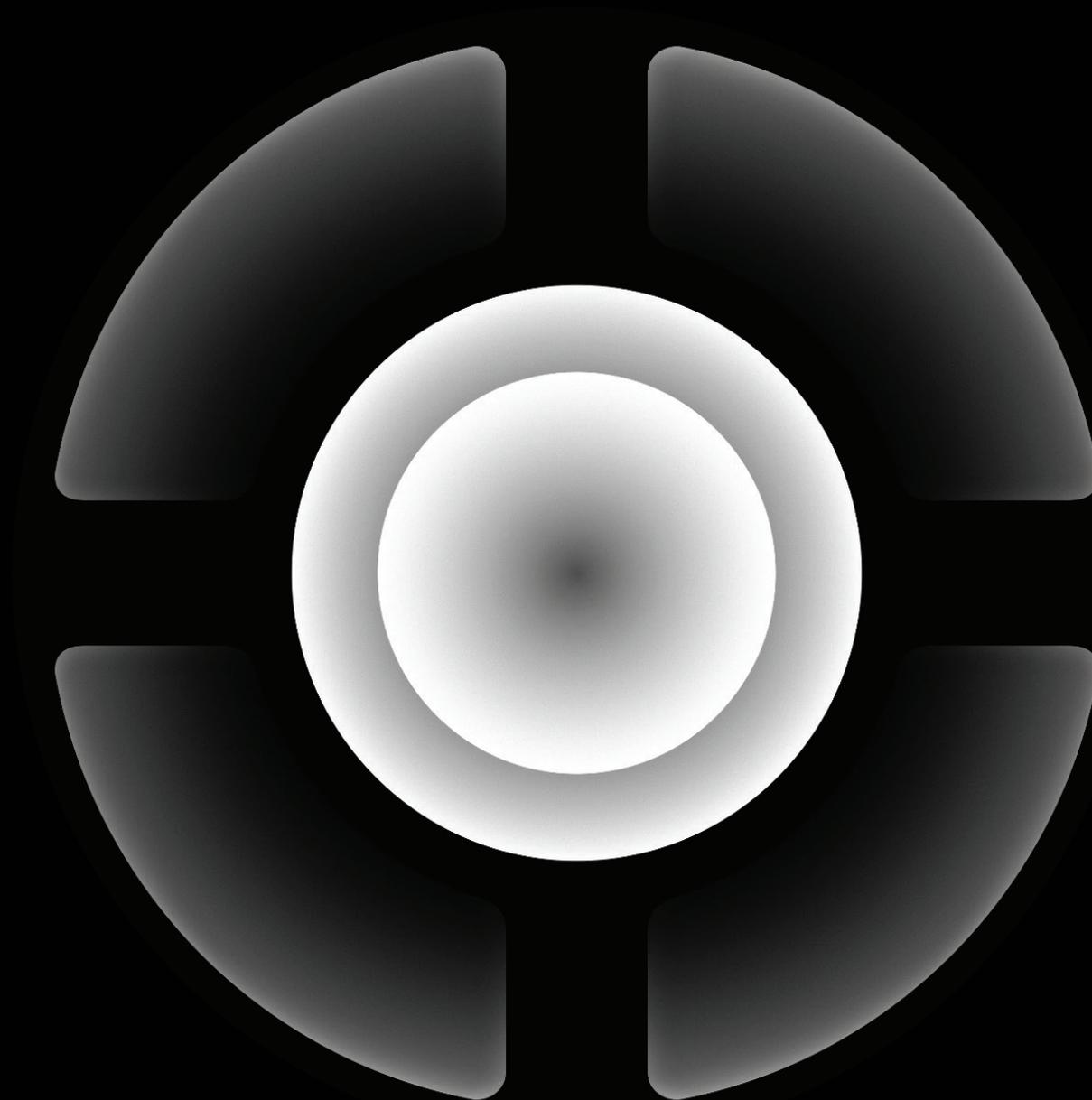


Deloitte.



2021 Transparency Report

Deloitte Limited

September 2021



Regulatory context

This transparency report has been prepared in accordance with the provisions of Article 13 of the Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities.

The provisions require a statutory auditor that carries out statutory audits of public-interest entities, to make public an annual transparency report at the latest four months after the end of each financial year. The transparency report shall be published on the website of the statutory auditor and shall remain available on that website for at least five years from the day of its publication on the website.

The enclosed Transparency Report relates to the financial year 2021, covering the period from 1 June 2020 to 31 May 2021. The firm will issue its next Transparency Report for the year 1 June 2021 to 31 May 2022.

The terms firm and Deloitte will normally denote the Deloitte Cyprus firm, Deloitte Limited, throughout this document. The Cyprus firm, Deloitte Limited, is a Cyprus registered entity authorised to practice as an audit firm in Cyprus. A full description of the legal structure of Deloitte Cyprus is set out on [page 8](#) of this report.

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Deloitte Cyprus leadership message



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Deloitte Cyprus leadership message¹

This report sets out the practices and processes that are currently employed by Deloitte Cyprus, in accordance with the requirements of the European Union’s Regulation 537/2014 on specific requirements regarding statutory audit of public-interest entities.

It is my pleasure to welcome you to our Audit Transparency Report for the year ended 31 May 2021. With the challenges and disruptions our society and markets have been facing since the breakout of COVID-19, it has undoubtedly been a very stimulating period to take on my new role as Chief Executive Officer of Deloitte Cyprus as of 1 June 2021.

I would like to start by thanking all our people for their resilience and response throughout the pandemic; I feel incredibly privileged to lead this group of exceptional individuals and I am personally very proud

of how they upheld our purpose to make an impact that matters for our clients and the society we live in. They truly managed to embrace flexible working solutions by adopting innovative technologies that enabled uninterrupted collaboration. They also found new ways to take care of each other, they supported social enterprises and our fellow people in need; and they enabled our clients to continue operating seamlessly and not only be able to tackle today’s difficulties, but also be prepared to meet tomorrow’s challenges in order to thrive as their businesses emerge from the aftermath of COVID-19.



“Audit reform and quality rightly remain our top priorities and will be the cornerstones in our journey to strengthen trust and confidence in the capital markets.”

Pieris Markou
CEO



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¹ Throughout this report, the terms “Deloitte, we, us, and our” refer to one or more of one or more of Deloitte Touche Tohmatsu Limited, its network of member firms, and their related entities. For more information about the Deloitte network, please see page 9 or <https://www2.deloitte.com/global/en/pages/about-deloitte/articles/about-the-network.html>

A big focus this year has been, and continues to be, the well-being of our people and our business' resilience in the face of the pandemic. Now is the time to look ahead and there is a lot we can learn from the way we have adapted during this period that are crucial to sustain - empathy, collaboration, agility and innovation must endure. As we move forward to the new norm that awakes post-pandemic, my priority as I begin my tenure as CEO, is to ensure we uphold our values and our purpose in our daily lives; it is our culture that has kept our firm at a leading position in our profession during this challenging period and that has continuously earned us the trust of the markets.

Audit is a vital part of our firm, our brand and our reputation. With quality deeply rooted in our culture and intrinsic to all that we do, we aim to instill confidence in the results we verify. At Deloitte, we promise to continue to transform the future of audit by leveraging innovative technologies and building the capabilities required to be the auditors of the future. We are committed to playing a leading role in driving audit quality, by making changes to our own business and by proactively engaging in the broader audit transformation agenda. You can read more

about how we support our people in their professional journey, ensure the quality of our work, how we approach the important issues of trust, transparency, ethics and integrity, in this Report.

In our efforts to shape the Audit of the future, we aim to proactively respond to market needs on matters of critical importance such as fraud, viability, cyber security, internal controls, and climate and the environment. With the latter being of imminent significance to ensure the future of the people and our planet, at Deloitte we believe that addressing climate change is not a choice, but it is billions of them. It is also not a challenge that can be tackled alone – it will take collective action by government, business, financial institutions, civil society, and all of us individually, to make an impact. As governments commit to environmental sustainability and other relevant policies, it is important that these policies go beyond single solutions. There are many options the public sector can take and one of them is to encourage transparency by companies on their climate-related commitments and performance, to build long-term resilient businesses in the low carbon economy.

We see this Report as an opportunity to share our vision for the future of Audit, our passion for professional excellence and the actions we are taking towards our unwavering commitment to improve audit quality and rebuild the public interest in audit. Furthermore, we commit that at Deloitte, we will continue to collaborate with regulators and other key stakeholders to provide the crucial assurance needed for the effective functioning of the capital markets. Thank you very much for the opportunity to share our progress, actions, and aspirations as we continue our journey to further enhance audit quality, not only across our network but across the profession as well.

Sincerely,



Pieris Markou
Chief Executive Officer
Deloitte Limited



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Deloitte network



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Deloitte network

Deloitte Cyprus: legal structure and ownership

Deloitte Cyprus operates as a private limited liability company, established under the Cypriot law, with registered office at 24 Spyrou Kyprianou Avenue, 1075 Nicosia, Cyprus and registration number HE 162812.

Deloitte Cyprus is a wholly owned subsidiary of Deloitte Holdings Limited, a private limited liability company registered in Cyprus, with registration number HE 213442.

With effect from 1 June 2020, the majority voting rights in Deloitte Holdings Limited are held by Deloitte NSE LLP ("NSE") a UK limited liability partnership and member firm of DTTL (defined below) and the minority voting rights by Deloitte DME. Due to recent changes in EEA audit legislation introduced as a result of Brexit, with effect from 15 December 2020, NSE has been replaced as the controlling shareholder of Deloitte Cyprus by Deloitte NSE No2 Company Limited By Guarantee, an Irish company limited by guarantee ("No2 CLG"). The change in the shareholding ensures that Deloitte Cyprus continues to

be controlled by EEA auditors and/or an EEA audit firm in compliance with EEA audit regulations. From 1 June 2020, DME is the affiliate of NSE for the territories of the Middle East and Cyprus and Deloitte Cyprus is a sub-licensed affiliate of NSE.

Deloitte Limited is referred to throughout this report as "Deloitte Cyprus", Deloitte & Touche (M.E.) LLP is referred to throughout this report as "Deloitte DME" or "DME", Deloitte North and South Europe (NSE) LLP, is referred to throughout this report as "Deloitte NSE" or "NSE" and Deloitte NSE No2 Company Limited By Guarantee is referred to throughout this report as "No2 CLG".

Deloitte DME holds practice rights to provide professional services using the "Deloitte" name, which it extends to Deloitte entities within its territory, comprised of 14 countries including Deloitte Cyprus. Deloitte Cyprus is authorised to serve as an auditor for clients in Cyprus.

Deloitte Actuarial Services

Actuarial related services of Deloitte are provided through Deloitte Actuarial Services

Limited ("DAS"). DAS engages in insurance, pension and investment related projects for insurance companies and pension funds. DAS was established in January 2019.

Deloitte Legal

Hadjianastassiou, Ioannides LLC is a Deloitte Legal network practice in Cyprus. It is an independently owned and managed private limited liability lawyers' company registered in Cyprus (Reg. No. HE 227297), regulated by the Cyprus Legal Council and the Cyprus Bar Association (www.cyprusbarassociation.org) (CBA Reg. no. 22).

Deloitte Investment Services

The Wealth Advisory consulting services of Deloitte were provided through Deloitte Investment Services Limited ("DIS") until December 2020. DIS was a licensed and regulated Cyprus Investment Firm under the supervision of the Cyprus Securities and Exchange Commission to provide Investment Services and in particular investment advice, to private and institutional clients. The Company is currently not active.



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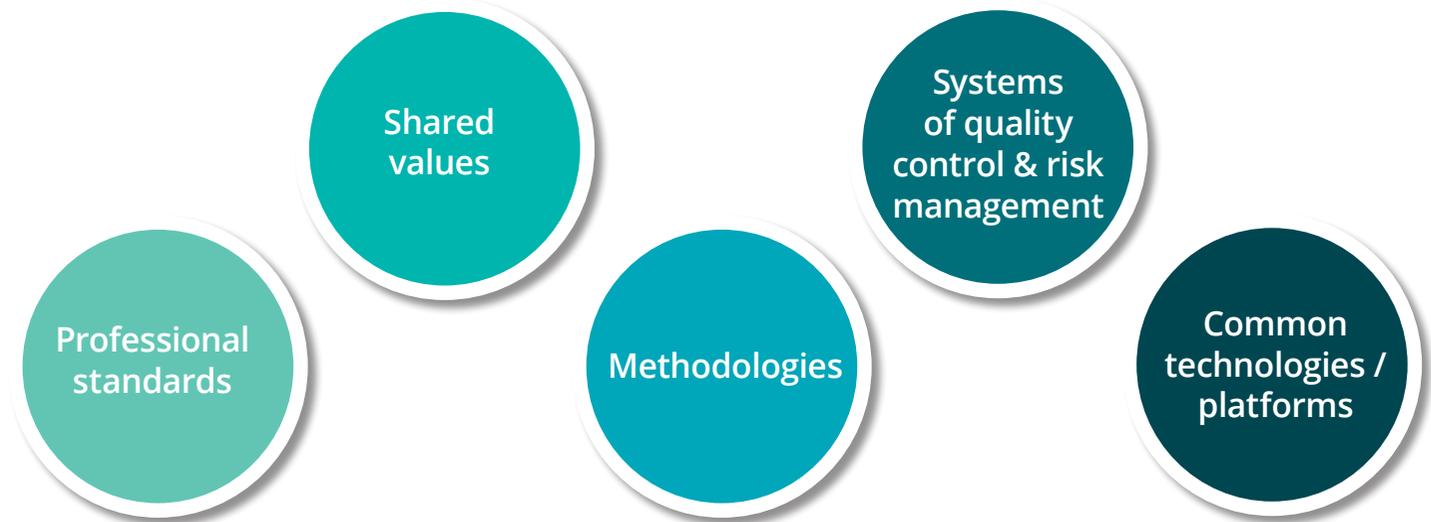
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Network description

The Deloitte network

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



Deloitte Touche Tohmatsu Limited (DTTL or Deloitte Global)

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

"Deloitte" is the brand under which approximately 345,000 dedicated

professionals in independent firms throughout the world collaborate to provide audit and assurance, consulting, financial advisory, risk advisory, tax, and related services to select clients. These firms are members of DTTL. DTTL, these member firms and each of their respective related entities form the Deloitte organisation. Each DTTL member firm and/or its related entities provides services in particular geographic areas and is subject to the laws and professional regulations of the particular country or countries in which it operates. Each DTTL member firm is structured in accordance with national laws, regulations, customary practice, and other factors, and may secure the provision of professional services in its respective territories through

related entities. Not every DTTL member firm or its related entities provides all services, and certain services may not be available to attest clients under the rules and regulations of public accounting. DTTL, and each DTTL member firm and each of its related entities, are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm, and their respective related entities, are liable only for their own acts and omissions, and not those of each other. The Deloitte organisation is a global network of independent firms and not a partnership or a single firm. DTTL does not provide services to clients.



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Deloitte Cyprus: governance – leadership in action

The leadership and management of the firm are underpinned by strong governance structures, including a quality and risk function that provides an oversight of the Audit & Assurance business.

Maintaining a strong governance and leadership structure helps us maintain high levels of quality and integrity and earns the trust of clients, our people, the capital markets and the public.

The Board of Directors/Partners (“Board”)

Deloitte Cyprus’ Board of Directors is responsible for the governance and oversight of the Audit & Assurance practice. Specific responsibilities include protecting the interests and reputation of the firm and its partners, and overseeing management and operations at a strategic level. The Board ensures the firm has an appropriate structure for corporate governance and has specific oversight of quality and risk.

The Board comprises the CEO, the Chairman and all of the Directors (commonly referred to as “Partners”) and meets on a monthly basis. Additional meetings may be called when necessary.

The Board has established the Audit Quality Committee (AQC) to ensure appropriate

management focus on significant matters and to assist the Board in executing its role.

Audit Quality Committee (AQC)

The Audit Quality Committee extends and broadens audit quality governance. Its aim is to develop, govern and implement activities that will achieve sustainable improvements in audit quality and secondly to respond to audit quality issues raised by regulators and stakeholders. It consists of six highly respected, senior and technical partners, whose role is to jointly support the National Professional Practice Director (NPPD), the Audit & Assurance Business Leader (ABL) and the Audit & Assurance Risk Leader (ARL) in taking key decisions that will push the audit quality agenda forward. At the same time, it serves as a consultation panel for larger and more complex issues. It holds meetings on a quarterly basis, but may meet more frequently if the need arises, while actions driven by the AQC during the year include but are not limited to the following:

- development and communication of actions and policies for the continuous enhancement of audit quality
- strategic responses to the underlying causes of inspection findings, including recurring underlying causes from year to year
- monitoring of the effectiveness of the Audit Quality Monitoring and Measurement Program

- identifying and assessing current regulatory and reporting developments that may affect the audit business in the future

Audit & Assurance (A&A) Quality & Risk and Accounting Technical functions

The A&A Quality & Risk and the Accounting Technical functions are led by Alexis Agathocleous and Andreas Andreou, as the ARL and the NPPD respectively. As the ARL, Alexis has the operational responsibility for overseeing the risk management programme. As the NPPD, Andreas has the operational responsibility for the System of Quality Control and the interpretation of accounting and auditing matters. Together, they are responsible for implementing the audit quality agenda, establishing function-specific policies and procedures, implementing audit technical training, monitoring and mitigating risk and supporting engagement teams on a day-to-day basis on audit technical and risk matters. Moreover, in terms of quality and risk they work on reinforcing key messages, raising awareness of quality and risk matters and they help the business in being more agile in responding to continuous developments. Both are members of the Audit Quality Committee.

Maria Paschalis, the Audit & Assurance Business Leader, is appointed by Deloitte Cyprus’ CEO. Maria Paschalis, together with the firm’s senior management, develop and implement the strategy for the Audit & Assurance practice, including the necessary



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policies and procedures. In all of their activities, Deloitte Cyprus senior leaders are responsible for the overarching objective of audit quality, including compliance with applicable professional standards and regulatory requirements. Deloitte Cyprus' strategy is developed in alignment with the overall strategic direction established for the Deloitte network.

Deloitte Cyprus' Audit & Assurance leaders participate in Deloitte network groups that set and monitor quality standards and from which a number of audit quality initiatives emanate.

NSE Governance

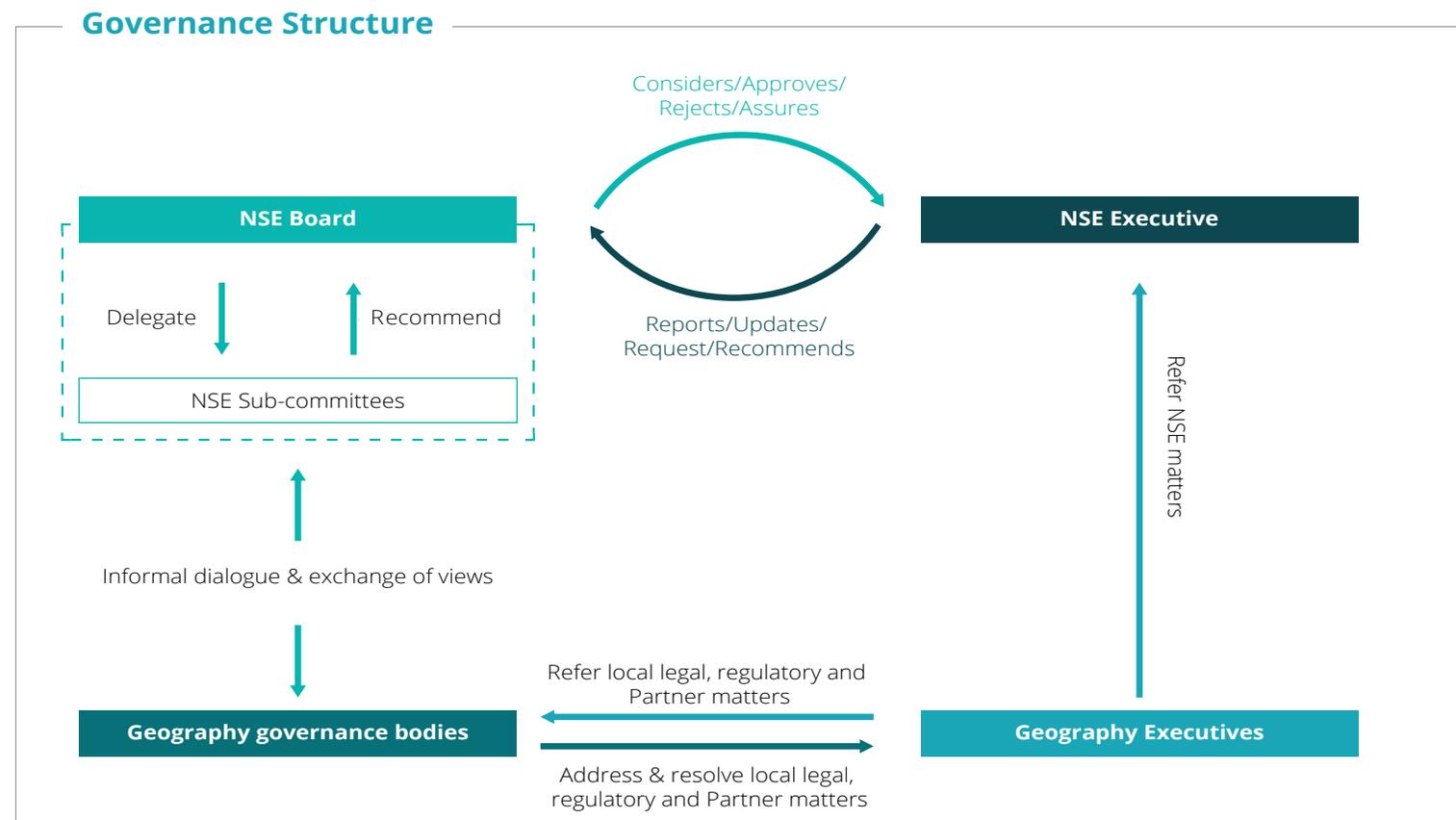
The NSE Partnership Agreement underpins the governance of NSE. The NSE Board is the primary governance body of NSE, responsible for ensuring high quality governance and stewardship of NSE. The NSE Board works with the NSE Executive to set and approve the long-term strategic objectives of NSE and the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

the promotion and protection of NSE Equity Partner interests generally. The NSE Executive is responsible for developing strategy, ambition and supporting policies, then leading their implementation and execution across NSE.

Geography (i.e. jurisdiction) governance bodies exist where this is required for legal and/or regulatory purposes and to oversee local Partner matters in each country. Examples include the UK Oversight Board and Dutch Supervisory Board.

The Geography Executives work with the NSE Executive to reflect the Connected+ Autonomy operating model (balancing local and central requirements), including the development and delivery of approved plans, in line with the NSE strategy, tailored to reflect local market conditions. At the Cyprus level, the local Executives work together with the DME Executives who in turn work with the NSE Executives, to achieve these objectives.

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



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Our purpose and commitment: instilling trust and confidence

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



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What Deloitte Audit & Assurance brings to capital markets



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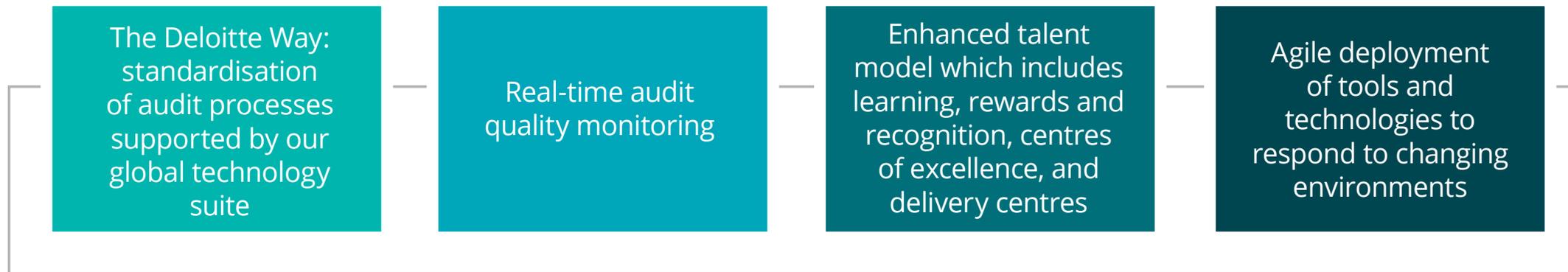
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What Deloitte Audit & Assurance brings to capital markets

Audit & Assurance Transformation

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

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



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Deloitte Global leadership

The Deloitte Global Audit & Assurance Leadership Team is led by Jean-Marc Mickeler, Deloitte Global Audit & Assurance Business Leader, whose responsibilities include:

- Developing and driving Deloitte Global Audit & Assurance strategy
- Setting audit methodology standards and approving audit policy and methodology changes with the objective of enhancing audit quality across the Deloitte network.
- Driving key audit quality initiatives and policies across the Deloitte network

Deloitte Cyprus places great emphasis on the fact that the Audit & Assurance profession around the world is evolving rapidly and undoubtedly the audit of the future will be something very different from what audit is today; it is safe to say that what is relevant today might not be relevant tomorrow. The continuous digital evolution is something beyond imagination and it is expected to bring new opportunities, but also challenges not only for our profession and our clients, but for our people as well. Through our actions and behaviours our aim is not only to take the necessary steps to embark on this journey, but also to lead the way.

Entities Deloitte audits

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

From the very start, we always incorporate quality across all our client engagements. It is all about accepting the right clients, understanding their risks and formulating an appropriate audit response to address them.

Deloitte Cyprus has detailed policies and procedures in place for accepting prospective clients and engagements, and assessing engagement risk. These policies and procedures are designed with the objective that Deloitte Cyprus only accepts engagements where it:

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

- Considered the integrity of the potential client’s management team.

Our rigorous policies, procedures and approval processes in place include, as noted above, a documented evaluation of the client’s risk profile and information regarding the client and its management. The client and engagement risk is classified as normal, greater than normal or much greater than normal. As an ongoing process we continue to evaluate the risk and return for engagements through assessing bids that meet certain thresholds as set out in our bid/no bid policy. This enables us to ensure we only take on and continue to deliver profitable work that is appropriately priced and that is at an acceptable level of risk with appropriate mitigation plans, where required.

Additionally, we focus on ensuring that we have the capacity and capability to act, that we can comply with relevant ethical and independence requirements and that we have considered the integrity of the client (See Table 1).

These comprehensive policies and processes comply with the applicable Anti-Money Laundering Laws and the Directive of ICPAC together with the Deloitte Audit Approach, International Standards on Auditing and the IFAC Code of Ethics for Professional Accountants as issued by IESBA.



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Table 1: Client and engagement acceptance and continuance considerations

Risk	Consideration
Client risk	<ul style="list-style-type: none"> • Management characteristics and integrity • Organisational and management structure • Nature of the business • Business environment • Financial results • Business relationships and related parties • Prior knowledge and experience of client
Engagement risk	<ul style="list-style-type: none"> • Nature of the engagement • Team competence to handle the technical aspects of the specific engagement • Availability of competent team • Specific engagement risk
Independence	<ul style="list-style-type: none"> • Financial and other relationships • Non-audit services • Other threats: self-interest, self-review, advocacy, familiarity or intimidation



Our firm's engagement risk assessment procedures provide a basis for tailoring the audit approach to address engagement-specific risks. For higher-risk engagements, additional risk management safeguards are applied, such as assigning a more experienced partner as the Engagement Quality Control Reviewer (EQCR), assigning a Special Review Partner in addition to the EQCR to much greater than normal engagements, involving experts or requiring an additional review of the engagement by a member of the Audit Quality Committee.

Our engagement risk assessment begins at the client acceptance process. We perform an annual continuance assessment to determine if the firm should continue providing services. In addition, in the case of an entity changing significantly (for example, a change in ownership), the firm considers whether to continue the relationship.

Engagement team selection and expertise

The selection of the engagement team is key to developing and executing a high-quality audit. Each audit engagement is led by a partner who is fully responsible for the services he/she provides. The engagement partner is ultimately responsible for ensuring that the professionals assigned to each

engagement have the required competencies and skills.

Partner-led approach

A partner-led approach is one of the primary elements of the Deloitte Audit Approach. The partners' involvement is required from the very outset of any client relationship or engagement, with partner-led planning being the core starting point. All partners who act as engagement partners for statutory audits, are registered statutory auditors in accordance with the relevant Cypriot laws and regulations.

Bringing the breadth and depth of Deloitte knowledge to industry

Our firm benefits from industry specialists and groups, which are led by partners with deep industry knowledge and expertise. These groups share their understanding of markets and industry sector developments and they bring this knowledge to bear on audit engagements. This is particularly important at times of significant uncertainty or change, as seen recently during the unprecedented challenge businesses faced as a result of the COVID-19 pandemic.

Use of Experts

While the audit engagement partner retains responsibility for all aspects of the

engagement, there are instances when the engagement team utilises an expert; this person is not considered to be part of the audit team. In such instances, the engagement team evaluates whether the expert has the necessary competence, capabilities and objectivity.

In evaluating whether or not the expert's work contributes to the sufficiency and appropriateness of the audit evidence in support of the financial information, the engagement team considers:

- the source data used;
- the assumptions and methods used and, if appropriate, their consistency with those used in the prior period; and
- the results of the expert's work in light of the engagement team's overall knowledge of the business and of the results of its audit procedures.

The right engagement team is key to audit quality

Considerations for engagement team selection, among others:

- Size and complexity of the entity's business
- The applicable financial reporting framework used in preparing the financial statements
- Applicable independence considerations



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- Any possible conflicts of interest
- The qualifications and experience of professional staff, including industry credentials
- The availability of staff to commit time to the engagement
- The portfolio and other responsibilities of professional staff

Executing with the right behaviours and a focus on quality

Quality is not just about compliance. While compliance with standards, regulations and legal requirements is a basic requirement of the regulated audit profession, leading the profession in quality requires more. Much more. We are committed to instilling a culture of quality and excellence throughout the Deloitte organisation, from the most experienced partners to brand new hires, and across all our geographies. Our strategic audit quality programmes provide an environment to allow all our people to excel.

We continually emphasise the importance of our role as evaluators. This is reflected in many aspects of our methodology, procedures and training. We also create audit working environments that take a “design” approach to issue identification and problem solving. In our audit documentation and when reporting to those charged with governance, we include discussions on areas of significant

professional judgement to make it clear how we have exercised scepticism and the challenges we have made in reaching our conclusions.

Given the increasingly complex nature of our clients’ businesses, engagement teams often also involve specialists from across the firm and sometimes from the network, with expertise in areas such as valuations, tax, actuarial services, analytics and information technology. This informs how we exercise our judgement and brings the best of Deloitte to the audit.

Audit methodology and tools

Our audit methodology requires us to develop an understanding of the client’s business and risks, and apply this to the design and execution of our audits.

Our state of the art audit methodology software systems, “Engagement Monitoring System (EMS)” and the recently introduced Levvia platform designed for Very Small Audits, enable comprehensive planning, performance, documentation and review of our work in accordance with the International Standards on Auditing issued by the International Auditing and Assurance Standards Board of IFAC, together with the applicable network, professional, regulatory, and legal obligations. They enhance the consistent implementation of the Deloitte

Audit Approach and act as a further gateway to guides, practice aids and thought leadership developed globally and locally in an effort to enhance quality and consistency across all our audits.

FY21 saw the adoption of the EMS platform in another year of full implementation - following extensive technology and people-based investment and in-depth trialling during the years before. In FY21 we also further adopted Audit Online, a new innovative online, web-enabled platform that interacts and seamlessly exchanges data with EMS. Audit Online assists engagement teams in performing a Guided Risk Assessment (GRA) by providing a series of visual and written cues in order for them to conclude on:

- i. the Risks of Material Misstatements (RoMMs);
- ii. the ratings to assign to those RoMMs (in some cases);
- iii. controls that address those RoMMs; and
- iv. prescribed substantive procedures for the particular Account Balance.

Ultimately, the responses to the GRA questions, together with certain other enabling tools (e.g. Analytics), serve as a consistent way to document the team’s conclusions on RoMMs and risk classification.

On top of the enabling platform, engagement



teams are further supported by a wealth and breadth of other resources delivered through the global and local intranet and the technical library in delivering professional excellence. This includes policies, industry information, templates, tools, practice aids and answers to frequently asked questions.

The NPPD and the Audit Quality and Risk Office issue regular communications and host presentations and technical meetings to refresh focus on audit quality and inform or remind partners and practitioners about various pertinent matters in accounting and auditing. These include clarifications on aspects of the Deloitte Audit Approach Manual, new policies, developments in financial reporting, and findings from monitoring processes or external reviews.

Deloitte Audit Imperatives and the Quality #123 Programme

For the past several years, the Audit Imperatives have helped teams focus on critical areas within the audit and ultimately improve quality. The Audit Imperatives as we know them have been retired during FY21 and replaced with the audit execution activities as part of the Quality #123 programme FY21 plans.

Consultation

While each partner is empowered to make appropriate decisions for their engagements,

we urge our engagement teams to consult whenever they need additional information, perspectives or specialised knowledge on accounting, auditing, legal, regulatory, ethical or other issues.

A consultative culture is integral to a quality audit and is embedded firmly at Deloitte wherein our partners are encouraged to consult frequently and early with peers, subject matter experts and technical specialists from across the firm and internationally within the Deloitte network.

Bringing the best of Deloitte to engagements

This approach enhances our capacity to answer complex questions.

Our consultation policy is designed to provide reasonable assurance that agreement is reached between the partner and team seeking consultation and the consulted, and that conclusions of the consultation are documented, understood and implemented.

Audit partners and staff are supported by the National Professional Practice Director (NPPD), the Risk and Reputation Leader (RRL) and the Audit Risk Leader (ARL) and their teams. Their approach is responsive and consultative.

To facilitate the technical consultation process, the firm has an International

Financial Reporting Standards and Auditing consultation structure. For particularly complex issues or those that may have global impact or wider reach, consultations are escalated to the Global Centres of Excellence including the Centre for Audit Quality. Records of consultations undertaken are retained and technology is assisting with this process.

Technical expertise – accounting

The IFRS Technical Team is a dedicated group of accounting specialists who provide support to engagement teams on financial reporting matters, under a formal and documented consultation process. The team has access to global expertise within Deloitte’s IFRS Centres of Excellence.

Technical expertise – auditing

The audit quality and risk resources and auditing experts focus on audit quality and risk management, including providing first-line support and consultations to our engagement partners and teams. Throughout their engagement with practitioners and regular communications, the team champions the importance of audit quality.

They may escalate the consultation to the Audit Quality Committee and from there, to the Regional Centre of Excellence for Audit Quality if appropriate.



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Differences of opinion

An audit requires professionals to exercise judgement, which can result in differences of opinion. When these arise, either among members of the engagement team or between members of the engagement team and consultants, we use resolution policies and procedures. These include escalation processes to resolve differences and requirements for documenting outcomes.

Engagement documentation and security

Maintaining client confidentiality is of the utmost importance to Deloitte. Over the last few years, we have invested significant resources to achieve the ISO27001 International Standard for Information Security Management.

Confidentiality, Privacy and IT security

The importance of maintaining confidentiality both physically and through IT systems around client and other relevant information, particularly private information, is continually emphasised to our people. Our approach to encryption, ethical walls, clear desk policy, data leakage prevention and all aspects of security underpins this commitment.

Our policies require all confidential

information held on the firm's laptops to be encrypted and our professionals are continuously educated and frequently reminded to take the utmost care of such information, whether verbally, in hard copy or in electronic form. Reducing the volume of data which resides on the laptops of our professionals continues to be a key area of focus.

In order to gauge the effectiveness of what we do locally, we undertake penetration testing of our IT systems together with the internal management review procedures undertaken as part of our ISO27001 continued compliance.

To further emphasise the significance of these policies to the firm and the network, our people are asked to make an electronic declaration annually of their understanding and compliance. Further, the Deloitte network undertakes annual Confidentiality and IT security compliance visits to determine our compliance levels with the policies of the firm benchmarked against global standards.

Confidential Information (CI) Program

Our CI Programme on selected engagements has been enhanced to protect even further the confidential, and/or private nature of, information to be handled in its execution.

Incident response

We have established processes and a pool of experts, who are sitting ready to lend their expertise and be members of a customised Incident Response Team to ensure that, in the unfortunate event of a possible unauthorised leak of CI howsoever caused or placed at risk, our firm will be able to respond with top-class promptness to mitigate any consequences to all concerned and meet regulatory requirements.

Engagement documentation

The firm's policy requires files to be archived within a maximum of 60 days from the sign-off date of the audit report. The archiving process is closely monitored and any exemptions are investigated. Non-compliance with the archiving policy is a parameter considered in the partners' and managers' accountability framework.

The firm's policies and procedures address the retention of documents (in paper and electronic form) including addressing the confidentiality, safe custody, integrity, accessibility and retrievability of archived documentation.

The firm has taken significant strides during the Transparency period, towards achieving paperless audit documentation.



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Audit innovation²

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

Innovation and technology enablement are an expectation in today's fast-changing business environment, and this expectation holds true for the audit profession as well. Today's complex business environment requires that the audit be dynamic, multidimensional, and insightful. There is a demand for real-time, relevant information, and clients expect audits to evolve as they innovate their businesses and processes. Deloitte Cyprus auditors are enhancing procedures by making more use of data-driven analytics, as well as cognitive and cloud-based technologies like Artificial Intelligence (AI). This is due in part to the increased automation and effectiveness these provide, but also the need for Deloitte Cyprus to stay ahead of technological advances used by the entities that we audit.

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

A snapshot of the global innovation initiatives and cloud hosted solutions that were recently introduced and adopted by the practitioners of Deloitte Cyprus include, but are not limited to, the following:

- **Deloitte Connect** – Online communication, information sharing, and progress tracking
- **Icount** – Mobile-enabled inventory counts
- **Iconfirm** – Automated management of the audit confirmation process
- **Reveal** – Sophisticated regression analysis
- **Signal** – Comprehensive risk analytics

- **Audit Online** – Interface with delivery centers and support of guided risk assessments

Analytics

We have been using analytics in our audits for some years now and our aim is to continue to evolve and improve our usage of the relevant tools in our effort to support auditors and enhance their effectiveness and efficiency.

This is evidenced by our continued investment in market-leading data analytic techniques that will allow us to apply more sophisticated and comprehensive data and audit techniques on our audit engagements and to dive deeper into risk assessment and the detailed audit testing process.

Beginning our journey with Excel Analytics, relatively new in Cyprus, is the Illumia platform which is currently being mobilised and enhanced with preparatory work underway. Analytics have also been made accessible to all practitioners by introducing Excel Analytics a few years ago.

During FY21, the emphasis we place in Analytics was further enhanced by using Microsoft Power BI more extensively.



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² For more information about Deloitte audit innovation, please refer to Deloitte [Global Impact Report](#).

Microsoft Power BI enables the auditor to visualise and analyse data without assistance from a specialist. The tool allows auditors to quickly discover patterns through a single unified view of linked, interactive visualisations. With an intuitive, easy-to-use, auditor-friendly interface, the auditor can simply drag-and-drop content exactly where he/she wants it on dashboards for data analysis. Using desktop-based data visualisation, results can be investigated to filter and drill down to find patterns, trends, and outliers.

The use of Power BI is expected to improve the efficiency of audit procedures by allowing more time to focus on risk areas and leading to a better overall client experience. Using the analysis performed with Power BI the audit teams can facilitate a more meaningful discussion with the client about the results of testing performed. Delivering insights to the client by highlighting trends and outliers on account balances and classes of transactions, is expected to help improve the entity's business processes and controls.

Environmental, social, and governance (ESG) reporting³

Financial reporting today

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

responsive to those risks. Deloitte is increasing awareness of the potential impacts of climate-related and other ESG matters on financial reporting through guidance, tools, templates, learning, and leading practices.



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³ For more information about Deloitte's alignment with ESG, please refer to Deloitte [Global Impact Report](#).

Corporate reporting of the future

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

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

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

Deloitte supports efforts to make publicly disclosed ESG information consistent, comparable, and reliable. Assurance provides a greater confidence in ESG information. Deloitte believes that there is a benefit of ESG assurance being provided by an audit firm. Objectivity, credibility, and integrity are qualities valued most in assurance providers. These are in addition to independence, professional skepticism, commitment to quality, and appropriate training that are equally critical. All of these are covered under the typical infrastructure of audit firms and will be further reinforced with the adoption of ISQM 1, which becomes effective in December 2022.

Deloitte supports the continued collaboration of all participants in the financial reporting

ecosystem, working together to develop and implement common standards upon which to measure, disclose, and ultimately assure ESG information.

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

Coronavirus disease 2019 (COVID-19)

Deloitte's highest priority is the safety and well-being of its professionals. In this changing global environment as the impacts of COVID-19 continue to unfold, investors and stakeholders are looking to auditors more than ever to provide an independent opinion on companies' financial statements. Deloitte remains committed to this critical role and delivering the highest quality audits.

Entity management and auditors alike are affected by restrictions on travel and requirements to stay at home. With travel restrictions affecting entities' personnel and auditors, companies may obtain information in new or different ways. In addition, entity



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management is faced with significant uncertainty in making judgments to project future operating results and cash flows, going concern, and developing valuation analysis, etc. The financial reporting process likely requires careful analysis and further considerations of impact from management and auditors given the current environment.

All stakeholders of the financial reporting ecosystem must exercise significant judgment in this unprecedented and uncertain environment—governments, when projecting the length of closures; bankers, when deciding if a loan can be repaid in full; management, when evaluating if a company can continue operating as a going concern and audit committees providing oversight of management; auditors, when assessing these judgments; and investors, when analysing the available financial information in light of these unprecedented uncertainties.

Although the existing accounting frameworks have provisions for uncertainties, it is important for financial statement users and regulators to expect a higher degree of market and economic volatility in the near future.

Deloitte welcomes the public statements and guidance issued by regulators that recognise the current uncertainties and emphasise the importance of high-quality, forward-looking corporate disclosures. Importantly, some regulators have conveyed that good faith attempts to provide investors and other market participants with appropriately framed forward-looking information will not be second-guessed. There is benefit to the public for greater transparency from various financial reporting ecosystem stakeholders raising awareness about these issues.

This includes providing more clarity on the responsibilities of management, audit committees, companies, auditors, regulators, and other stakeholders.

Deloitte's overarching strategic objectives are principles-based and remain unchanged (e.g., investments in quality, people, and technology), however, some related processes have been modified or prioritised to factor in unanticipated changes due to the pandemic. Deloitte firms were required to implement monitoring and consultation processes to maintain high standards of quality and reinforce key areas of focus impacted by the implications of COVID-19.

Deloitte has been focused on setting the necessary tone for the historically challenging period that followed. From an audit risk perspective, the fluid economic and health environments globally continue to put pressure on the risk of fraud, asset impairments, and going concern in certain industries. Operational challenges in some industries can manifest into financial reporting challenges, while other industries may be benefiting from the current environment.

The professional standards, Deloitte policies and guidance, strong consultation and specialist networks, and steadfast diligence continue to be the basis for Deloitte's execution of high-quality audits. Deloitte's global technology and infrastructure allowed for an agile and rapid response to the various impacts of the COVID-19 pandemic. Deloitte prepared for various contingencies in order to support changing needs and to support professionals during periods when they have been required to work remotely. Deloitte Global has launched and continues to maintain the Deloitte Global Audit & Assurance Technical Delivery Resource Center – a central location for all Deloitte professionals to access globally relevant and



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locally adaptable COVID-19-related audit resources and guidance. These responses have allowed us to continue to reinforce execution of the Deloitte audit approach throughout the pandemic.

Deloitte has also led global initiatives to understand the implications of working virtually for professionals, to provide them with support to enhance team collaboration and to consider new ways of

working in a remote environment. Despite the virtual working environment, learning was successfully delivered to Deloitte professionals through virtual programmes and we are using this experience to drive continuous improvement.

The transformation of audit execution in an increasingly dynamic work environment has led Deloitte to respond to the rapidly changing needs and requirements of the

talent landscape. As Deloitte is organising the return to the workplace in several countries, it is challenging its historical working methods and considering a hybrid working environment.

Going forward, Deloitte will continue to focus its efforts and provide a consistent audit experience in a way that embraces the evolving expectations of clients and professionals.

Multidisciplinary model (MDM)

MDM is an important contributor to high-quality audits. Auditors increasingly use the work of specialists in a number of areas, including to assist in their evaluation of accounting estimates and fair value measurements. This has been more important than ever as companies' financial statements were required to reflect the uncertainties presented by COVID-19. Financial statements may continue to grow in complexity due to new ESG considerations and other focus areas.

Further, as big data utilisation becomes more pervasive in line with other digital advances, the demand for data analysts and IT specialists will grow accordingly. Among the benefits of the MDM are:

- Possibility to develop industry insights through multiple lenses, which enhances auditors' understanding of business risks relevant to conducting audits.
- Immediate access for the audit practice to specialised resources in other business lines. This promotes audit quality because auditors can leverage the knowledge and experience of advisory professionals who are skilled in subjects beyond audit and assurance.
- A diverse organisation helps attract and retain premier talent.
- Availability of intellectual capital within the network to innovate audit processes, technologies, etc.
- Parts of the business grow at different

rates during various time periods across markets. Deloitte's MDM provides a safeguard against market volatility that is important to long-term viability of the network and makes significant investments in audit quality and innovation possible, even in times of financial pressures on the audit business.

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



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Professional development and performance management

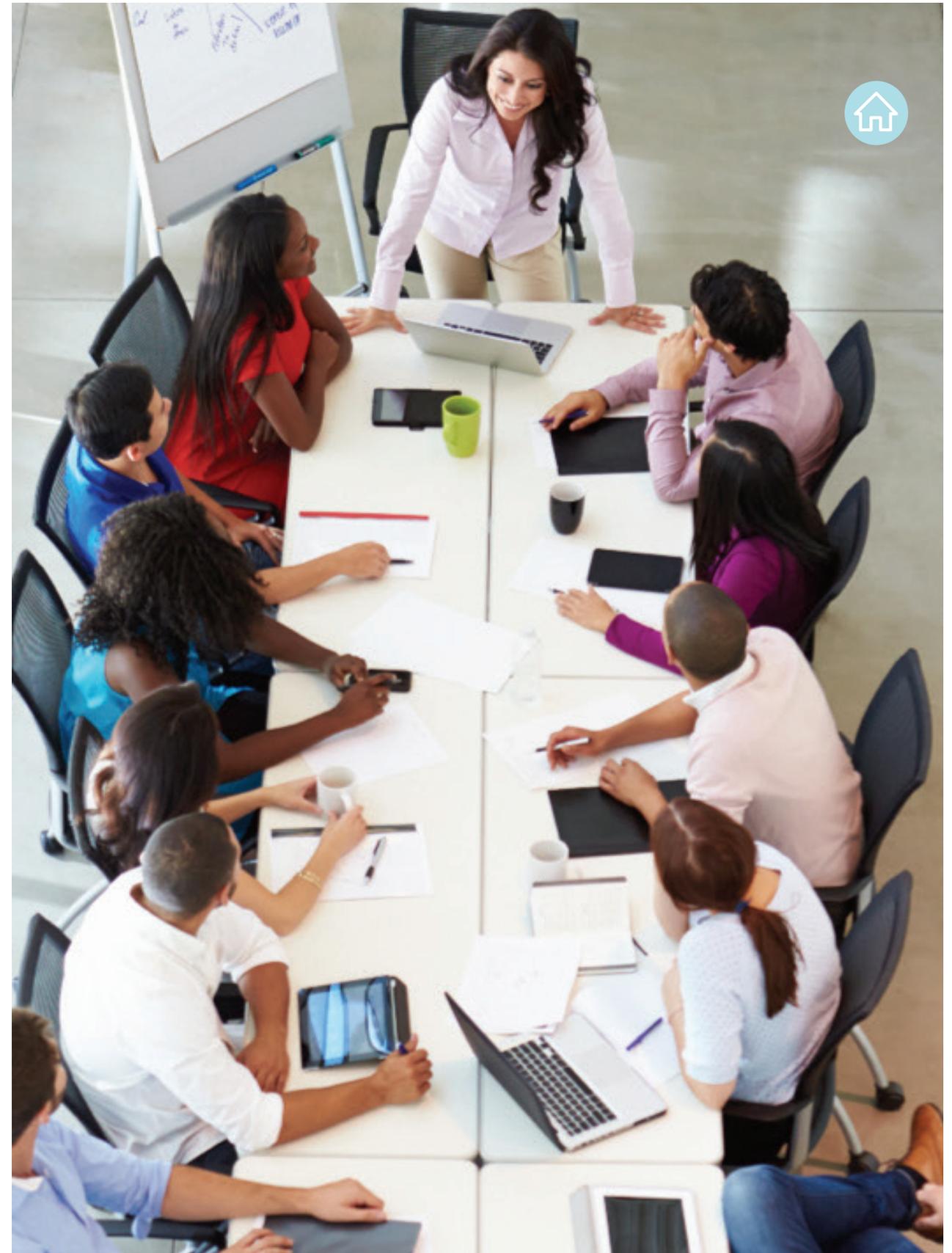
Deloitte culture and the design of learning programmes place people at the forefront. Deloitte professionals are technically proficient with high levels of ethics, integrity, professional skepticism, and objectivity, and are continuously enhancing their skillset and experience.

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

Deloitte professionals bring diverse backgrounds, knowledge, and skillsets that enhance capabilities as an organisation in delivering the highest quality audits.

In addition, operational discipline, effective management of the business, and the development of a singular approach to doing audits known as The Deloitte Way, provide the foundation for Deloitte's commitment to bring consistency to our audits.

Deloitte is driving a sustainable audit and assurance business that recognises and rewards its people and ongoing investments in their future.



Learning and development initiatives

Deloitte’s transformed approach to audit delivery is changing the audit experience for professionals. Audit teams are empowered by advanced tools and technologies and more extensive use of data analytics within a guided workflow to execute the end-to-end audit cycle. For Deloitte professionals, this means focusing on how the engagement is planned, executed, and managed consistently across the globe using forward looking techniques and capabilities. It also offers opportunities to enhance their technical and professional skillsets and competencies. For example, the following skills become more important—enhanced data analytics, project management, critical thinking, communication, enhanced professional judgment, and the application of accounting and auditing principles to work more effectively and deliver higher quality engagements.

Not only does Deloitte deliver value in more areas, but as capabilities and skillsets are enhanced, we build greater confidence and become ever-better evaluators of risk.

Deloitte has made substantial investments in talent and learning strategies and transformed the technical audit curriculum to build the refreshed skillsets and proficiency

required by level:

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

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

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

Learning Approach

A blended learning approach is adopted, using a combination of methods such as:

- live instructor-led,
- virtual instructor-led (the preferred method during the COVID-19 pandemic),
- self-study,
- digital learning (i.e., e-learning courses), for both technical and soft skills topics, which are available through:
 - SABA Cloud,
 - LinkedIn Learning (provides a vast number of courses on soft skills topics to assist with professional development) and
 - CURA Learning (a digital platform, using Artificial Intelligence technology, that provides curated learning resources based on the users’ knowledge, needs and interests),



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- mentoring schemes (e.g., MentorME, Womentor, D-180 digital mentoring programme) and
- coaching and on-the-job training.

The learning approach is designed to:

- Provide the right skills, at the right time, enabling quality outcomes for clients and rewarding career experiences for our people
- Keep partners and staff at the forefront of new developments in the accounting, auditing and regulatory environment that may affect service quality and performance
- Embed the firm’s quality and risk imperative in the Deloitte community

Moreover, there are courses and programmes for topics at the foundation, advanced
Our extensive curriculum covers:

-  technical matters
-  regulatory
-  professional ethics
-  independence and risk matters
-  soft skills programmes

and mastery levels in an effort to keep our people up to date with the latest market developments and regulations relevant to their role.

The Global Audit & Assurance Learning (GAAL) team was recognised in September 2019 as leaders for their exceptional work in bringing innovative and engaging learning to Deloitte professionals worldwide by the Stevie® Awards for Great Employers. The attendance of all professionals to all the mandatory courses is monitored through a comprehensive Learning Disciplinary Process.

FY21 | Key Learning Figures



Over **77,000** hours were invested in various learning and development activities, including **35,000** hours for pursuing professional qualifications/certifications



On average, each member of staff received approximately **63** hours of learning (excluding the hours invested for pursuing professional qualifications/certifications)

Deloitte University

Deloitte actively cultivates the collective knowledge and skills of Deloitte professionals

globally through continued investment in Deloitte Universities (DU). These are state-of-the-art learning and development centres focused on Deloitte culture, and rooted in the principles of connectedness and leadership in a highly inclusive learning environment⁴.

Deloitte Cyprus has fully committed to DU EMEA since its foundation. More than 25 of our professionals participate in various DU EMEA programmes every year and have the opportunity to benefit from a dynamic and fast-paced learning environment, while at the same time taking the opportunity for networking and enhancing their personal brand. Through this experience, they can also benefit from connecting across borders, sharing and expanding their capabilities, expertise and insights.



⁴ For more information about Deloitte Universities, please refer to Deloitte Global Impact Report.

Talent

Culture is an essential part of our business in engendering and preserving trust and we continue to define our culture and to build confidence and trust in our profession. The Global Deloitte Shared Values, Code and Integrity Imperative apply to all Deloitte businesses. These reflect the common set of explicit values and expected behaviours, all underpinned by a strong culture of quality and integrity.

Talent acquisition

During the year ended 31 May 2021 we recruited 172 people through our internship and graduate programmes as well as the experienced hires route. We ensure the high calibre of the people within all our practices through a rigorous recruitment process, including skills assessments and competency-based interviews.

Recognising positive contributions

We are committed to recognising and celebrating our people who uphold our Shared Values, deliver on our purpose and make exceptional contributions to quality.

In this context, we introduced the elevAte recognition programme, which draws

inspiration from the five core values of the firm, and the purpose is to develop a sustainable culture of appreciation, through peer nomination. It aims to create a Deloitte talent experience that recognises behaviours of individuals who go above and beyond in five key pillars – Client, Quality, People, Brand and Ethics.

Well-being

Employee well-being is at the heart of our talent strategy and we are committed to fostering an environment that supports the mental and physical well-being of our people. To this end, we offer a variety of programmes across our three well-being pillars, namely Engaged Mind, Energised Body and Sense of Purpose.

Furthermore, since the start of the pandemic and throughout FY21, Deloitte's top priority was to ensure employees' health and wellness. Living our Shared Values, we focused on providing a range of resources to our people (such as well-being tips during lockdown; stress management seminars; leaders toolkits; mental health podcasts; virtual yoga sessions; agile working practices, etc.), supporting their mental health and physical well-being, strengthening our teams, and deepening our sense of community.

Diversity and inclusion

At Deloitte, we want everyone to feel they can be their true, authentic selves at work – in everything we do, every day. We know that this can only be achieved by providing a workplace culture characterised by inclusive everyday behaviours and built on a foundation of respect and appreciation for diversity in all its forms.

Our culture is supported by our ALL^{IN} diversity and inclusion strategy, which is focused on providing all Deloitte people with equal opportunities to develop and succeed in an environment where we hold each other accountable at all times. We are committed to supporting and empowering all of our people in achieving their full potential and to delivering our global purpose to make an impact that matters, each and every day. Through ALL^{IN}, we aim to increase the recruitment, retention, promotion and recognition of underrepresented groups and achieve gender balance across the organisation. The strategy also empowers LBGT+ colleagues to feel confident and thrive at Deloitte, while it also promotes mental health resources that are critical to creating an inclusive workplace.



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FY21 | Key Talent Metrics

(As at 31 May 2021)



Headcount
729



University Graduates
92%



Qualified Accountants
238



Worldwide Awards in ACA/ACCA examinations
4



Gender Composition
F: 57%
M: 43%



Nationalities
16



New Hires
172



Percentage increase in headcount in the last 3 years
13%



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Key Accolades



Investors in People

Deloitte was the first organisation in Cyprus to achieve the Investors in People (IIP) accreditation, and later on the first one to attain Gold recognition and International Champion status. Deloitte currently holds the Platinum accreditation, which is the highest accolade that can be achieved against the Investors in People Standard and is currently held by only 2% of IIP accredited organisations.

Equality Employer

We were one of the first organisations in Cyprus to be recognised as an Equal Opportunities Employer, by the Ministry of Labour Welfare and Social Insurance, under the framework of the Programme “Actions for reducing the compensation gap between male and female employees”, while in 2020 we achieved re-accreditation. The award reflects the firm’s commitment in providing equal opportunities to all members of staff, a work environment which is free from discrimination, fear and harassment of any kind as well. At our firm, providing equal opportunities goes beyond ensuring equality in the pay levels amongst genders and encompasses equality amongst all members of staff in relation to growth & development opportunities, in offering objective performance evaluation and fair career advancement opportunities, based on merit.



Audit & Assurance (A&A) Leadership appointments

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

Equity partner remuneration

Execution of high quality audits is expected from all professionals and is embedded across the Deloitte network. Audit quality is recognised through reward and recognition programmes and is built into performance



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standards at every level, against which professionals' overall evaluations are measured.

All equity partners (including those in a governance or management role) are assigned to an equity group, which is reviewed annually and which describes the skills, attributes and broad performance expected of them. Each equity group carries a wide band of profit sharing units so that relative contributions can be recognised and remunerated accordingly.

In accordance with global policies, Deloitte Cyprus' partners (both equity and non-equity) are evaluated on a yearly basis, and depending on the outcome of the evaluation, their remuneration may increase or decrease. Specifically, partner evaluations take the following factors into account:

- **Quality:** Uncompromising quality in all professional work
- **Risk:** Consistent and strong contributions across all areas of risk
- **Performance:** Strong performance against key metrics and objectives

- **Leadership:** Demonstration of strong leadership skills and partner behaviours, which reflect the organisation's culture and expectations of its most senior individuals

The following criteria are also used for assessing the performance and contribution of each partner:

- **Clients and audited entities:** Portfolio managed and other market roles performed
- **Business:** Shaping and delivering on the firm's strategic and financial plan
- **People:** Contributions across all aspects of people management, including development, coaching and mentoring
- **Stewardship:** Thought leadership, innovation and brand protection
- **Collaboration:** Working across the firm and being inclusive of other partners and our people.

Partner performance is evaluated in all of the competencies, beginning with the DME Executive Committee's approval of the profit sharing strategy proposed by the Senior Partner and Chief Executive, and concluding

with the DME Executive Committee's review of the recommended profit allocation and equity group. A Partnership Council, the members of which consist of elected Partners and an elected Chairman, ensure fairness and as well as a consistent and equitable treatment.

Drawings and the contribution and repayment of partners' capital

Deloitte Cyprus' equity partners contribute the entire capital of Deloitte Cyprus. Each equity partner's capital contribution is linked to their share of profit and is repaid in full on ceasing to be an equity partner. The rate of capital contribution is determined from time to time depending on the financing requirements of the business.

All Deloitte Cyprus equity partners share the profits of Deloitte Cyprus. Equity partners draw a proportion of their profit share in monthly on-account instalments during the year in which the profit is made, with the balance of their profit, net of tax deductions, being payable in subsequent years. All payments are made subject to the cash requirements of the business.



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Deloitte's priority focus on audit quality

Deloitte's commitment to audit quality is central to everything we do, from instilling a culture of quality and excellence across the network, to business and financial priorities, and the processes, tools and technologies applied in the execution of audits. Making sure audit quality keeps pace with emerging economic, business, and regulatory conditions, as well as technological advances is critical to the continual enhancement of Deloitte's role in protecting the public interest and supporting the effective functioning of the financial ecosystem. Deloitte's brand is defined by the high-quality audits delivered and by the unwavering commitment to continuous improvement.



Leadership commitment and tone at the top

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

Independence, objectivity, and professional skepticism

The execution of high quality audits requires independence, objectivity, and professional skepticism. This means a continuous and tangible focus on Deloitte’s critical role in protecting the public interest, including creating a culture of quality where doing the right thing is of paramount importance. As evaluators, Deloitte consistently reinforces the important role of who must maintain a mindset of professional skepticism

throughout the conduct of our work. This approach to the audit is reflected in many aspects of Deloitte policies, methods, procedures, and learning, and is reinforced through quality control and accountability measures.

Audit approach

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

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

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

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

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

Consultation

Quality and risk management considerations are integral to Deloitte’s audit business. That is why Deloitte views consultation



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as an essential, collaborative process—one that helps determine the most appropriate answers to complex questions. Deloitte consultation policies require that conclusions are documented, understood, and implemented. In addition to formal consultations, whenever engagement partners and teams need additional information or perspectives, they are encouraged to seek assistance from the Audit Quality team, or others in the organisation with specialised knowledge.

System of quality control

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

Regulators and standard setters in Cyprus and globally are also focused on driving further improvements in firms’ systems of quality control. In December

2020, the IAASB released its new, revised suite of quality management standards, including International Standard on Quality Management 1 (“ISQM 1”). Effective 15 December 2022, ISQM 1 focuses on quality management at the firm level.

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

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

“Deloitte is proud of its role in supporting the capital markets, protecting investors and the public trust.”



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External and internal audit quality monitoring



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External and internal audit quality monitoring

Audit Quality Monitoring & Measurement

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

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

- transform the way audit quality is monitored and measured and audit deficiencies are resolved; and
- enhance the internal system of quality control which all Deloitte network firms follow.

The AQMM programme is focused on driving:

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

Our AQMM programme comprises our internal reviews (including in-flight monitoring of live engagements, engagement reviews and system of quality control), external inspections from various bodies, and causal factor analysis and remediation across findings from the above.



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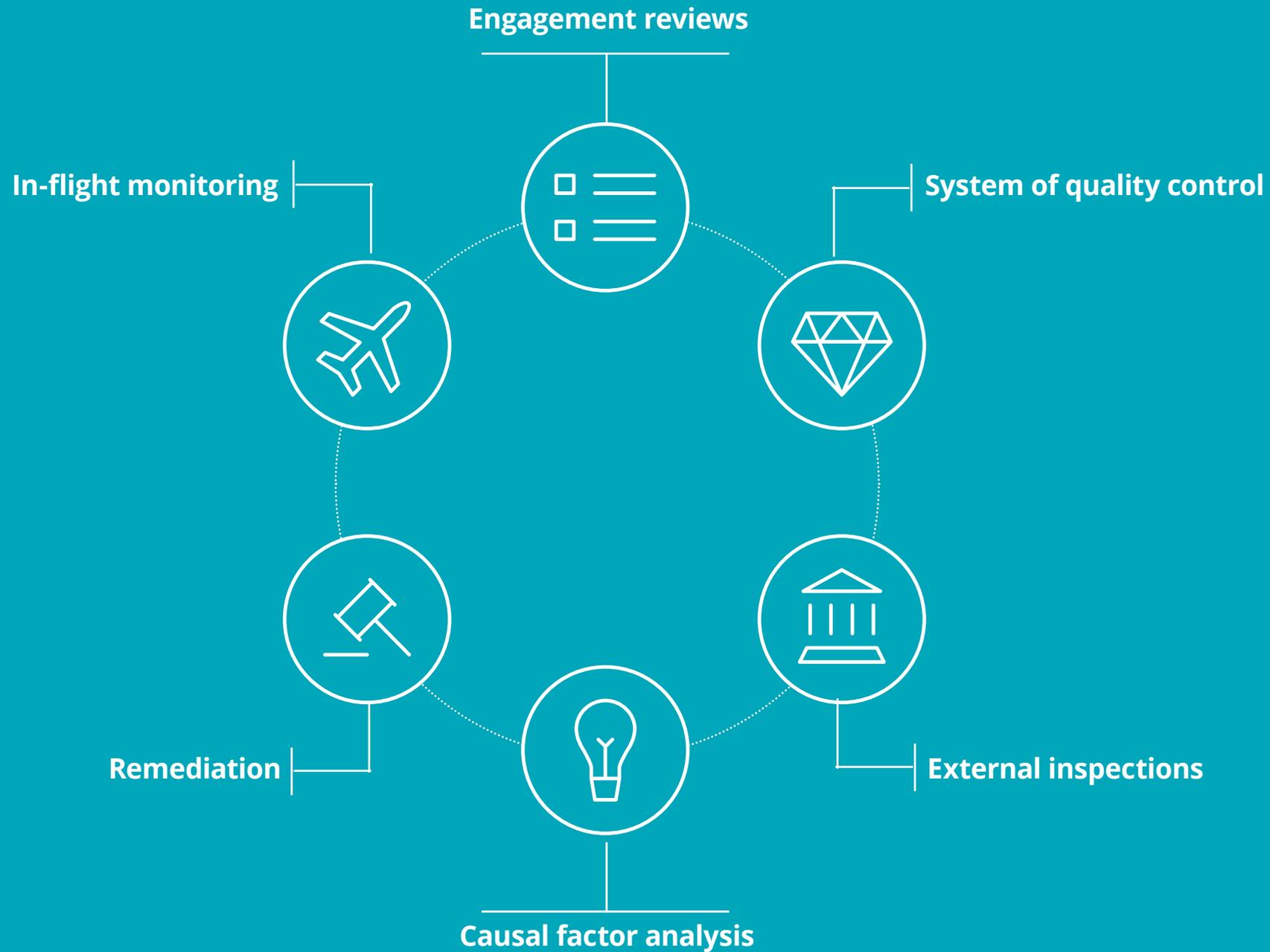
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Audit Quality Monitoring & Measurement



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In-flight monitoring

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

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

Engagement reviews

Key components of engagement reviews (internal practice reviews) include:

- Risk-based engagement selection and consideration of all major industries served by Deloitte Cyprus.
- Reviews are a combination of in-flight files and archived files.
- Mandatory moderation panel to drive consistency in findings and engagement ratings.
- External partners and deputies who oversee practice reviews to increase global consistency.
- Identifying appropriate resources (from within Deloitte Cyprus, as well as across Deloitte Middle East and other Deloitte geographies) with the right experience and industry expertise, including establishing central review teams.

System of quality control (SQC) review

SQC review includes numerous elements such as documenting key areas of the SQC processes and controls and performing procedures for testing the operating effectiveness of the SQC, including execution of a comprehensive SQC review programme.

Deloitte is also preparing for the future by focusing on readiness activities for monitoring related to implementation of ISQM1. These preparations are further advancing quality control processes and the approach to monitoring, and continually strengthening our culture of continuous improvement.

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

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

Causal factor analysis and remediation

Continuous improvement is essential to Deloitte’s culture of quality and excellence.



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Understanding why audit deficiencies occur is essential to the design of effective actions to remediate findings. Further, actions are taken when audit deficiencies in the performance of an audit engagement are identified. Engagement level remediation is imperative to drive continuous improvement in audit quality and avoid future similar findings. An Audit Quality Plan is prepared by Deloitte Middle East, which incorporates Cyprus, and provides for effective implementation and monitoring of key audit quality priorities.

External inspections

In addition to our own monitoring of audit quality, we are subject to external reviews by the Cyprus Public Audit Oversight Board (CyPAOB) and the Institute of Certified Public Accountants of Cyprus (ICPAC). Please refer to the next section for more details on these reviews.

Internal reviews

At its core, our internal practice review programme determines whether we have complied, in all material respects, with the professional standards and the policies contained in the Deloitte Policies Manual (DPM) and Audit Approach Manual (AAM), as well as applicable professional standards and

regulatory and legal requirements.

Wider than this however, it provides assurance over the level of quality delivered by a Deloitte audit and drives the culture of continuous improvement. In recognition of the importance of practice review, the firm has made a significant investment during recent years to implement and deliver a transformation programme.

Within the practice review programme there are two elements that work together to meet the overall aims:

- Individual Engagement Reviews (ER) that primarily assess compliance with the AAM
- System of Quality Control (SQC) review that primarily focuses on the firm’s internal processes to comply with the DPM.

Additional rigour and independence is brought through the oversight of an independent partner from another member firm within the Deloitte network, together with independent engagement reviewers and the use of SQC subject matter experts from a central global team. Our overall aim is that our internal inspection will have at least the same scrutiny and rigour as that applied by our external regulators.

Four Deloitte Cyprus engagements were reviewed as part of the FY21 practice review programme (including two PIE and two non-PIE engagements), all of which were assessed as compliant (FY20: one non-PIE engagement out of six engagements was assessed as non-compliant). As far as the significance of the findings is concerned, the four engagements that were reviewed during FY21 had three medium and twelve low findings, whereas the six engagements reviewed during the prior year had one significant, one medium and nine low findings.

The primary themes identified as a result of analysis of engagement review findings were the following:

- Journal entry testing
- Conclusion and documentation for tests of details
- Conclude the audit – Going concern
- Understand internal control – Evaluate the design and implementation of internal control
- Identification of risks
- Understanding and documenting the work of experts

Causal factor analysis was performed. Deep-dive analysis and interviews of the



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engagement teams of all four engagements has been performed, with the following causes being identified:

- Policy/tools/aids/learning not used as intended.
- Professional skepticism and the reasoning behind it was not fully documented – risk related complacency.
- Project management – extent and level of documentation of audit work.

Causal factor analysis has also been performed on a selection of positive outcomes. The main factors identified that caused positive outcomes were the following:

- Compliance with Audit Quality Milestones
- Use of practice aids e.g. for controls testing, materiality, group audits, generic substantive procedures templates
- Continuous communication and face to face/ virtual meetings with component auditors
- Timely reviews by the audit engagement manager, partner and the EQCR
- Active involvement of specialists, IFRS experts, FAS team, etc
- Strong project management
- Staff engagement

In addition to the above, two PIE engagements were selected during FY21 for In-Flight reviews, both of which were rated as “Minimal Intervention” required. Key observations from in-flight engagement reviews included the following:

- Communicating with Those Charged with Governance
- Understanding and documenting the work of experts
- Performing tests of details – sufficiency of evidence and conclusions

System of quality control (SQC)

As explained before, Deloitte Cyprus invests significant time in the review of the System of Quality Control on an annual basis using a dedicated central team following a consistent testing approach, which is based on Deloitte Global procedures and methodology.

Any areas for improvement are addressed to the responsible head of each department and a Causal Factors Analysis together with an action plan is agreed and a remedial action is agreed with regular follow ups until the deficiency is resolved. Results are presented to our audit staff and appropriate emphasis is placed on the high risk areas.

Used in conjunction with other mechanisms it further assists Deloitte Cyprus in developing and monitoring audit quality action plans and reporting on the progress in its audit quality journey.

Deloitte Cyprus, in its ongoing effort to continuously improve its Quality Management, has re-examined the existing System of Quality Management that is in place in Deloitte firms and is working towards the implementation of ISQM1 by identifying and addressing any gaps necessary to comply with ISQM1. ISQM1 is a suite of standards regarding the Audit Firms’ handling of Quality Management.

The review of the system of quality control resulted in certain findings the most important of which related to the Performance management of staff (it was noted that although improvement has been noted with the implementation of iRPM, the outcome of the reviews and promotion decisions was not always announced timely) and to the EQCR process and the effectiveness of the EQC reviewers (this still remains an area of focus and a specific action plan is under way to enhance further the process).



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External reviews

As previously noted, in addition to our own internal reviews of audit quality, we are subject to external reviews by the CyPAOB and ICPAC.

The CyPAOB undertakes independent inspections of the overall quality of the auditing function in Cyprus in relation to listed and other major public-interest entities (PIEs) as defined by the applicable law. During FY21 one engagement file was selected for review which related to the year ended 31 December 2019 and was assessed under category 2A, which means limited improvements required. One further engagement will be reviewed during the last quarter of 2021 relating to the year ended 31 December 2020. The main findings that arose from the engagement file review during FY21 were in relation to the areas of:

1. journal entry testing,
2. understanding of the IT process and the financial statement closing process, and
3. information produced by the entity.

In addition to the engagement files, CyPAOB also performs annual reviews of our Firm-Wide Controls (FWC) on a rotation basis. The

main themes that arose from the areas of the FWCs the CyPAOB reviewed during FY21 were in relation to:

1. the long association and rotation requirements of non-PIEs engagements,
2. the portfolio allocation of partners and managers, and
3. calculation of the staff variable remuneration (bonus).

As far as the ICPAC reviews are concerned, Deloitte was inspected towards the end of 2015, in its supervisory role and the review was successfully concluded with minimal deficiencies noted. The next Inspection is scheduled for the last quarter of 2021.

Findings and comments from both the CyPAOB and ICPAC are currently communicated in a private report to each individual firm. We have taken any comments we have received in the spirit intended and worked responsively to address them aligning ourselves with Deloitte's "agree and accept" approach.

We welcome the CyPAOB's increased focus on higher risk audits and their associated complexities. Our quality programmes focus

on these audits and we consider our public interest role to be even greater here. We recognise and accept the CyPAOB's findings on the individual inspections. We have performed independent root cause analysis on every finding and have taken action for all findings at the individual audit level as well as action across all our audits where we could experience similar findings.

In order to address these root causes we have taken significant action over the last year, building on the actions and programmes from prior years. We continue to invest in all these programmes and a summary of our actions is included here.

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

Deloitte Cyprus confirms it is satisfied that internal quality controls and systems are robust, operate effectively, and allow the firm to readily identify any areas of potential enhancement. The firm continually seeks to refine all aspects of its business and uses the findings of the practice review, other internal reviews, and external regulatory reviews to enhance its system of quality control.



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Independence, ethics and additional disclosures



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Independence, ethics and additional disclosures

Independence is extremely important to Deloitte and we continually consider, develop and adopt enhanced policies and controls to meet our independence obligations

Deloitte Global Independence



Sets **independence policies and procedures** based upon the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and the independence standards of the US Securities and Exchange Commission and the Public Company Accounting Oversight Board. Performs full reviews of independence quality controls on a three-year cycle; provides an annual focused review programme to be performed by member firms as part of their Audit Practice Review for the off-cycle years; and performs in-depth follow-up reviews as needed.



Performs **on-going monitoring** activities of firms—enabling continuous enhancements to global policies, quality controls, tools, and practice support activities.



Delivers **global systems** to provide professionals with entity information to support compliance with personal and professional independence requirements, including financial interests and scope of service approvals.



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



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Deloitte Cyprus Independence

Deloitte Cyprus has policies and procedures designed to address compliance with applicable professional standards that relate to independence. These policies and procedures are based on the Deloitte Global Independence policy and are supplemented, as appropriate, to reflect additional national or regional requirements (the IESBA Code and its adoption in Cyprus, the EU Audit Regulation and the EU Directive, which were transposed into Cyprus Law in June 2017) that may be more restrictive than Deloitte Global policies. Deloitte Cyprus leadership reinforces the importance of compliance with independence and related quality control standards, thereby setting the appropriate tone at the top and instilling its importance into the professional values and culture of Deloitte Cyprus. Strategies and procedures to communicate the importance of independence to partners, other professionals and support staff were adopted, emphasising each individual's responsibility to understand and meet the independence requirements. The Director of Independence is responsible for overseeing independence matters within the firm, including the design, implementation, operation, monitoring and maintenance of the system of quality control related to independence.

The key elements of the system of quality control that Deloitte Cyprus implemented in accordance with Deloitte Global policies, include the following:

- Engagement acceptance and monitoring
- Monitoring long association of partners and other professionals with audited entities
- Business relationship assessments and monitoring
- Use of independence business process tools, including the Deloitte Entity Search and Compliance system (DESC), the Service Request Management system (SRM) application and the Global Independence Monitoring System (GIMS)
- An annual Inspection & Testing programme, annual and special purpose independence confirmations and consultation procedures to monitor individuals' compliance with independence requirements
- Procedures to identify and analyse non-compliance with independence requirements and apply related disciplinary measures and actions
- Independence-related learning and communications



DESC **Deloitte Entity Search and Compliance system**

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

Restricted entity list

The restricted entity list is accessed online and includes all third-party entity audit clients of the Deloitte Network. The entity information in the restricted entity list is continuously updated to help ensure its accuracy and completeness, including periodic validation processes performed by engagement teams and/or the DTTL member firms.



SRM **Service Request Monitoring**

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



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GIMS
Global Independence
Monitoring System

Application that contains financial interests relationships with relevant independence compliance indicators.

Independence confirmations and internal monitoring

All partners and employees are required to submit an annual confirmation to confirm that they have read, understood and complied with Deloitte’s independence policies. The Independence team carefully monitors the confirmation process and any exceptions are evaluated and resolved. During the Transparency Period, all employees have completed the confirmation for FY21.

In addition, all professionals assigned to provide services as part of a financial statement audit, are required to confirm their independence of the audit client.

Inspection of personal independence

Deloitte has implemented an ongoing programme to test the accuracy and completeness of the independence

confirmations and the personal financial interests information in GIMS.

On an annual basis, the firm inspects individuals for compliance with the firm’s independence policies and procedures. The objective of the Inspection & Testing programme is to determine whether the representations and information submitted by partners and professional staff (directors and managers) relating to independence matters and the information contained in GIMS are accurate and complete.

Scope of services for audit clients

The policies include restrictions on the financial, employment or business relationships that can be entered into with audit clients, as well as guidance on the non-audit services and fee arrangements that, if provided to audit clients, may impair independence. The complexities of these policies have significantly been increased with the onset of the EU Audit Directive and Regulation.

Because of limitations on the permissible scope of non-audit services to attest clients and their affiliates, independence is addressed as part of the engagement

acceptance process. If independence from the client is required, then the non-audit services engagement partner, principal or director must verify, prior to beginning the engagement, that the services to be provided are permissible and have been pre-approved by the lead client service partner and the audit engagement partner and, where necessary, the audit committee or its equivalent – thereby establishing that independence threats or business conflicts, if any, are eliminated or reduced to an acceptable level, or engagements are rejected where any significant independence threats cannot be eliminated or reduced to an acceptable level.

The policies require partners and staff to notify the Director of Independence promptly of any independence breaches.

Teams are required to report if they become aware of any independence breaches and those breaches will be reported to audit committees, or to those charged with



governance as appropriate, as well as to Deloitte Global Independence.

Consultations

The firm communicates with its partners and employees regarding the consultation policies for independence matters and identifies the individuals to be consulted with. It uses a technology-enabled software (ServiceNow tool) to manage this process.

The Independence team can escalate consultations to the Deloitte learning. Ongoing learning incorporates updates to the independence policies and uses examples to translate independence questions into practical answers.

The Independence team and Deloitte Global Independence issue regular policy updates and independence alerts to communicate promptly any changes in the global regulatory landscape, as well as new policies or interpretations to all our people.

Long association requirements of audit partners and professionals

Rotation of Key Audit Partners and Key Audit Staff

Rotation of Key Audit Partners and Engagement Quality Control Reviewers (EQCRs) helps to provide a fresh perspective and to reduce familiarity and self-interest threats to independence.

Our rotation policies require that the engagement partner and the EQCR for all PIE audit clients are rotated after seven consecutive years of service, whereas the audit engagement managers are rotated after 10 consecutive years of service. Following rotation rules for EU PIEs, these audit partners and managers are not permitted to be involved in the same audit engagement for a period of three years (cooling off period).

A rotation policy for the private audit entities is also established which requires that the audit engagement partner is rotated after 10 consecutive years of service. The policy includes several criteria and was implemented as from FY21.

Audit firm rotation

The EU Audit Regulation has brought into operation new rules concerning audit firm rotations for all EU PIEs. The aim of the Regulation is to enhance the objectivity of auditors and reduce the familiarity threat that may have impaired independence in formerly permitted long associations with audit clients. The maximum period for audit services to EU PIEs should not exceed 10 consecutive years, extended to 20 years with Mandatory Tendering Process excluding Banks where the maximum period has been set to nine years. The application of these complex rules is overseen by the Independence team.

Disciplinary process

Deloitte's leaders take a zero-tolerance approach to non-compliance with the firm's independence policies. Our partners and employees are subject to disciplinary action if they violate these policies. Depending on the severity of the violation, sanctions may include written warnings, financial penalties and, potentially, termination of employment or removal from the partnership.



Ethics

Integrity is key to sustaining public trust. It is absolutely central to our profession and vital to the work we perform. We must never take for granted the trust that is placed in us by our clients, our colleagues, the public and the capital markets.

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

NSE Code of Conduct

Deloitte Cyprus is aligned with the NSE Code of Conduct from 1 June 2020. The Code contains the standards for our business practices applicable to all employees, irrespective of geography, no matter their level, expertise, specialism, service line, function and for every single role that exists within Deloitte.

In addition to the Global Code, other foundational elements of Deloitte's ethics

programme include global policies, a programme of training and communications, and established reporting channels supported by defined incident management protocols. For continuous improvement, regular programme assessments and reviews are conducted and feedback is collected from Deloitte professionals through an annual ethics survey.

Communication channels

Deloitte Cyprus offers a variety of communication channels, including a third-party helpline, through which partners, other professionals and support staff can consult on and report ethical issues and situations.

Ethical leadership

Ethics at Deloitte is led by the Deloitte Global Chief Ethics Officer at the global level, and by member firm Ethics Officers at the local level, who are experienced partners with direct access to the member firm's CEO and governing body. Deloitte Global and

member firm ethics leaders work together to continually monitor risk and to reinforce compliance with the Global Code.

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

The ethical requirements for audit and related assurance services provided by Deloitte Cyprus are in accordance with ICPAC Regulations. Deloitte Cyprus also complies with Deloitte Global policies and procedures, which align with the requirements and guidance set out in the international Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, a standard-setting body of the International Federation of Accountants (IFAC). When the ICPAC regulations are more restrictive than the Deloitte Global policies and procedures, Deloitte Cyprus follows the applicable ICPAC regulations.



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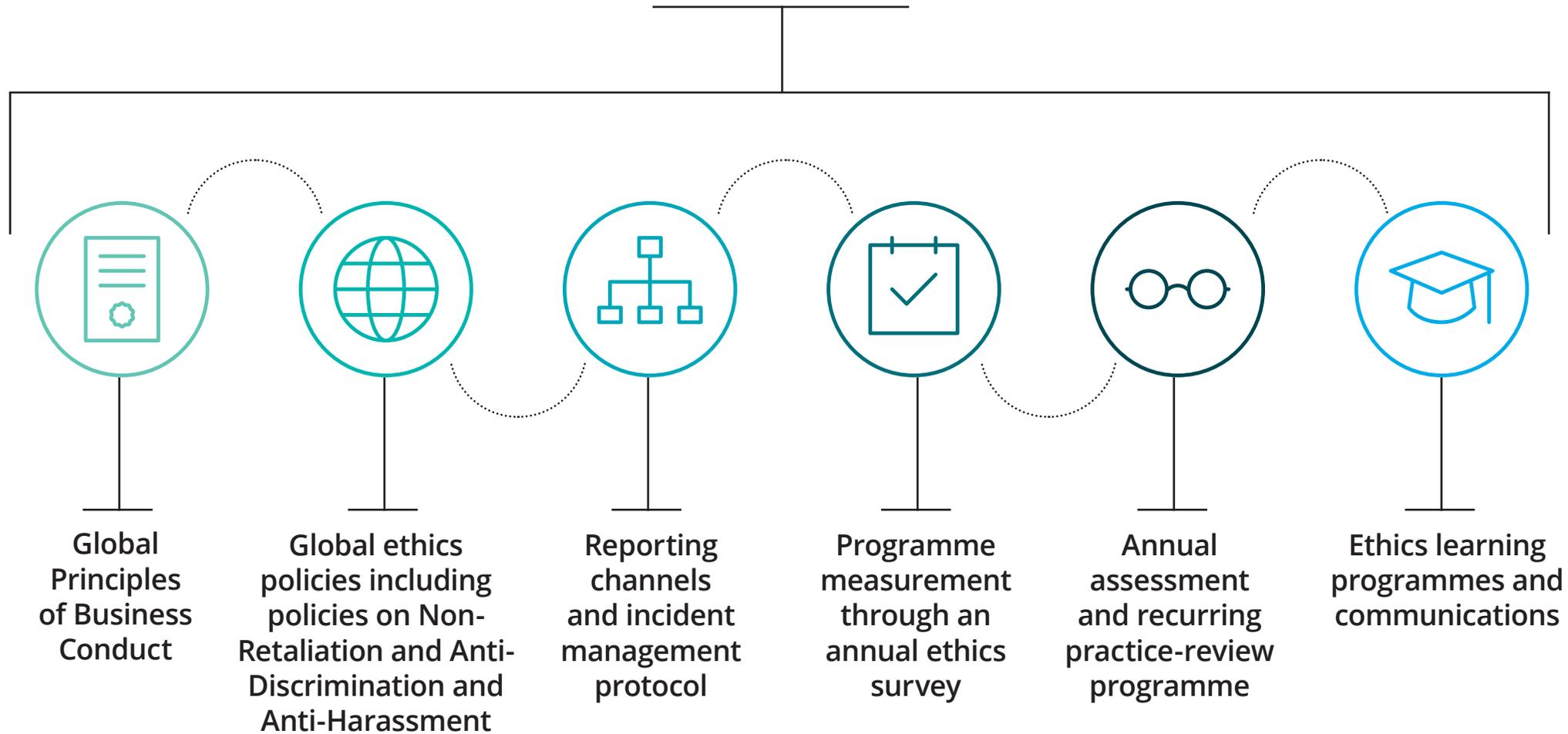
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Deloitte Global Ethics

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

Deloitte's Global Principles of Business Conduct ("Global Code") outlines Deloitte's ethical commitments as a network and expectations for Deloitte's approximately 345,000 people, giving a strong, principled foundation. The foundations of the network's ethics programme is comprised of the following elements:

Elements of the Deloitte ethics programme





Ethics Programme in Cyprus

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

The Deloitte Ethics team and the Ethics Officer work closely with senior Deloitte leaders to reinforce the firm’s commitment to ethics and integrity and to make sure the topic is always front and centre, of our people’s minds as they interact with clients, each other and the community at large, through the organisation’s ethics programme.

The central elements of our programme are:

- The Global Principles of Business Conduct and its local adoption
- An ethics policy that sets out the

requirements for our ethics programme

- A non-retaliation policy that reaffirms Deloitte’s long-standing commitment to maintaining a workplace free from retaliation
- An Anti-Discrimination & Anti-Harassment Policy, which supports a respectful and inclusive working environment, free from discrimination and harassment in any form
- An Anti-Corruption policy that addresses matters such as bribery, facilitation payments, political and charitable contributions, gifts and entertainment and procurement policy
- Ethics training programmes, including online courses, classroom programmes and facilitator-led interactive case discussions (ethics training is required for all new hires upon joining Deloitte and for all Deloitte professionals every two years)
- Milestone training as newly promoted managers take up their positions
- Training specifically designed for the Directors and Partners of the firm
- Channels for whistle-blowing, reporting and discussing ethical issues and concerns –

internally and externally – that emphasise confidentiality and non-retaliation policies.

- Support activities, including communications and workshops to facilitate leading practices among our people
- Provision of an employee survey, undertaking a critical self-assessment and other tools (such as focus groups) to measure our programme’s effectiveness
- A risk assessment that identifies the risks the company is facing in regards to ethics and the mitigating controls and procedures in place
- A review programme to measure compliance with global ethics policies and encourage collaborative discussions and continuous improvement in ethics programmes over time

Learning

Upon joining our firm, all new hires go through an intensive ethics learning, which is revisited on a regular basis. This new hire training earned Deloitte worldwide best practice recognition. Deloitte has a policy that all its people undergo formal ethics



training at least every two years and that newly promoted managers take a bespoke milestone training. In this way, together with its ethics awareness schemes and programmes, it ensures that the firm benefits from the quality that a high set of ethical principles guarantees. Additionally, there is a bespoke training that every Partner and Director needs to undertake upon promotion.

Anti-Bribery and Anti-Corruption

Anti-Corruption has been a priority for Deloitte over recent years and an Anti-Corruption Champion has been appointed to further promote the global and local priority. A dedicated team assists the local champion for the promotion of the Anti-Corruption programme. The mission of the Anti-Corruption Champion is to build and sustain an effective Anti-Corruption programme. Our firm has strict and clear policy guidelines which take a firm stance against bribery and corruption in all its forms. Our personnel are not permitted to accept, offer, induce or solicit such payments.

The firm has spent significant resources



We make decisions based on our shared values and expect our leaders and colleagues to do the same

Our Code of Ethics and Professional Conduct is at the heart of our Ethics and Compliance Programme. It is a practical guide designed to assist our professionals to carry out their work within appropriate ethical and legal standards in today's business environment

in preparing a corruption risk assessment, which includes, first of all, the risks it faces by being in the region and Cyprus and then by the services it offers and the people that offer them. The risk assessment was used by the firm to develop a risk-based, focused and targeted testing and monitoring programme. The risk assessment is updated on a yearly basis.

During the last years, two new procedures were implemented:

1. third party due diligence, and
2. referral Integrity process.

Training to emphasise the above is provided within the New Hire Ethical day for all new

hires and, subsequently, revisited on a regular basis.

Included in the on-boarding training, is a dedicated e-learning on the topic that insists our people become aware of some of the pertinent facts and increases their ability to identify practical issues and respond.

At Deloitte, we commit to contributing to society as a role model for positive change



The foundation for Deloitte culture

Our Global Principles of Business Conduct ('Global Code') and Shared Values



Integrity



Quality



Professional
behaviour



Objectivity



Competence



Fair business
practices



Confidentiality,
privacy and
data protection



Respect,
diversity and
fair treatment



Professional
development
and support



Anti -
corruption



Responsible
supply chain



Social
responsibility



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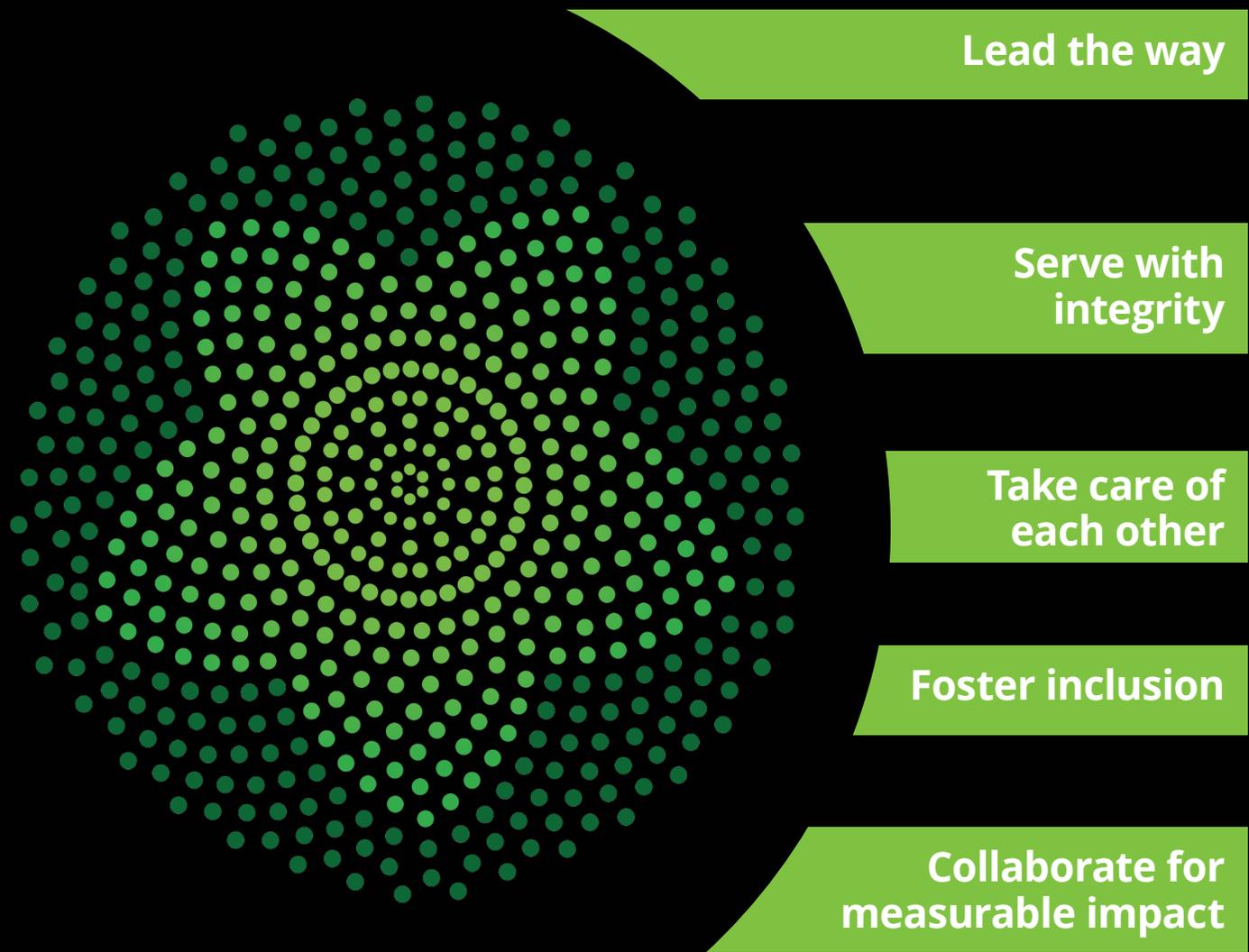
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Shared Values



Lead the way

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

Serve with integrity

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

Take care of each other

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

Foster inclusion

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

Collaborate for measurable impact

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



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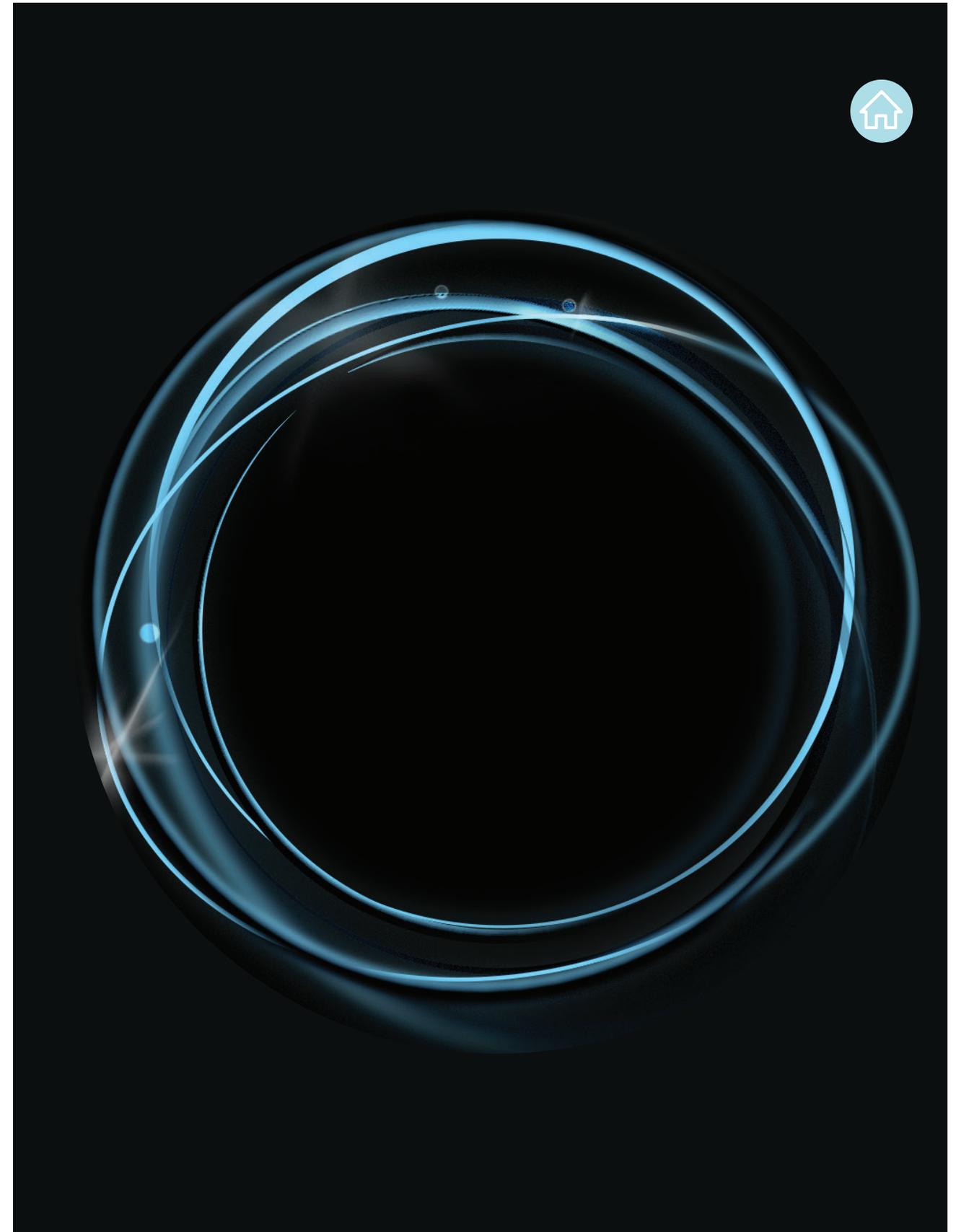
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Shaping the future of the audit profession

Deloitte is proactively engaging with a range of stakeholders – including policy makers, regulators, investors, company directors, audit committee chairs and industry bodies – to help to ensure audit and the corporate governance and reporting regime continues to evolve to meet the needs of society and to serve its purpose in promoting confidence and trust in the capital markets. All of these stakeholders play a critical role in supporting the provision of relevant information in the public interest. The drive to bring innovation to the audit reflects Deloitte's commitment to enhance the audit of today as well as establish a long term vision for the future of audit.



Appendices



Appendix A | EU EEA audit firms

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

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

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

EU/EEA member state	Name of audit firms carrying out statutory audits in each member state
Austria	Deloitte Audit Wirtschaftsprüfungs GmbH
	Deloitte Burgenland Wirtschaftsprüfungs GmbH
	Deloitte Niederösterreich Wirtschaftsprüfungs GmbH
	Deloitte Oberösterreich Wirtschaftsprüfungs GmbH
	Deloitte Salzburg Wirtschaftsprüfungs GmbH
	Deloitte Tirol Wirtschaftsprüfungs GmbH
	Deloitte Wirtschaftsprüfung Styria GmbH
Belgium	Deloitte Bedrijfsrevisoren / Réviseurs d'Entreprises BV / SRL
Bulgaria	Deloitte Audit OOD
Croatia	Deloitte d.o.o. za usluge revizije
Cyprus	Deloitte Limited
Czech Republic	Deloitte Audit s.r.o.
Denmark	Deloitte Statsautoriseret Revisionspartnerselskab
Estonia	AS Deloitte Audit Eesti



EU/EEA member state	Name of audit firms carrying out statutory audits in each member state
Finland	Deloitte Oy
France	Deloitte & Associés
	Deloitte Marque & Gendrot
	Audalian Commissaire
	BEAS
	Cisane
	Constantin Associés
	DB Consultant
	ECA Audit
	Jacques Serra et Associés
	Laurens Michel Audit
	Opus 3.14 Audit et Conseil
	Pierre-Henri Scacchi et Associés
	Revi Conseil
Germany	Deloitte GmbH Wirtschaftsprüfungsgesellschaft
	Deutsche Baurevision GmbH Wirtschaftsprüfungsgesellschaft
	SüdTreu Süddeutsche Treuhand GmbH Wirtschaftsprüfungsgesellschaft
Greece	Deloitte Certified Public Accountants S.A.
Hungary	Deloitte Könyvvizsgáló és Tanácsadó Kft.
Iceland	Deloitte ehf.
Ireland	Deloitte Ireland LLP
Italy	Deloitte & Touche S.p.A.
Latvia	Deloitte Audits Latvia SIA
Liechtenstein	Deloitte (Liechtenstein) AG
Lithuania	Deloitte Lietuva UAB



EU/EEA member state	Name of audit firms carrying out statutory audits in each member state
Luxembourg	Deloitte Audit
Malta	Deloitte Audit Limited
Netherlands	Deloitte Accountants B.V.
Norway	Deloitte AS
Poland	Deloitte Audyt spółka z ograniczoną odpowiedzialnością spółka komandytowa Deloitte Audyt spółka z ograniczoną odpowiedzialnością
Portugal	Deloitte & Associados, SROC S.A.
Romania	Deloitte Audit SRL
Slovakia	Deloitte Audit s.r.o.
Slovenia	Deloitte Revizija d.o.o.
Spain	Deloitte, S.L.
Sweden	Deloitte AB
United Kingdom ⁵	Deloitte LLP Deloitte Limited Deloitte N.I. Limited

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

The total turnover achieved by the audit firms that are members of the network, resulting from the statutory audit of annual and consolidated financial statements: € 1.9 billion⁶

⁵ Since 31 January 2020, the United Kingdom is no longer part of the European Union. However, pursuant to an agreement between the United Kingdom and EU, the United Kingdom remained part of the EU customs union and single market and continued to apply EU law through the end of the transition period (i.e., 31 December 2020). The disclosure of total turnover from the statutory audit of financial statements includes turnover from the United Kingdom firms for the period from 1 June 2020 to 31 December 2020.

⁶ Amount represents an estimate determined based upon best efforts to collect this data. Certain Deloitte audit firms registered to perform statutory audits in respective member states provide statutory audit services as well as other audit, assurance, and non-audit services. While Deloitte endeavored to collect specific statutory audit turnover for each EU/EEA Deloitte audit firm, in certain cases turnover from other services has been included. The turnover amounts included herein are as of 31 May 2021, except for a limited number of instances where a Deloitte audit firm has different financial year-end or has not finalised its reporting for such period. In these cases, turnover amounts are for the relevant financial year or preceding financial year. Where currency other than the Euro is used in the member state, the amount in Euros was translated using an average exchange rate in effect for the period 1 June 2020 to 31 May 2021.



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Appendix B | Financial information

Business performance

Resilience, agility and commitment towards making an impact that matters, have once again proved to be the cornerstone qualities of our continuous growth. Despite the challenging global and local environment, we believe that the bigger the challenge, the bigger the opportunity. We do not conform to uncertainty, but we embrace it. We foster counter-intuitive ideas, force improbable insights and strive to find the right solutions to our clients' challenging needs. We are proud to have managed to successfully manoeuvre through the waves of economic volatility, the geopolitical changes that are constantly reshaping the global marketplace and the evolving local and global competitive and regulatory landscape.

In such challenging times, our firm achieved revenues of €43.4 million, representing a 4% increase over last year. This performance is a testament to the inherent strength of our firm, the robustness of our strategy and the calibre of our people.

Delivering new and innovative services that provide solutions to the challenges faced by our clients, continues to be the foundation of our multidisciplinary model serving our five core businesses. Our focus on expanding our services, utilising new technologies and

investing in talent, was rewarded with a steady stream of new business, as clients responded positively to our new offerings and approach. In these uncertain times, we find considerable reassurance in the underlying strength of our business and the robust position of our balance sheet, which have been the result of proactive, targeted actions undertaken by the management of the firm.

We are entering FY22 with the same proactive approach, being vigilant of the global and local

market and economic developments from the pandemic. We are constantly monitoring and re-evaluating plans and policies on a monthly basis, at a minimum, as we believe that companies that come into a crisis in the strongest position financially will emerge much stronger. We are confident that our current strategy and purpose-led approach, empower the firm to accelerate its success and achieve its goal of undisputed leadership.

Disclosure in accordance with Article 13.2 (k)(i)-(iv) of the EU Audit Regulation

Below is the breakdown of the Deloitte Cyprus' combined, not consolidated, turnover for the year ended 31 May 2021. The turnover excludes any expenses billed to clients and the turnover related to billings by other Deloitte member firms:

Turnover	€m
Statutory audit (PIEs or PIE subsidiaries)	1.2
Statutory audit (non-PIEs or non-PIE subsidiaries)	17.8
Non-audit services (audited PIEs or PIE subsidiaries)	0.3
Non-audit services (audited non-PIEs or non-PIE subsidiaries)	7.4
Non-audit services (other entities)	16.7
Total	43.4



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Appendix C | Public Interest Entities

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

Public Interest Entities Audited for Statutory Purposes by Deloitte Limited for which at least one audit report was issued during the Transparency period of 1 June 2020 to 31 May 2021:

ALPHA BANK CYPRUS LIMITED	HMS HYDRAULIC MACHINES & SYSTEMS GROUP PLC
ANCORIA BANK LIMITED *	IBL Bank S.A.L. (Cyprus Branch)
ANCORIA INSURANCE PUBLIC LIMITED	KEO PLC
BANK OF BEIRUT S.A.L. (Cyprus Branch)	LORDOS UNITED PLASTICS PUBLIC LIMITED
BANKMED SAL (Cyprus Branch)	LOUIS PLC
BANQUE BEMO SAL (Cyprus Branch)	O1 PROPERTIES FINANCE PLC
BANQUE SBA (Cyprus Branch)	PHILOKTIMATIKI PUBLIC LTD
C.C.C. TOURIST ENTERPRISES PUBLIC COMPANY LIMITED	SEABIRD EXPLORATION PLC
COMMERCIAL GENERAL INSURANCE LIMITED	STEAMSHIP MUTUAL UNDERWRITING ASSOCIATION (EUROPE) LIMITED
ETALON GROUP PLC	

* Public Interest Entities for which Deloitte Limited has performed statutory audit work but did not issue an audit report in the period 1 June 2020 to 31 May 2021.



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Disclosures in accordance with (1) Article 13.2 (f) of the EU Audit Regulation and (2) the Cyprus Auditors Law 2017

EU Audit Regulation

Regulatory context

The list has been prepared in accordance with Article 13 of the EU Audit Regulation and is in respect of the year ended 31 May 2021. All 19 entities noted therein meet the following conditions:

1. Are incorporated/established in Cyprus;
2. Deloitte Cyprus signed an audit report on the entity's annual financial statements during the year ended 31 May 2021 (*except as noted in the asterisk of the previous page*);
3. On the date that Deloitte Cyprus signed that audit report, the entity was an EU PIE.

PIE definition

In accordance with the Law, Public Interest entities (PIEs) are defined as:

1. Entities governed by the law of the Cyprus Republic and whose transferable securities are admitted to trading in a regulated market of any Member State within the meaning of Article 2 of 'The Investment Services and Activities and Regulated Markets Law of 2017';
2. Licensed credit institutions as defined by Article 2 of 'The Business of Credit Institutions Laws of 1997 to 2000';
3. Insurance and reinsurance undertakings within the meaning of Article 2 of 'The Insurance and Reinsurance Services and Other Related Issues Law of 2016'; and
4. Any other entity that is of significant public relevance, designated by the Council of Ministers, following a suggestion made by the CyPAOB.

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