to help more SOEs address related challenges. In FY2021, Deloitte China published three white papers: SOE digital transformation: comprehensively enhancing quality and effectiveness; Promoting mechanism change with mixed ownership – the new stage of mixed ownership reform; and Thinking and practice of reforms of state-owned capital investment companies and state-owned capital operating companies under the three-year action plan for SOE reform, to serve as references for the deepening of reform.

In addition, Deloitte China has continued to deepen intellectual cooperation with SASACs at all levels. In FY2021, we completed eight special research studies engaged by SASACs in Beijing, Shanghai, and Shenzhen, and delegated four partners to take part in the Benchmarking against World-class Management Improvement Actions webcast of the State Council SASAC to explain content including benchmarking methodology, smart risk management, and organization and human resources management improvements.



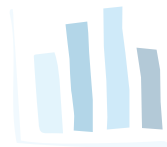
SOE digital transformation: comprehensively enhancing quality and effectiveness



Promoting mechanism change with mixed ownership – the new stage of mixed ownership reform



Promoting mechanism change with mixed ownership – the new stage of mixed ownership reform



Supporting the private economy

Deloitte China is committed to helping the private economy achieve high-quality growth. Leveraging our world-leading consulting experience and insights into the practices of Chinese enterprises, we have developed several initiatives including the China Best Managed Companies (BMC) Program and Sustainability Accelerator Camp to drive green, low-carbon, healthy development of the private economy, enhance enterprises' soft power, and build them into companies with global competitiveness to achieve sustainable growth.

The BMC program

Deloitte's global BMC program was introduced to China in 2018. It is currently the only non-profit marketing program in China that comprehensively assesses the management systems of private companies. Over the three years since its launch in China, the program has gathered model Chinese

private companies together, driving more private companies to create domestic benchmarks for "social enterprises" and sustainability.

Compared with the previous two years, the third BMC in FY2021 not only focused on the four cornerstones of companies (strategy, capabilities, commitment, and financial strength), in its selection and assessment processes, but also fully examined their responsiveness and sustainability in the post-pandemic new market order. The program now has 42 private companies on its winners list, including Anta Group, BlueFocus, Fuyao Group, Autohome, Byhealth, and Levima. Through the BMC program, Deloitte China advocates the integration of social enterprise elements and business strategies, and ways to address social and economic challenges by thinking and implementing approaches with a business mindset to create differentiated core competitiveness.



The BMC awards presentation ceremony

Launching the Sustainability Accelerator Camp to boost companies' low-carbon development

Informed by their climate change and sustainability strategies, Deloitte China and ecosystem alliance Plug and Play launched the Sustainability Accelerator Camp in April 2021. Leveraging Deloitte's professional capabilities in sustainability services, the program empowered enterprises from an innovative perspective and built an open, interactive innovation platform to match and connect high-quality tech startups with enterprises. It also provided enablement training for startups to boost subsequent implementation opportunities.

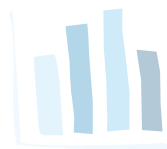
In 2021, two roadshows were held as part of the Sustainability Accelerator Camp. Twelve tech startups including Yuanchu Technology Corp. and Beijing Tianrun New Energy Investment Company took part in the roadshows, including in-depth matching with their strategic needs and technological skills.



The Sustainability Accelerator Camp launch ceremony



Briefing on the Camp arrangements



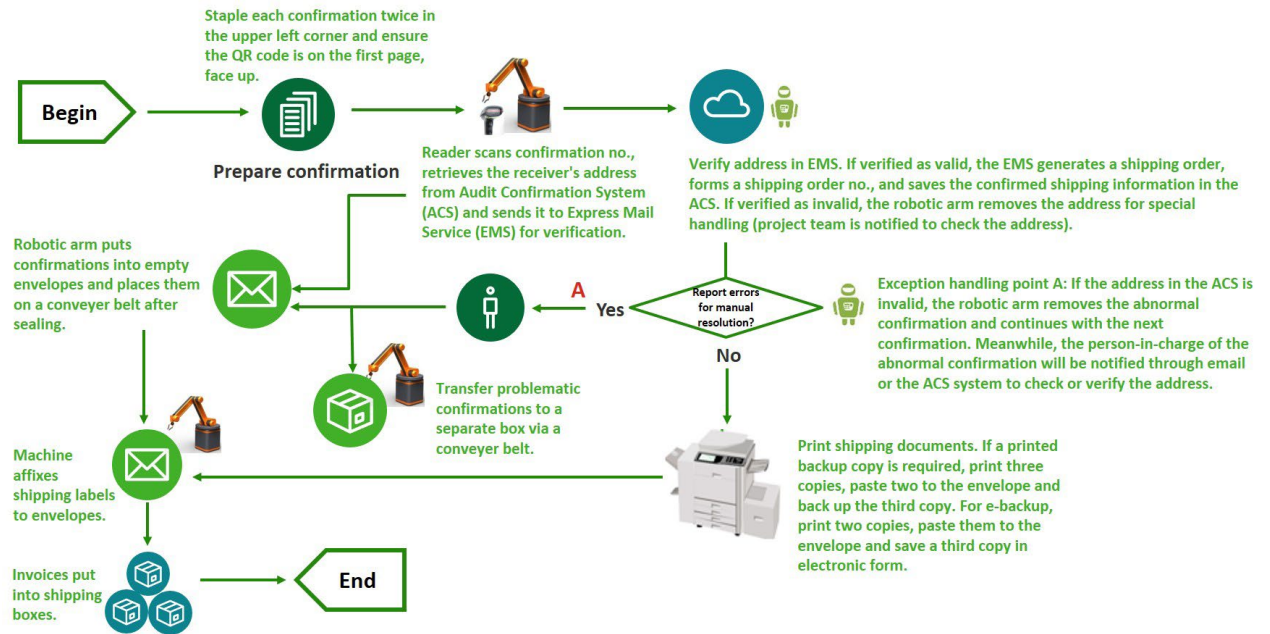
3.3 Elevated value through innovation

In China's Report on the Work of the Government released in 2021, "innovation" is frequently emphasized with a special focus on "promoting high-quality development of the real economy through innovation and fostering new growth drivers". In line with the state's policy to create an innovation ecosystem, Deloitte has been a pioneer and supporter of related initiatives. In 2011, Deloitte China's Innovation Department was established with a focus on business innovation across the world and the development and application of new technologies by collaborating with 17 other innovation departments of the Deloitte Global network.

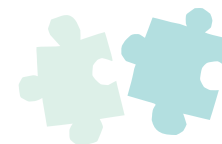
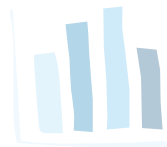
In 2015, DAI was founded to provide clients with high-level, in-depth research and intellectual support for technology and innovation, leveraging its leading industrial research capabilities and innovation resources. Later, Deloitte China progressively developed Greenhouse, an innovation transformation support platform, and the IDDC to build a research and service ecosystem for digital and smart technologies, empowering clients to respond to the challenge of constantly emerging technologies, industries, and forms of business. To date, Deloitte has 1,500 digital assets and has entered into digital collaborations with multiple world-leading enterprises.

Smart Invoicing and Sorting

In corporate financial processes, there are a great deal of highly repetitive manual operations that take substantial manpower and time. With these limitations, some compliance and audit tasks are completed using sampling and do not reach 100% coverage, reducing data accuracy. Deloitte China's Smart Invoicing and Sorting is a hardware support solution designed to address on the pain points in financial digitalization. The robotic arm can use optical character recognition technology to automatically identify key information in invoices, with no human involvement. Other than completing approval, decision-making and report generation at the software end, the robotic arm also handles many tasks like sorting, transferring, and warehousing, enabling smart

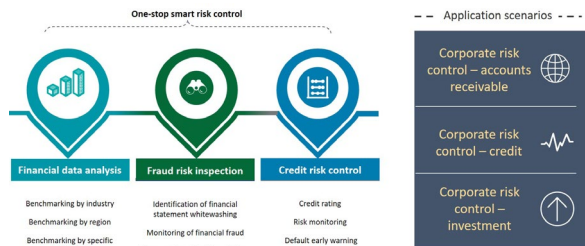


Smart Invoicing and Sorting (robotic arm) workflow



iCredit

To further optimize risk controls and advance digital transformation in auditing, Deloitte launched iCredit, a smart risk control tool that adopts a smart risk control model and applies technologies like big data and artificial intelligence (AI) to risk management. iCredit integrates a myriad of advantages, including professional experience, big data mining, data governance visualization, natural language processing, and machine learning, thus improving the efficiency and accuracy of risk controls.



iCredit work modules and application scenarios

REAccess

Facing more than 100 industry and city metrics, governments and industrial parks with limited resources find it impossible to compete with other regions across every dimension. REAccess provides a data-driven, individualized, and trend-perceived platform that connects industries, cities, and talent for city benchmarking, enterprise location selection, and personnel hiring. In an increasingly competitive environment, with fast iteration of industrial borderline and production factors, and the accelerating flow of people and capital, REAccess helps governments and parks with holistic diagnosis and benchmarking, enabling them to do business in a targeted way based on featured industries. It also provides customized data support for investment and enterprise, talent, and capital development.



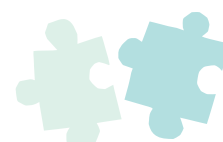
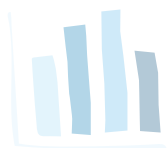
REAccess city benchmarking analysis

CitySynergy™ smart city management platform

CitySynergy™ is a smart city management platform developed by Deloitte. It includes five sub-products covering data security, data integration, digital analysis and scenario simulation, digital measurement, and core digital command centers. Based on AI and big data, the system integrates a variety of scenarios with the Internet of Things, focusing on the optimization of business scenarios and management mechanisms and procedures in city management and operations. It assists city managers to manage daily events and emergencies, and coordinate, handle, and formulate response efforts to achieve more effective and intelligent cross-functional coordination, empowering city managers and operators and enhancing efficiency.



Deloitte CitySynergy™ smart city management platform



4. Environment



WorldClimate



According to the sixth Assessment Report by the Intergovernmental Panel on Climate Change, many of the ongoing changes in the Earth's climate in every region and across the global climate system are unprecedented in the past hundreds, if not thousands, of years. Responding to climate change is at the top of Deloitte's agenda, and requires the cooperation of all sectors of society. To address this, Deloitte formulated its WorldClimate strategy, in which we commit to achieving net-zero emissions by 2030, empower our professionals, connect with others, and create solutions together to facilitate the transition to a low-carbon economy. Deloitte's GHG emissions targets are validated by the Science Based Targets initiative (SBTi), in recognition of our commitments to the environment. Moreover, Deloitte has committed to the three core initiatives of the Climate Group, supporting renewable electricity (RE100), electric vehicle adoption (EV100), and energy efficiency/productivity (EP100).



Net-zero by 2030

We commit to achieving net-zero GHG emissions for our own operations by 2030, ahead of the 2050 timeframe set by the Paris Agreement.

Our goals include:

- reducing our business travel emissions by 50% per full time equivalent by FY2030 from FY2019 levels;
- sourcing 100% renewable energy for our buildings by FY2030;
- converting 100% of our fleet to electric or hybrid vehicles by FY2030;
- engaging with our major suppliers with the goal of having two-thirds of them (by emissions) adopt science-based targets; and
- investing in meaningful market solutions for emissions we cannot eliminate.

Deloitte has had its emissions reduction targets (scopes 1 and 2) approved by the SBTi as consistent with levels required to meet the goals of the Paris Agreement (1.5°C trajectory). Deloitte's target for emissions from its value chain (scope 3) meet the SBTi's criteria for ambitious value chain goals, meaning they are in line with current best practice.

Operating green

We recognize we must align our climate policies, practices, and actions across our organization by:

- designating a senior leader to be responsible for climate in each geography;
- prioritizing discussion of climate change on executive agendas; and
- embedding climate-smart considerations into decisions on office operations, real estate, and investments.



Empowering individuals

By engaging and educating our employees on climate change impacts – decisions about what they consume, use, and buy – we enable them to make positive climate choices at home and at work, with the aim that they will amplify what they have learned through their personal networks.

Engaging ecosystems

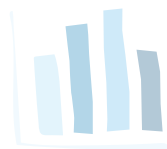
We collaborate with clients, alliance partners, NGOs, industry groups, suppliers, and others to address climate change at a systems and operations level.



With its response to climate change and climate actions, Deloitte China won the 2021 Carbon Neutrality Action Leadership Award at the Zero-carbon Mission International Climate Summit held by Phoenix TV and the WWF in September 2021.



Deloitte China Social Impact Leader Alan Wang receives the Carbon Neutrality Action Leadership Award – Outstanding Climate Ambition Award



4.1 Our emissions reduction commitment

FY2020 operational and business-travel carbon neutrality

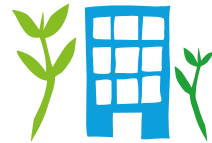
Since the launch of *WorldClimate*, we have taken proactive actions and delivered on our Climate commitment within Deloitte China. In 2021, we purchased 25,230 tons of GS CERs and 7,175 I-RECs, achieving net-zero greenhouse gas (GHG) emissions by 2020 for our own operations and business travel for FY2020. The offsets program we chose focuses on the development of rural communities in China and provides clean, affordable methane for low-income families in Sichuan province, which can be used for cooking, heating, and lighting.



Green operation – Every drop counts

When selecting a work location, decorating or upgrading offices, we follow green building standards and strive to cut energy consumption and improve resource utilization to the greatest extent possible. We aim to reduce waste generation and establish facilities in every work location to collect paper, plastics, batteries, and other waste for sorting and recycling. We advocate virtual working and require that remote conferencing replaces non-essential travel, minimizing travel emissions.

Green workplace



By the end of FY2021, six Deloitte China offices had achieved LEED² certification.

Reduce waste

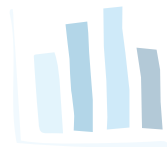


In FY2021, Deloitte China recycled 3,506 batteries, 1,179.7kg of plastics, 131.2kg of glass, 507.1kg of aluminum products, 105,578kg of paper, and 468 worn-out printer cartridges by collaborating with suppliers.

Promote green travel



Our green travel initiative in collaboration with a car-hailing platform recorded a total of 1,454 orders using NEVs, with a distance travelled of 22,054km.



4.2 Joint response to challenges

WorldClimate APP





As part of the WorldClimate initiative, we leveraged our technical strengths and innovation capability and developed the WorldClimate App to engage all of Deloitte China's employees and encourage them to play their part in fulfilling Deloitte's commitments to addressing climate change.

All employees can become part of Deloitte #iAct through the app. They can find out how they impact the climate with their own travel, eating, home, and spending habits by answering simple questions, and learn tips to proactively respond to climate change. Also, their eco-friendly actions and contributions to the environment can be tracked and recorded through the app. With constant check-ins, participants are able to accumulate energy, enter regular ranking lists, and earn prizes.

Eco-friendly actions that help earn energy on the WorldClimate app



The WorldClimate App

-  **Travel** Taking public transport or low-emission new energy vehicles, riding bikes, walking
-  **Food** Choosing organic, green and pollution-free food products, taking part in the "Clean Plate" campaign, buying eco-labelled food products, using eco-friendly utensils
-  **Home** Choosing energy-saving power supplies, using reusable plastic products, recycling water, repairing-not-replace, planting green plants
-  **Purchasing** Buying and selling second-hand items, choosing products made of eco-friendly materials

WorldClimate portable tableware

To respond to the WorldClimate strategy, we prepared eco-friendly tableware sets for each of our staff members as 2021 New Year gifts to encourage everyone to bring their own cutlery and avoid using disposable items, helping to reduce GHG emissions and limit damage to the environment.



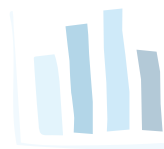
WorldClimate portable tableware

Mobilizing suppliers to take climate action

Suppliers are indispensable partners on our WorldClimate journey, and we specify what we expect of them in our Supplier Code of Conduct.

- 1 In respect of resource efficiency, suppliers should seek to improve resource efficiency and reduce consumption of raw materials, energy, water, and fuel.
- 2 In respect of waste minimization, suppliers are expected to make reasonable efforts to eliminate or reduce the amount of solid and water-based waste they generate and increase landfill diversion, reuse, and recycling. Suppliers are encouraged to develop and use environmentally friendly innovations and practices that reduce environmental harm.
- 3 In respect of pollution and emissions reduction, suppliers shall take reasonable steps to minimize emissions of greenhouse gases and toxic and hazardous pollutants. They are encouraged to track GHG emissions and set science-based GHG reduction goals in line with the Paris Agreement.

Any non-adherence to the above can result in requirements, including supervised corrective-action plans. In some cases, contracts with suppliers are terminated.



5. Society



5.1 Smart talent experience

Guided by our people-first principle, Deloitte China provides world-class learning and development platforms and job opportunities for our people to realize their full potential. Focusing on different dimensions, including smart development, smart diversity, and smart lifestyles, we strive to build a flexible, agile, and wellbeing-oriented work environment for our people to create a smarter work experience and enhance their sense of belonging.

Awards and accolades

China Top Employer

In 2021, Deloitte China received the Top Employer certification from the Top Employers Institute for a 15th consecutive year. Deloitte China is recognized for its exceptional performance in six domains: people strategy, work environment, talent acquisition, learning, well-being, and diversity & inclusion.



LinkedIn Top Companies List

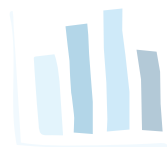
Deloitte China was named to LinkedIn's Top Companies in China in April 2021. This recognition affirms our continuous investment and achievements in digital transformation. Our long-term commitment to digitalization has enabled our clients with innovative and value-added solutions, and our people with market-leading expertise. We also share our digital insights and innovation with a wider audience through various channels.



“As digitalization and AI flourish, our people are becoming increasingly diverse in their backgrounds. Deloitte China adopts a people-first approach, and strives to offer our talent extensive career development opportunities, more diverse and personal development and work experiences, and more inclusive and heartfelt support. At Deloitte China, we launched the Smart Work Experience strategy to enable our people to become client-centric, outstanding, and future-ready professionals while enjoying smart, flexible work experiences. Moreover, during the COVID-19 pandemic, we promptly implemented flexible work arrangements to help our people adapt to the abrupt challenges. These moves exemplify resilient leadership and agility within our organization, and have been highly recognized by our profession.”



Carol Zheng
Deloitte China
Chief Talent Officer



5.1.1 Smart development

Benchmarked against world-leading talent development frameworks, we have revamped our talent development strategy based on Deloitte China's characteristics to address the needs of the era and market. We tailor personal learning pathways and provide an optimal learning experience through agile, flexible, and diverse learning schemes for employees to acquire the latest market and business related knowledge and develop comprehensive skills to get ready for the future and ongoing digital transformation. Based on individual strengths, we design personalized progression paths for each stage, such as high-potential talent programs, enabling our people to make an impact that matters. We also encourage diversified career development with mobility programs to inspire people's full potential and maximize their career value.

Smart talent development

We provide learning and development support for employees at every stage of their career. By offering customized high-potential talent programs, we help them identify and explore their strengths, develop leadership skills and creative mindsets, and expand their internal and external networks. We also help extend the reach of their personal brands to accelerate career progression.

Innovative learning platform

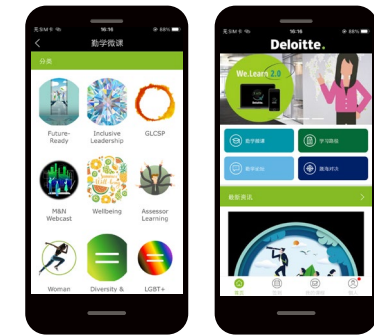
We have developed the We.Learn app, a one-stop platform for learning, sharing, and collaborating. Employees can take micro-courses anytime, anywhere via the app, utilizing their fragmented time. We.Learn's seamless connection with Cura, Deloitte's content management platform, facilitates the customization of employees' personal learning curves. We have also launched a digital system for CPD hour applications to optimize the application process.

Diverse learning modes

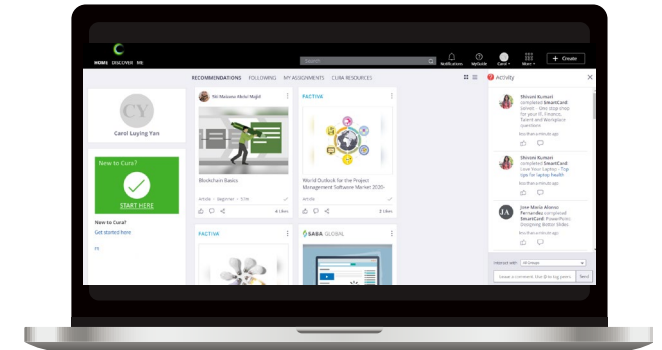
Apart from a conventional offline curriculum, we embrace agile course design in combination with virtual learning and teaching, video sharing, and online discussions to create modularized, innovative learning experiences for our people.

Mobility program

Our Global Mobility Program offers mobility opportunities across region and business units for employees to match with openings based on their interests and career plans.



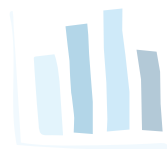
The We.Learn app interface



The Cura system interface



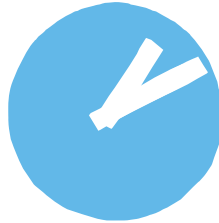
Interactive learning



As of the end of FY2021,
we provided

1,283,107

hours of total training ...



... and

74

hours of training
per individual



DU enters China

Deloitte University (DU) is a high-level talent development platform that integrates training, career development, and resources. It serves internal staff at Deloitte and provide professional training services for government and corporate clients. As of now, there are seven DUs across the globe.



DU Westlake

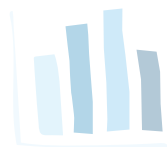


DU EMEA

In March 2021, DU entered China with its official establishment in Huairou District, Beijing. A trial run is expected in Q3 to Q4 2023 (to be confirmed) and the campus has a total planned area of 15,000m², including its 10,000m² Phase I and a 5,000m² Phase II extension. Within 10 years of construction being completed, Deloitte China plans to inject more than USD230 million (around RMB1.5 billion) into the project. After it is put into operation, DU will accommodate more than 14,000 professionals on campus each year, meeting the needs of leadership development and professional courses internally, and providing specialized, management-oriented or other customized courses for government and businesses.



DU in Huairou, Beijing (illustrative)



5.1.2 Smart diversity

We are committed to leading the way in diversity and inclusion (D&I). Through our emphasis on diversity, we are building ourselves into a firm that leverages diversity to promote innovation and collaboration and achieve our aspiration to become an undisputed leader. We strive to build mutual trust and respect among our people and attract talent, while rejecting discrimination of all kinds to create a diverse, inclusive, and equal work environment.

Deloitte China has launched ALL IN, a global strategy that promotes diversity, equity, and inclusion. Based on our emphasis on respect and inclusion, the strategy focuses on multiple spectrums of diversity, with three main aspects: advocating gender balance, promoting LGBT+ inclusion, and

providing mental health support for employees to facilitate the implementation of all related initiatives. We build a friendly working environment where our people can feel respected and included. We also work to advance gender equality and diversity in society to create an equal world.



³ Women's leadership encompasses the Deloitte China Governing Board, China Management Team, Business Exco, Region Exco, Enabling Area Exco, and LCSPs and LBPs of Strategic Accounts.

SHE Dreams:

Sharing HER Stories

In March 2021, Deloitte China held the SHE Dreams - Sharing HER Stories webinar. Two female senior executives from multinational corporations were invited to share their stories from the workplace and daily lives in a cultural diverse environment, helping our colleagues, especially women, build courage and confidence in confronting challenges in life.



The Sharing HER Stories webinar

emphasized the significance of increasing the proportion of women leaders to achieve breakthroughs "from zero to one". Taking central SOEs as an example, he said that the proportion of women serving on boards in China was higher than in Japan and Korea, but when it came to executive directors, female representation has dropped dramatically, showing there is still ample room to improve how enterprises deal with this issue. David suggested that central SOEs need to have at least one female appointed to a senior management role and, as conditions allow, be required to set a minimum proportion of women's representation in senior management.



Interview on enhancing and transforming women leadership

To call for women's leadership enhancement, the Deloitte China Women Leadership Committee invited Deloitte China Vice Chairman David Wu to share his thoughts and feelings on the topic. David brought to the table the participation of women in national and corporate governance, citing specific figures, and



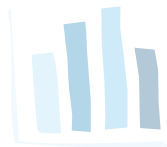
The interview on women leadership

"Women continue to be confronted by gender inequality and other challenges. China ranks 106th in the Global Gender Gap Report 2020 published by the World Economic Forum. Gender inequality is typically represented by a low proportion of women at decision-making level, unequal career opportunities, and stereotypical family roles. We should encourage more people, especially businesses' management, to engage in, discuss, and promote diversity, including gender diversity, and to internalize this as momentum for the long-term development of enterprises to inspire women's power and elevate corporate value, creating world-class enterprises with Chinese characteristics."



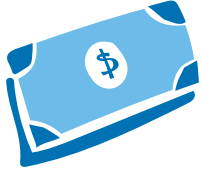
Vivian Jiang

Deloitte China Deputy CEO



5.1.3 Smart lifestyle

We emphasize the work-life balance of our people by offering various rewards to fuel performance and boost happiness. We organize different staff activities to enrich their life experience. We have also introduced Smart Dress and flexible work arrangements, giving our people more convenience and flexibility at work.



Remuneration

We take full account of prevailing market-level remuneration and formulate attractive remuneration package for Deloitte professionals, covering basic salary, statutory benefits, commercial insurance benefits, and various leave entitlements. We have also established a proper incentive mechanism based on staff performance and the characteristics of different business lines.



Wellbeing

To enrich the lives of employees, we have created Deloitte Staff Club to organize interest groups and provide funding and venue support for them. Colleagues in each region with similar interests have formed various clubs including football, badminton, running, and singing clubs, helping them enrich their lives and make more friends.

We provide plentiful opportunities for our people to showcase their talent, including the Deloitte China Talent Ambassador Award to incentivize and recognize colleagues' contributions to building our talent culture and employer brand.



Eastern Region Badminton Club



Deloitte Running Club



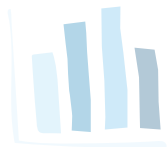
Birthday gifts for staff



Deloitte China A1 Orientation Day in different cities



Team building at Happy Valley





Team building at Xinghai Bay



Chinese New Year activity

“The top three appeals of Deloitte are its diversity, vitality, and impact. What impressed me most on the A1 Orientation Day was how quickly all the members of my group were able to form a team after the first round of group interviews and start to review our performance at the cafe. This made me very much look forward to working at Deloitte.”

Katrina Pattar

Financial Management, Fudan University
New hire A1, Deloitte China



“For me, Deloitte China’s greatest appeal is inclusion, as all my colleagues come from different backgrounds. Second is professionalism, as the business line I am serving is the leader among the Big Four. Third is Deloitte’s care for its people, especially the different learning programs it offers on one’s career path.”

Bruce Bu

Public Finance, New York University
New hire A1, Deloitte China



Flexible work arrangements

In recent years, Deloitte China has continued to explore how to offer more diversified and personalized growth and experiences for our talent. Based on their job nature, work environment, and technical feasibility, we first adopted flexible work arrangements, allowing our people the flexibility to choose where, when, and how they work so that they can complete their tasks in a more scientific, convenient way. Thanks to these arrangements, the health and safety of our people has been protected to the greatest extent possible during the COVID-19 outbreak.

To reinvent our dress code, we introduced Smart Dress with a view to providing a more flexible attire principles to guide appropriate dress codes in different business scenarios, establishing a professional image while still respecting individual’s personality. Compared with our previous dress code, these new principles provide more flexibility and comfort, but retain our spirit of professionalism.

Looking for Deloitte’s Best Outfit

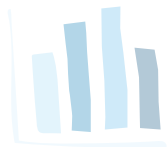
With the implementation of Smart Dress, we also launched Looking for Deloitte’s Best Outfit to encourage Deloitte professionals’ awareness of the reinvented dress code and invite them to upload photos or videos of their best looks to win prizes and set an example of how Smart Dress looks. The Firm hopes to provide more flexible clothing principles to guide appropriate dress codes in different business scenarios, establishing a professional image while respecting personal taste.



Best Outfit – Female



Best Outfit – Male



5.2 Societal investments

5.2.1 WorldClass

Deloitte China continues to drive WorldClass programs forward. By designing and implementing a series of charity programs, we support China's rural revitalization strategy through education, skills development, and access to opportunities. Leveraging our innovative approaches and technological strengths, we work with government, business, educational, and charitable organizations towards our commitment of empowering 15 million people in rural areas by 2030 and contributing to rural revitalization.



Rural Youth Teacher Training Program

The Rural Youth Teacher Training Program is a charitable project organized by the YouChange China Social Entrepreneur Foundation and Deloitte under the guidance of the Ministry of Education. The program provides one-year systematic training and support to young teachers in rural areas through live broadcasts, face-to-face training lectures, and community operations to enhance their professional skills and comprehensive ability.

So far, 5,115 rural teachers have taken online courses on Chinese, Mathematics, English, and early childhood education supported by Deloitte, benefiting nearly 300,000 rural children with higher-quality teaching content.



A program participant in Change, Henan watches a video class

"I teach in a rural primary school and hardly had the chance to learn outside. The Rural Youth Teacher Training Program provides rural teachers like me with a learning platform. I am afraid of falling behind and I long for learning opportunities. No matter how busy I am, I attend classes on time and discuss what I learned in class with my classmates. This is a happy way to learn."



Luo - Teacher and program participant from Weng'an County, Qiannan, Guizhou

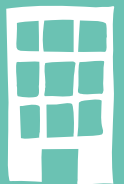
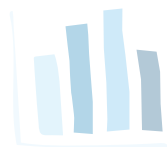


A Rural Youth Teacher field visit

"In an increasingly complex social environment, the key to long-term and sustainable value for enterprises is serving all stakeholders responsibly, including not only shareholders and clients, but also employees, the local community and all of society. Deloitte has launched many strategic initiatives, including WorldClass and WorldClimate, which together form the global WorldImpact initiative to create a substantial impact. In response to China's rural revitalization strategy, WorldClass focuses on talent development in rural areas and has already impacted more than 1.6 million people through a series of charitable projects. We look forward to joining hands with all parts of society and contributing to social development to create a brighter future together."

Alan Wang

Deloitte China Northern Region
Managing Partner
Deloitte China Social Impact Leader



Rural Talent Cultivation Program

The Rural Talent Cultivation Program (3rd session) was launched in 2020 by Deloitte China and entities including Tsinghua University and the China Charity Alliance to provide training courses on farming, cultivation, rural tourism, e-commerce, and financial policy for rural entrepreneurial leaders, youth returning to their home towns, and members of farmers' cooperatives.

Nearly 25,000 "new farmers" from 31 provinces across the country have attended the program. A total of 75,000 people have watched online classes delivered by four volunteer lecturers from Deloitte on interpreting agriculture-related tax policies and fundamental corporate and financial knowledge. The classes were warmly welcomed by participants.

"The training courses taught me new ideas, which improved my entrepreneurial capability and broadened my horizons. I have developed deeper thoughts on the status quo and become more aware that being a good leader is the key to rural development and revitalization.

Luo
A young rural entrepreneur from Ya'an, Sichuan



Deloitte volunteer lecture poster



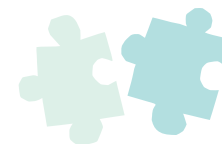
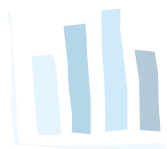
Young entrepreneurs share their experiences

Deloitte Hubei Medical Professionals Support Program

The Deloitte Foundation and Wuhan University School of Medicine launched the Deloitte Hubei Medical Professionals Support Program in September 2020 to recognize the efforts and enormous contributions of Hubei nursing professionals in the fight against the COVID-19 outbreak. Through establishing multiple Deloitte Scholarship and development programs, the Program gives nursing professionals comprehensive support, especially career development of county-level primary nursing professionals. As of FY2021, the Program has benefited more than 900 nursing professionals.

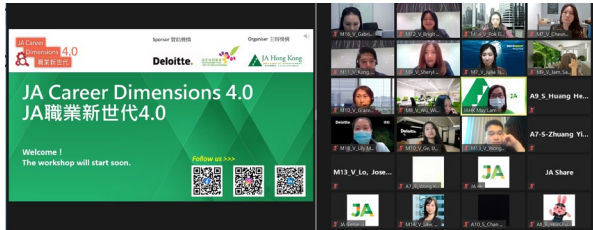


A nurse specialist scholarship awardee from Hubei General Hospital delivers a training course to ICU nurses



JA Career Dimension 4.0 Program

JA Career Dimensions 4.0, held by Junior Achievement and Deloitte, connects young people with career opportunities and equips them with future-proofed skills for Industrial Revolution 4.0. The program has received a three-year matching grant from the HKSAR Government Social Welfare Department, which will be used to carry out 30 Speed Mentoring Workshops for 3,000 high school students in Hong Kong. In each workshop, Deloitte professionals and volunteers from the business sector with different backgrounds are invited to offer 12-minute academic and professional suggestions to Secondary 4 to Secondary 6 students. Also, participants' problem-solving skills and coordination capability, adaptability, and creativity are improved through games. In FY2021, we organized seven mentoring matching workshop sessions. The program has engaged nearly 70 Deloitte volunteers and benefited more than 650 secondary school students.



Deloitte volunteers deliver an online workshop session to secondary school students

5.2.2 Pro bono services

As a leading global professional services organization, Deloitte China not only provides world-class services to clients, but also gives back to society with its expertise, helping charitable organizations optimize strategic planning, improve operational efficiency and management capabilities, and drive digital transformation as they grow and develop. In FY2021, Deloitte China professionals provided more than 15,000 hours of pro bono services to organizations including Pengshui Miao and Tujia Autonomous County of Chongqing, Chunhui Children's Foundation, the China Social Welfare Foundation, Shenzhen Longyue Charity Foundation, Hainan Chengmei Charity Foundation, and Zhejiang Women and Children's Foundation.

Deloitte drives rural revitalization through tourism planning for Pengshui Autonomous County

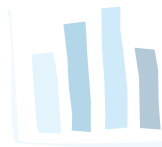
Under the Deloitte China-Chongqing Pengshui Autonomous County Strategic Cooperation, Deloitte's WCWP Western Region architecture and planning team leveraged their world-class architectural design capability and urban planning experience to complete on-site research, analysis, and design planning in just three months. Leveraging its ethnic, ecological, and cultural strengths, the team developed an overall rural tourism strategy and conceptual plan for the region and supported the development of the county's mainstay industry. Their work was highly recognized by leaders of the Pengshui County Party Committee.



Deloitte's team presents the planning results to the Pengshui Government



Site visits across Pengshui County



5.2.3 Impact Every Day

Impact Every Day is a key project of Deloitte Global's World *Impact* initiative. Under the new normal shaped by the COVID-19 pandemic, Deloitte supports staff members to engage, based on the local demand, with community organizations and take part in voluntary services anytime, anywhere via online channels or face-to-face communication.

To facilitate implementation of the program, Deloitte China established Charitable 8 Hours, which allocates eight working hours (one working day) for each staff member to provide voluntary services. Through the launch of the D.Charity platform, Deloitte employees can enroll easily in various charity programs. In FY2021, Deloitte China professionals from various regions participated in 43 community service programs, contributing nearly 7,000 hours of services.



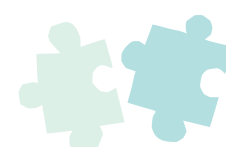
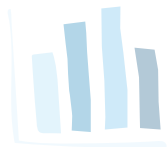
I am impressed by the change in colleagues who took part in charitable activities. Some of my introverted colleagues opened up and interacted actively and affectionately with others once they were engaged in an activity. This change in them made me realize that the purpose of volunteerism lies not only in "I helped people in need", but also in "charitable activities make me a better self."

Sherlock Zhang

Guangzhou Office, Audit & Assurance



Deloitte colleagues from different regions take part in voluntary services



6. Governance



6.1 Governance Structure

Deloitte China Governing Board

The Deloitte China Governing Board oversees Deloitte China's most important matters, including the formulation and implementation of all strategic plans, operational and financial performance, risk issues and risk management. The Board has several committees to support its oversight and governance functions, including the Nomination, Compensation, Fairness, Finance, Investment, Risk & Quality, and Succession committees. The Board is composed of 13 members including Deloitte China Chairman Dennis Chow, Chief Executive Officer Patrick Tsang, and 11 board members elected by partners. Board composition is diverse in terms of business line and geography. Attention is also paid to diversity in the gender balance and terms of partners. The Board is committed to safeguarding Deloitte Global's Shared Values and China's "4+1" culture, promoting diversity, inclusion, and mutual respect, sparing no effort to carry out our firm's people first, client-centric principles and advance the *WorldClass* and *WorldClimate* programs for society.

Deloitte China Management Team

The Deloitte China Management Team is composed of managing partners from different functions, regions, and key strategic and enabling areas. Led by the CEO, they work together to formulate, advance, and manage Deloitte China's strategic initiatives and engage, on behalf of Deloitte China, in issues at the global and regional levels. Guided by Deloitte Global's Shared Values and Deloitte China's "4+1" culture, they do what matters most for our clients, people, and

society, and strive to achieve our commitment to serving China with our expertise. Deloitte China's CEO is elected by Deloitte China partners and governed and supervised by the Deloitte China Governing Board.

Deloitte China WorldClass Steering Committee

To achieve our societal impact vision, Deloitte China established the *WorldClass* Steering Committee and the Deloitte China Societal Impact Council, led by our CEO and composed of key management personnel. The committee centrally manages Deloitte China's Societal Impact agenda and formulates objectives and action plans to lead Deloitte China's continuous contribution to social development. To better implement charity projects, Deloitte China has established Deloitte Foundation branches in Chongqing and Hong Kong. Our Chairman Dennis Chow is Secretary-General of the Hong Kong Deloitte Foundation, and our Social Impact Leader Alan Wang holds the same role at the Chongqing Deloitte Foundation. The Foundation has an independent Board of Directors and a Board of Supervisors responsible for discussion, decision-making, and oversight of key matters, ensuring its operational independence and transparency.

In FY2021, Deloitte Foundation entered the 2020 municipality-wide assessment of social organizations in Chongqing for the first time and was rated a 4A Social Organization for operations management and project implementation.

6.2 Risk management

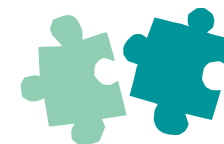
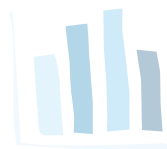
Deloitte Global has formulated a set of consistent and rigorous quality and risk management policies, processes and procedures – the DTTL Policies Manual (DPM) – including central policies applicable to all member firms and their functions, specific policies applicable to each function (Audit & Assurance, Consulting, Risk Advisory, Financial Advisory, and Tax & Legal), and local policies formulated by Deloitte China based on China's conditions, covering professional ethics, anti-corruption, independence, potential conflicts, privacy, confidential client information, and other topics closely related to professional ethics and risk management.

Professional ethics

Professional ethics and integrity are the foundations of our firm. On this basis, we established our shared values – lead the way, serve with integrity, take care of each other, foster inclusion, and collaborate for measurable impact – creating a common culture to ensure we make ethical decisions, continue to gain public trust and meet our responsibilities to clients, and fulfil our commitments to one other.

The Deloitte Global Principles of Business Conduct are the basis of the behavior of Deloitte staff. Based on this, Deloitte China has developed a more detailed ethics program tailored to its own characteristics, which covers:

1. Appointing a conduct & ethics leader to oversee the implementation of the program, handle and respond to ethical issues, and manages related matters.



2. Formulating the Code of Ethics and Professional Conduct, approved by the Deloitte China Governing Board. The Code details the behavior expectation for every Deloitte employee in sustaining public trust, fulfilling client obligations, and meeting commitments to each other. It also provides information, guidance and other references for Deloitte employees to make the right decisions.
3. Ethics training courses. These mandatory courses include the Integrity Imperative and Respect & Inclusion. They reinforce the importance of our values and principles and how these work to protect our brand and reputation; providing special ethics training courses to newly promoted managers and partners to explain their ethical responsibilities and requirements in their new roles and specify the expected behavior of ethics leaders.
4. Developing the ethics app iEthics, an interactive learning platform for employees to search for professional ethics policies at their fingertips, keep up with the latest ethics news, and report any misconduct.

Anti-corruption commitment

Deloitte does not tolerate corruption and resists bribery. We strive to eliminate corruption and financial crimes so as to contribute to good corporate governance, economic development, and social welfare. Deloitte China has bespoke anti-corruption policies for procurement, talent referral, gifts, and entertainment, and has established mechanisms such as non-client third party due diligence, and corruption risk assessments in our Client and Engagement Acceptance process. We offer regular anti-corruption training and information exchange to update and remind employees of anti-corruption policies and requirements, enhancing their anti-corruption awareness.

Frank communication

We encourage individuals to communicate with colleagues, service line managers or leaders, or via the standard reporting

channels of the firm. For employees seeking confidential consultations, we provide an anonymous and confidential reporting platform, Deloitte Speak Up, managed by a third party and offering 24-hour access. Employees can report potential violations through a website, phone call, or professional ethics app. At Deloitte, we take any violation reports seriously. We conduct investigations when necessary and respond where appropriate. We do not tolerate retaliation against individuals reporting ethics concerns in good faith.

Independence

Independence is another cornerstone of Deloitte's objectivity and integrity. Upholding independence is the obligation of all Deloitte professionals. The DTTL Policies Manual has chapters on independence and potential conflicts, based on which Deloitte has incorporated independence and conflict checks into standard business processes, requiring professionals to use multiple independence check tools and further ensuring the independence of our professional services and avoiding potential conflicts. In FY2021, Deloitte Global revised its DPM – Potential Conflicts and Deloitte China updated its independence and conflicts investigation procedure to improve its clarity and consistency. Deloitte also upgraded the Deloitte Entity Search and Compliance system to enable professionals to perform independence reviews more efficiently.

Public interest

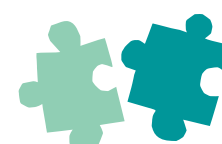
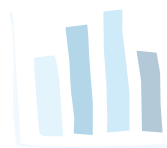
In 2019, Deloitte signed the Business Roundtable's Statement on the Purpose of a Corporation, pledging that we will deliver value to our stakeholders, including clients, employees, suppliers, communities, and shareholders. In FY2021, Deloitte Global formulated a decision-making framework to help member firms apply Deloitte's Commitment to Responsible Business Practices Statement, Purpose, and Shared Values in decision-making with a view to better fulfilling our commitment to serving the public interest. On executing the decision-making framework, Deloitte China

has incorporated considerations in client- and non-client engagement and acceptance to ensure the public interest is considered sufficiently in the course of operations, exercising Responsible Business Practices and demonstrating integrity to our clients, people, and society.

Data security and privacy

As a professional services organization, we are fully aware of the importance of protecting the information and data of our clients and Deloitte. Any violation of this duty of confidentiality could have extensive repercussions for our brand and reputation. As clients have higher expectations for data security, it is imperative that we adopt higher standards and demonstrate our protection mechanisms to safeguard their confidential information and ours.

- We have established a comprehensive information security management system to ensure the systems we use comply with local regulations and laws in their design, access controls, implementation, management, and use. We also follow ISO27001/02 security strategies and controls and have obtained ISO/IEC 27001:2013 certification.
- We have formulated the Deloitte Information Technology Policies, covering more than 20 topics including information security, information classification and handling, use of mobile devices, use of email, instant messaging and social media, software usage management, and virus protection standards.
- Our IT and security teams provide via services via multiple channels including office work and online platforms to ensure the security and reliability of our IT environment.
- We have also conducted a series of training sessions to enhance confidentiality, privacy, and information security management, including regular face-to-face training, e-learning courses by the Reputation & Risk Group, a Confidential Information Management Plan, Security Awareness Week, phishing drills, and other training courses on information security.



TALENT PERFORMANCE	FY2021
Workforce	17,858
By position	
Professional staff	15,856
Administrative staff	2,002
By geography	
Chinese Mainland	14,926
Percentage of Chinese Mainland (%)	83.6%
Non-Chinese Mainland	2,932
Percentage of non-Chinese Mainland (%)	16.4%
By gender	
Male	7,069
Percentage of males (%)	40%
Female	10,789
Percentage of females (%)	60%
Percent of women by level/position	
Levels below manager (%)	64%
Manager (%)	58%
Levels above manager (%)	45%
Deloitte China Governing Board (%)	23%
Deloitte China Management Team (%)	24%
Leadership team (%) ⁴	31%

New hires	
Total new hires	5,082
Percentage of new hires (%)	28%
By level/position	
New staff below manager level	4,426
New managers	248
New staff above manager level	171
New administrative staff	237
Talent recruitment	
Number of applications	191,543
Number of internships	4,559
Learning & Development	
Total hours of training	1,283,107
Hours of training per individual	74
Training investment per individual (HKD)	1,920

⁴ Scope of women's leadership includes Deloitte China Governing Board, China Management Team, Business Exco, Region Exco, Enabling Area Exco, and LCSPs and LBP's of Strategic Accounts.

Societal investments	FY2021
Societal investments	
Total societal investments (HKD10,000)	2,724
By source	
Monetary and in-kind donations by Deloitte China (incl. Deloitte Foundation) (HKD10,000)	401
Monetary donations by staff (HKD10,000)	15
Volunteer and pro bono work by Deloitte China staff (incl. management costs and other expenses) (HKD10,000)	2,308
Hours of voluntary service	
Hours of volunteer and pro bono work by Deloitte China staff	30,338
By type of work	
Pro bono professional work (hours)	15,003
Skills-based volunteering (hours)	15,008
Traditional volunteering (hours)	327
WorldClass commitment⁵	
Total investments (i.e. total societal investments of WorldClass) (HKD10,000)	2,170
Hours of volunteer and pro bono professional work	23,709
Number of individuals reached in the current fiscal year	1,509,621
Aggregate number of individuals reached	1,595,580

ENVIRONMENTAL PERFORMANCE	FY2021
GHG emissions	
Total GHG emissions (tCO ₂ e)	30,013
By source	
Electricity (tCO ₂ e)	4,642
Air travel (tCO ₂ e)	9,255
Hotels and accommodation (tCO ₂ e)	15,922
Others (tCO ₂ e)	194
By GHG Protocol scope	
Scope 1: Direct emissions (tCO ₂ e)	0
Scope 2: Indirect emissions (tCO ₂ e)	4,642
Scope 3: (tCO ₂ e)	25,371
Intensity measures	
Per individual (tCO ₂ e/individual)	1.67
Energy usage	
Purchased electricity (kWh)	7,156,116
Material usage	
Paper (t)	156

⁵ Worldclass program in China was announced officially by Deloitte China in 2019, but activities related to the program have already started before 2019.

About the report

This is Deloitte China's second Impact Report, and covers the FY2021 reporting period from 1 June 2020 to 31 May 2021. To ensure continuity, some of the cases and data included are beyond this timeframe. The report has been prepared based on the Global Reporting Initiative (GRI) Standards, with disclosures of Deloitte China's contributions to the United Nations' Sustainable Development Goals (SDGs). Moreover, based on Deloitte Global's Impact Report framework, Deloitte China's reports follow the World Economic Forum's ESG metrics starting from FY2021. Based on the essential work of the International Business Council of the World Economic Forum (WEF/IBC), with which we are assisting, this aims to advance the adoption of a set of ESG metrics to enhance the transparency and comparability of reports and drive forward actions for sustainable and long-term performance.

For details of our GRI index, contributions to the SDGs, response to the WEF/IBC ESG metrics, analysis of material topics and communication with stakeholders, or an introduction to Deloitte and Deloitte China, please refer to our Impact Report release page and links on the Deloitte website.



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The Deloitte brand entered the China market in 1917 with the opening of an office in Shanghai. Today, Deloitte China delivers a comprehensive range of audit & assurance, consulting, financial advisory, risk advisory and tax services to local, multinational and growth enterprise clients in China. Deloitte China has also made—and continues to make—substantial contributions to the development of China's accounting standards, taxation system and professional expertise. Deloitte China is a locally incorporated professional services organization, owned by its partners in China. To learn more about how Deloitte makes an Impact that Matters in China, please connect with our social media platforms at www2.deloitte.com/cn/en/social-media.

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