

**2019 Transparency Report**

Aspire with assurance

Deloitte Limited, Cyprus

September 2019

## **Regulatory Context**

This Transparency Report has been prepared in accordance with the provisions of article 48 of the Law of 2009 and 2013 on Statutory Audits of Annual and Consolidated Accounts.

The provisions require the annual publication of certain information by auditors, defined as statutory auditors, that have issued an audit report on the annual financial statements of one or more public interest entities during the financial year. This information is to be published on their website or deposited with the Companies Registrar within 4 months of each financial year.

The enclosed Transparency Report relates to the financial year 2019 covering the period from 1 June 2018 to 31 May 2019. The Firm will issue its next Transparency Report for the year 1 June 2019 to 31 May 2020.

The terms Firm and Deloitte will normally denote the Deloitte Cyprus firm, Deloitte Limited, throughout this document. The Cypriot 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 in section 2 on [page 11](#) of this report.

# Preface

To our Clients and Stakeholders:

At Deloitte, we are committed to deliver high-quality audits with professional excellence while serving our clients, Investors and the capital markets with distinction. Quality is deeply rooted in our culture and is intrinsic to all that we do. Quality means a total commitment to making sound judgments. It means ensuring that all the right steps are taken consistently in the course of the Audit. It means instilling a bedrock of confidence in the results we verify. However, at Deloitte, quality means even more. It is a never-ending quest to do today's work better and to deliver even more in every engagement.

Despite the challenges that are evident around the world, at Deloitte, we have managed to meet the expectations of our stakeholders and make an Impact that matters. High profile corporate failures globally have led people to question the role of auditors and the importance of audits. We understand that in some instances, corporate failures also meant audit failures and we recognise

that change is needed. Audit transformation is a big part of our agenda to match the evolving needs of stakeholders and society, as well as the needs of increasingly complex businesses and regulatory requirements.

To this end, we are making significant investments in our people and technology to transform our audit approach. At the same time, we are enhancing our learning and development programmes to build the skills and capabilities required of the next generation of auditors, and the Deloitte Network is collaborating across the profession and with academia to address improvements in audit education.

At the same time, and in line with the global strategy for fewer and stronger member firms, Deloitte Cyprus has as of 1 June 2019 combined with Deloitte Middle East. This is a key milestone for our firm and marks the start of a journey, with new opportunities for all of us, and increased benefits for our clients.

This report contains information related to the internal and regulatory inspections of our audit practice. We respond vigorously to all findings, and moreover use the inspection process to drive continuous improvement in our audit quality. We are proud of our commitment to this process. We publish this report each year to provide disclosure that is responsive to certain categories of information identified within the Law directed at corporate governance and transparency. We commit to you that here at Deloitte we will continue to collaborate with regulators, and others on issues impacting financial reporting and the profession. Within this report, we share more about our commitment and continued investment in audit quality.

Sincerely,



**Christis Christoforou**

Chief Executive Officer (CEO)

Deloitte Limited

At Deloitte, we bring assurance to aspiration by delivering a true and valid picture of the world today and by mapping the direction of change as it happens.

### **Our purpose defines us**

#### **We serve our clients with quality and distinction**

Making a measurable and attributable impact

#### **We inspire our people to deliver value**

Mentoring and developing future leaders and colleagues for life

#### **We contribute to society**

Building confidence and trust, upholding integrity and supporting the community

#### **We are leaders in the profession**

Challenging ourselves to deliver innovative ideas that reflect unique capabilities

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# Deloitte Cyprus leadership message



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# Welcome to our 8<sup>th</sup> Transparency Report

Embracing the principles behind the Transparency Report, we are pleased to set out our approach to ensuring audit quality, robust governance and ethics.



“We are committed to make an impact that matters and continue to be the standard of excellence”.

**Christis Christoforou**  
CEO





“We continually raise quality standards and serve our clients with confidence”.

**Maria Paschalis**  
Audit & Assurance Leader

As one of Cyprus’ leading audit firms we aspire to the highest standards of audit quality and are focused in making audits responsive to the rapidly changing economic environment in which businesses operate nowadays. We are confident that our continuous investment in transforming the way the audit and assurance business operates will enable us to leverage innovative new technologies and build the capabilities required from the next generation auditor in a digitally driven world.

We are truly honoured by the important public interest role entrusted to us through our assignments as auditors and fully understand that consistently demonstrating high audit quality is the key factor that will differentiate us and also help us achieve our objectives. As such, we take every opportunity and use it to our advantage in further strengthening our place as a market leader and a role model for our peers in Cyprus.

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.



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### What have we been doing to maintain and enhance the high Audit Quality standard?

- Achieving and maintaining the ISO27001 certification for our Information Security Management System provides assurance to our clients that we will treat their confidential information with all due respect
- Investing in our audit and assurance practice and enriching it with innovative technology, solutions and processes
- Continuous investment in our people through Deloitte University programmes; a state-of-the-art learning and leadership development centre near Brussels, Belgium and Chantilly, France
- Adopting as a core component of our culture, a set of eight Audit Imperatives that summarise the most important areas of audit quality focus
- Continuing to hold ourselves accountable. We have set Audit Quality Indicators and use certain Audit Quality Measurement and Monitoring tools that are tightly aligned with achieving our audit quality objectives

- Consistently reinforcing with our professionals our role as an independent evaluator, in which professional scepticism is a critical component
- Focusing our audit efforts in those areas that present the most significant risks and more closely integrating all aspects of the financial statement audit
- Focusing on Quality and never compromising it. We are committed to providing exceptional value at a fee that is fair and competitive
- Constructively engaging with our regulators directly and indirectly, via participation in the Council and Committees of our professional institute

I hope you find the remainder of this report a valuable reference and a clear demonstration of Deloitte's rigorous, innovative and on-going measures to enhance audit quality. Each of our professionals recognises that we all own quality, individually and collectively.

### Our heritage

While the world has changed significantly since the Deloitte network was founded in 1895 and the creation of our Firm nearly 60 years ago, our commitment to audit quality and leadership in the public accounting profession remains a hallmark of our brand.

At the heart of that commitment is our belief that nothing is as important as a foundation rooted in quality, which we strive to protect by performing our work with the highest levels of integrity.



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# Deloitte network



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# Deloitte network<sup>1</sup>

## Deloitte Cyprus: legal structure and ownership

Deloitte Limited is connected to the Deloitte network and is a member firm of Deloitte Touche Tohmatsu Limited. Deloitte Limited is referred to throughout this report as “Deloitte Cyprus”. Deloitte Limited holds practice rights to provide professional services using the “Deloitte” name which it extends to Deloitte entities within its territory, including Deloitte Cyprus. Deloitte Cyprus is authorised to serve as an auditor for clients in Cyprus.

Deloitte provides Audit and Assurance, Tax & Legal, Risk Advisory, Financial Advisory, Investment Advisory and Consulting to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte has in the region of 312.000 professionals, all committed to becoming the undisputed leader in the services they provide. Aggregate revenue of DTTL member firms for the Fiscal Year to 31 May 2019 was US\$46.2 billion compared with US\$43.2 billion for the Fiscal Year to 31 May 2018.

DTTL has adopted certain policies and protocols in each of these areas in an effort to establish a consistently high level of quality, professional conduct and service in all member firms. This structure confers significant strengths, combining high quality standards and methodologies with a deep understanding of local markets and a sense of responsibility and initiative among professionals who have a direct stake in the integrity and growth of their respective practices.

Deloitte Limited in Cyprus operates from two locations in the towns of Nicosia and Limassol. Deloitte Cyprus has 33 partners within its 649 professional staff members as at 31 May 2019. Nicosia has 391 staff members and Limassol 248.

## Deloitte Investment Services

The Wealth Advisory consulting services of Deloitte are provided through Deloitte Investment Services Limited (“DIS”). DIS is 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.

## 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, a private limited liability lawyers’ company registered in Cyprus (Reg. No. HE227297), regulated by the Cyprus Legal Council and the Cyprus Bar Association ([www.cyprusbarassociation.org](http://www.cyprusbarassociation.org)) (CBA Reg. no. 22) has become in September 2016, an affiliate firm of Deloitte Limited, a private company, registered in Cyprus (Reg. No. HE162812) and a Cyprus member firm of Deloitte Touche Tohmatsu Limited.



<sup>1</sup> Article 13 of Reg. 537/2014 requires: EU transparency reporting requirement: description of the legal structure and ownership of the audit firm.

### Network description

#### The Deloitte network

The Deloitte network is a globally connected network of member firms and their affiliates 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)**<sup>2</sup>

Deloitte Touche Tohmatsu Limited is a UK private company limited by guarantee. DTTL serves a coordinating role for its member firms and their affiliates 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 affiliated entities.

For more information about the Deloitte network, please see: [About Deloitte](#).

### 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 oversight of the Audit & Assurance business.

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

Deloitte Cyprus operates as a legal entity, established under EU law with registration number 162812. The registered office is held at 24 Spyrou Kyprianou Avenue, 1075 Nicosia, Cyprus.

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

For the members of the Board, Management Committee and Governance committee please refer to [Appendix D](#).

### The Board of Directors/Partners (“Board”)

Our Board is responsible for protecting the interests and reputation of the Firm and its partners, and for 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.

The Board has established five committees to ensure appropriate management focus on significant matters and to assist the Board in discharging its role.

- Management Committee
- Governance Committee
- Risk Committee
- Partner Evaluation and Nomination Committee
- Audit Quality Committee (AQC)



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<sup>2</sup> With the exception of this paragraph, “Deloitte Global” is the preferred term to reference Deloitte Touche Tohmatsu Limited.

It will also establish ad-hoc additional committees as and when the need arises.

Biographical details of members of the Firm's governance structure and Management Committee are provided within [Appendix D](#).

### **The Chief Executive Officer**

Our CEO has full executive authority for managing the Firm. The CEO is nominated by a Board appointed committee comprising of 4 equity partners, and then elected by the full Board for a five year term. Unless approved by an increased majority, or, as is currently the case, it is within a grandfathering arrangement, the maximum term is 10 years.

The overall responsibility for developing, implementing and monitoring quality policies and procedures and risk-related matters rests with the CEO.

### **The Management Committee**

The Management Committee manages the Firm's day-to-day activities. The Committee comprises of 10 members and meets at least monthly.

### **The Governance Committee <sup>3</sup>**

The role of the Governance Committee is to oversee the activities of the Management Committee on important issues and deal with any issues delegated to it by the Board. Its objective is to ensure that the decisions taken by the Firm are in the Firm's, and its partners as a whole, best interests. Therefore, it will give guidance on all matters it considers necessary including regulatory and fiscal issues, partner evaluations and policy formation and has the right to be present at meetings of the Management Committee should the need arise.

The Governance Committee consists of 3 members, is chaired by the Chairman of the Board and meets quarterly unless additional meetings are required.

Members of the Management Committee are precluded from serving on the Governance Committee. Appointed by the partners by simple majority, the elected term lasts for 5 years. No partner can serve in the Governance Committee for more than two terms unless the partners decide otherwise by increased majority.

### **The Risk Committee <sup>3</sup>**

The Risk Committee supports the business in providing professional services to clients. It oversees and advises on risk management functions, including quality agendas across the Firm. The Committee comprises of the RRL, all service line risk leaders and a voice from each sector of the Firm's QRM processes including independence, ethics, confidentiality etc. It has scheduled meetings every two months.

### **Partner Evaluation and Nomination Committee**

The role of this Committee is to evaluate the performance of the partners on an annual basis in a fair, equitable and transparent manner.

Further, the Committee is responsible to identify and put forward to the Board suitable candidates for admission, appointment or election to various key leadership positions within the Firm up to and including the CEO.

The Firm's RRL acts as a consultant to the Committee with regards to partners' performance on risk and quality issues.



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<sup>3</sup> As of 1 June 2019 the role and responsibilities of this committee have been assumed by an existing committee on a combined firm level.

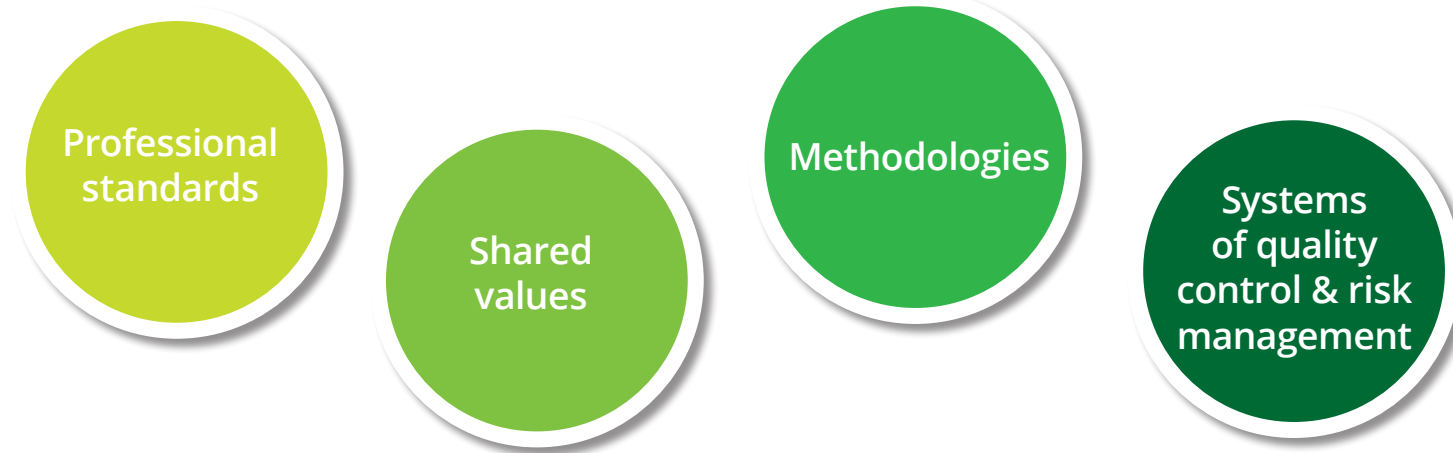
The Partner Evaluation and Nominations Committee consists of 4 members who are appointed by the Board by simple majority for a two-year term. No partner can serve in the Evaluation Committee for more than two terms unless the partners decide otherwise by increased majority. When the members of the committee are evaluated, a further 3 partners have been elected to perform this specific task.

### **Audit Quality Committee (AQC)**

The Audit Quality Committee extends and broadens audit quality governance. Consisting of six highly respected, senior and technical partners whose role it 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, and, at the same time, serving 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.

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

The A&A Quality & Risk and Accounting Technical functions are led by Alexis Agathocleous and Andreas Andreou as



the ARL and the NPPD respectively. As the Audit & Assurance Risk Leader, Alexis has the operational responsibility for overseeing the risk management program. As 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 quality agenda, establishing function-specific policies and procedures, audit technical training, monitoring and risk mitigation, and supporting engagement teams on a day-to-day basis on audit technical and risk matters. Moreover, in terms of quality and risk they reinforce key messages, raise awareness of quality and risk matters and help the business to be more agile in responding to new developments.

Both are members of the Audit Quality Committee.

Maria Paschalis, Audit & Assurance Business Leader, is appointed by the Deloitte Cyprus' CEO. Maria Paschalis and senior management develop and implement the strategy for the Audit & Assurance practice, including related 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.



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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 our reports. 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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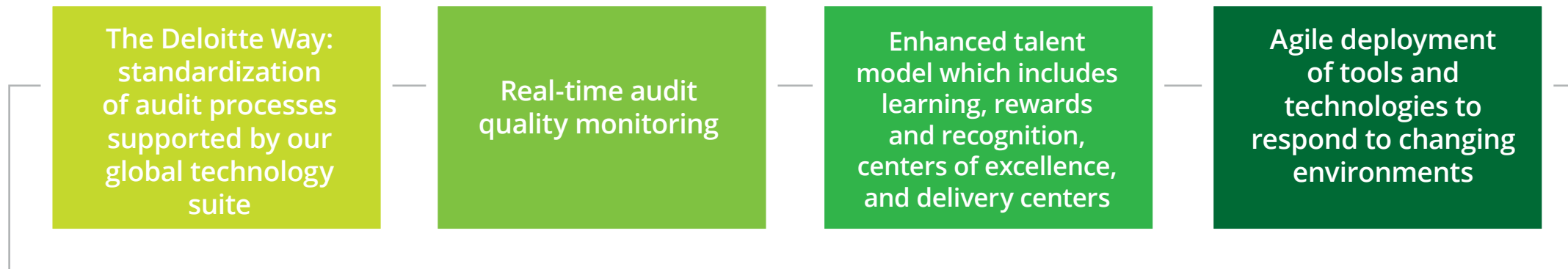


# What Deloitte Audit & Assurance brings to capital markets

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

### Deloitte Global leadership

The Global Audit & Assurance Leadership Team is led by Jean-Marc Mickeler, Global Managing Director Audit & Assurance. Global Audit & Assurance responsibilities include:

- Developing and driving 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 in the fact that the Audit & Assurance profession around the world is evolving dramatically 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 revolution is something beyond imagination that is expected to bring new opportunities but also challenges not only for our profession and our clients and for our people as well. Through our actions and behaviours we are trying to make sure that we are taking the necessary steps to not only embark on this journey but also to lead the way!

### Audit engagement acceptance and continuance

As a part of Transformation efforts, global initiatives are underway to foster a standard approach to audit engagement acceptance across the Deloitte network, resulting in consistent decisions and consideration of risks.

From the very start we 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. The decision to accept appointment is approved by the Firm's Risk Leaders if engagement risk is assessed as greater than normal and in addition by the RRL if the risk is assessed as much greater than normal.

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



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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, any time an entity changes 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. Every audit engagement is led by a partner, and our engagement partners are fully responsible for the services they provide. 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 statutory laws and regulations of Cyprus.

### **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.

### **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 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
- Any possible conflicts of interest



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

- 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 professional scepticism

We believe that creating the right culture, and focusing on the right mind-set and practices, is key to achieving high-quality audits. We continue to reinforce the importance of demonstrating the right behaviours through our Audit Imperatives, which we believe are vital in achieving a quality audit and to exceed our external stakeholder expectations. The Audit Imperatives are a list of core actions requiring audit team focus.

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 “Engagement Monitoring System (EMS)” enables 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. It enhances the consistent implementation of the Deloitte Audit Approach, which is accessible from

within it and acts as a further gateway to guides, practice aids and thought leadership developed globally and locally to enhance quality and consistency across all audits.

2019 saw the adoption of the EMS platform in its third year of full implementation - following extensive technology and people based investment and in-depth trialling during the years before. 2019 also was the year of introducing Audit Online, a new innovative online, web-enabled platform that interacts and seamlessly exchanges data with EMS. Audit Online is aimed to assist 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, along with some of the other enabling tools (e.g. analytics), will serve as a consistent way to document the team’s conclusions on RoMMs and risk classification.



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

On top of the enabling platform, engagement teams are further supported by a wealth and breadth of other resources delivered via 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 national office issue regular communications and host presentations to refresh focus on audit quality and inform or remind partners and practitioners about various pertinent matters in accounting and auditing, including clarifications on aspects of the Deloitte Audit Approach Manual, new policies, developments in financial reporting, or to convey findings from monitoring processes or external reviews.

### Deloitte Audit Imperatives

Deloitte audit teams are also mindful of the Global Audit Imperatives. Deloitte is committed to driving professional excellence through our Audit Imperatives; the relevant ones are evidenced whenever an audit is performed.

These imperatives reflect the priorities in the Global Audit business' quality agenda and assist us locally to achieve and raise our standards when it comes to audit quality.

### 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), by the Risk and Reputation Leader (RRL) and by 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 Global Centre of Excellence for Audit Quality if appropriate.



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

### 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. So much so that over the last couple of 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 and 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 Program 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

Firm 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' 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 Imperatives

## Core principles



**Act with integrity, ethics and professionalism**



**Recognise the important role of auditors**



**Always learn**



**Continually improve**



**Live audit quality**

## FY19 priorities

**01**

**Internal control**

**02**

**Risk assessment**

**03**

**Accounting estimates**

**04**

**Consultations**

**05**

**Transformation of audit delivery**

**06**

**New accounting standards**

**07**

**Optimisation of audit execution**

**08**

**Supervision**



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

### Audit innovation<sup>1</sup>

With The Deloitte Way, Deloitte is bringing innovation into the core of how we audit: 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 is 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. While traditional procedures still have a place in auditing, Deloitte Cyprus auditors are enhancing procedures by making more use of technology-based analytics, Artificial Intelligence (AI), cognitive & cloud-based technologies, etc. This is due in part to the increased automation and effectiveness such data analytics and other tools may provide, but also the need for Deloitte Cyprus

to stay in front of technological advances used by the entities that we audit.

### Innovation is an integral part of the entire audit delivery process.

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. This includes Illumia, our global analytics platform, as well as an integrated suite of enabling innovation tools all connected in the cloud. We are also developing our next-generation cloud-based audit delivery platform – Omnia – in addition to Levvia, a solution to support our very small audits.

A snapshot of the global innovation initiatives and cloud-hosted solutions that were introduced recently 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 tool
- Icount – Mobile-enabled inventory counts tool
- Iconfirm – Automated management of the

audit confirmation process tool

- Reveal – Sophisticated regression analysis tool
- Signal – Comprehensive risk analytics tool
- 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 couple of years ago.



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<sup>1</sup> For more information about Deloitte audit innovation, please refer to [Global Impact Report](#).

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

In 2019 the emphasis we place in Analytics was further enhanced by introducing Microsoft Power BI. Microsoft Power BI enables the auditor to visualize and analyse data without assistance from a specialist. The tool allows auditors to quickly discover patterns through a single unified view of linked, interactive visualizations. With an intuitive, easy-to-use, auditor-friendly interface, the auditor can simply drag-and-drop to place content exactly where he/she wants it on dashboards for data analysis. Using desktop-based data visualization, 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 through allowing more time to be spent focusing 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 that is expected to help improve the entity's business processes and controls.

#### Learning and development initiatives<sup>2</sup>

Central to the Audit & Assurance Transformation initiative are various enhancements to the Deloitte talent and learning experience:

Deloitte's transformed approach to audit delivery is enabling our professionals to use more advanced analytics, apply the latest tools, technologies and more critical thinking, spend more time applying professional judgment, and gain a deeper understanding of a client's business and industry—all contributing to enhanced audit quality and an improved experience for our people.

Deloitte has made substantial investments in our talent and learning strategies and transformed our technical audit curriculum to build the proficiency required by level:

- At the core, we have a single, global mandatory Audit technical learning curriculum for auditors, targeting learners by level, using a dynamic blend of live instructor-led, and digital on-demand courses and on-the-job activities.
- All client service professionals are required to complete at least 20 hours of continuing

professional education (CPE) each year and at least 120 hours every three years, through structured, formal learning programs, such as internal or external courses, seminars, or e learning covering all areas of the competency model (e.g., shared competencies, function-specific technical competencies, and competencies in areas of specialization).

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 programs.

The objective of the Deloitte Cyprus professional development program is to help partners and other professionals 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 programs in relevant subject areas consistent with the Deloitte Global Audit Curriculum. These programs are tailored made and designed to



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<sup>2</sup> EU transparency reporting requirement: a statement on the policy followed by the audit firm concerning the continuing education of statutory auditors.

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

address the learning needs of practitioners of different levels and as such, they are delivered to specific audiences ahead of each busy period. New joiners, assistants and experienced assistants are attending milestone programs aimed to provide them with the required skillset and knowledge to efficiently and effectively perform their assignments. Newly qualified people up to the level of Partner are attending the Audit Excellence Courses which is developed to reinforce the key requirements relating to the ongoing focus areas of continuous improvement and to respond to recent practice review findings for key areas. The program is of utmost importance as it is built around practical examples to highlight leading practices with a focus on improving audit quality. Moreover, members of the Audit Management team are also attending the IFRS Excellence Courses, which are aimed to develop people's basic skills in applying key principles, identifying the key judgment areas related to adoption of a specific IFRS, establish the impact of a specific IFRS on clients' businesses, and to identify business opportunities to support clients in adopting a new IFRS.

All courses noted above fall within the mandatory content of the Global Audit Curriculum and as such the Learning Team closely monitors attendance with disciplinary actions being taken where necessary. Certain non-mandatory courses are also delivered to practitioners on an as needed basis to cover for changes and updates in the local regulatory and tax environment.

The importance given to Learning and Development is also evidenced by the fact that Deloitte Cyprus adopts minimum levels of continuing professional development to be undertaken by partners and other professionals within a specific period of time. These levels include a minimum of 20 hours of structured learning per year and 120 hours of structured learning in every three-year period (i.e., an average of 40 hours per year). To achieve these levels of development, Deloitte Cyprus offers structured, formal learning programs, 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).



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<sup>3</sup> For more information about Deloitte Universities, please refer to [Global Impact Report](#).

# The high quality audits we deliver

The experience of a high-quality audit, delivered well, will provide the audit committees, investors, and other stakeholders of the companies with (but not limited to):

- An audit report that is appropriate to the circumstances.
- Innovation in how we do the audit.
- More insights about their company than they had at the outset of the process.



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# External and Internal Monitoring



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# External and internal audit quality monitoring

## Audit Quality Monitoring & Measurement

A continued focus on audit quality is of key 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 Global Audit Quality Monitoring & Measurement (AQMM) program 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 program is focused on driving:

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

Deloitte Cyprus maintains policies and procedures to promote an internal culture based on the recognition that quality is the number one priority. Deloitte Cyprus focuses on professional excellence as the foundation for achieving audit quality on a consistent basis.



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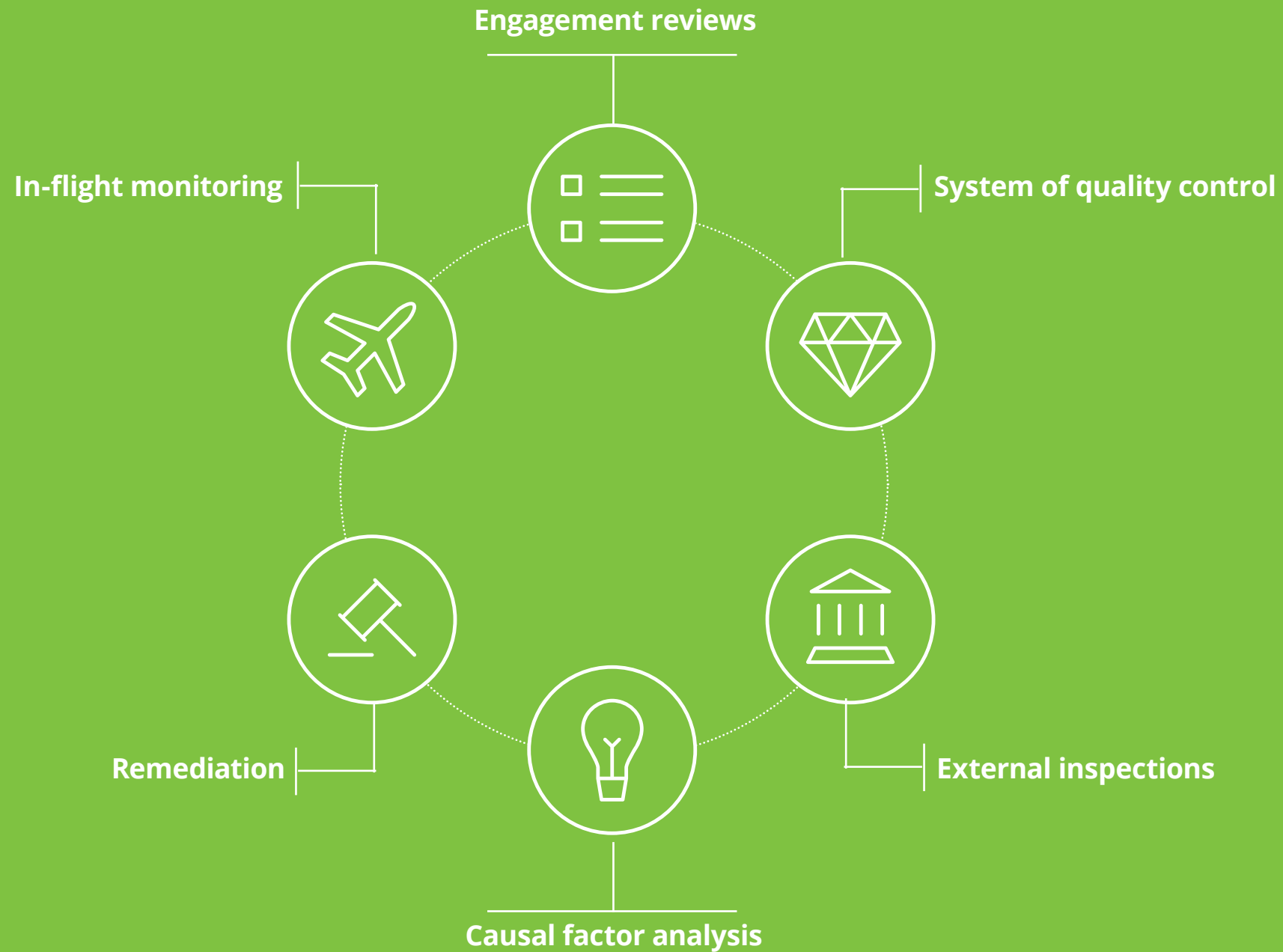
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# Audit Quality Monitoring & Measurement



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## 04 External and Internal Monitoring

We have established an Audit Quality Committee (AQC), which consists of six technical partners whose role is to support the ABL and NPPD in audit quality governance. The AQC has the primary role to monitor the effectiveness of the actions employed including approving the Audit Quality Plan which is updated after each Deloitte and Regulator review.

We have set up an internal audit consultations network to address Audit issues. All such consultation requests are handled by an experienced technical partner and the team is led by our ARL and NPPD. All audit consultations are approved by at least one member of the AQC.

We annually conduct a full review of all the partners' audit portfolios in relation to risk, independence and availability of resources to achieve the highest level of quality.

### Multidisciplinary model

Audit is the foundation of the Deloitte brand. In addition to Audit & Assurance, Deloitte Limited has Consulting, Financial Advisory, Risk Advisory, and Tax & Legal practices. The diversity of five different businesses under one umbrella (multidisciplinary model) is one of the key differentiators of high-quality audits.

Among the benefits of the multidisciplinary model for audit:

- It is possible to develop industry insights through multiple lenses, which enhances auditors' understanding of business risks relevant to conducting audits.
- The audit practice has immediate access to specialized resources and expertise in other business lines. It promotes audit quality because auditors can tap the expertise of advisory professionals who are skilled in subjects that often are not native to auditors.
- A diverse organization helps attract and retain premier talent.
- Intellectual capital is available within the network to innovate audit processes, technologies, etc.

Negative quality events have the potential to impact the Deloitte brand as a whole. As such, each non-audit Deloitte business has a shared and vested interest in supporting audit quality initiatives.



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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 leaders to continuously monitor audit quality and take immediate action.
- A program of subject matter specific “health checks” to assist Deloitte Cyprus audit quality leader in assessing progress and identifying potential issues on in-flight engagements.
- The selection is focused on PIEs and high risk engagements with 40% of PIEs being selected in the current year.
- The results from “in-flight” monitoring are used to develop targeted learning to audit staff.
- An integrated approach to monitoring and measuring execution of the audit methodology enhancements.

### 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.
- 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 from other Deloitte geographies) with the right experience and industry expertise.
- In recent years, the scope of the engagement reviews has been further targeted by focusing the selection on high risk engagements and ensuring those partners auditing public interest entities or transnational entities are reviewed at least once every 3 years whilst other partners’ reviews may be extended to 5 years subject to certain approvals from Deloitte Global. In addition, partner candidates are in scope in their candidacy year or within the first year following admission.

### System of quality control (SQC)

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

Used in conjunction with other metrics, Audit Quality Indicators (AQIs) 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 expertise of assigned resources.



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### Causal factor analysis and remediation

Focusing on continuous improvement is essential to driving improvements in audit quality. 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. The early recognition of thematic or pervasive issues continues to be a critical focus to drive firm level remediation. An Audit Quality Plan is prepared by Deloitte Cyprus and provides for effective implementation and monitoring of key audit quality priorities.

### External inspections<sup>1</sup>

In addition to Deloitte Cyprus own monitoring of audit quality, we are subject to external reviews by the Cyprus Public Audit Oversight Board (CyPAOB) and local Institute of Certified Public Accountants of Cyprus (ICPAC). Deloitte was inspected towards the end of 2015 by ICPAC, in its supervisory role, and the review was successfully concluded with minimal deficiencies noted. The next Inspection is scheduled for 2021.

The CyPAOB was formed in 2016 and inspects those audit firms who are auditors of public interest entities (PIEs) as defined in the Law. In 2018 two engagements were selected for review. Further engagements will be reviewed later in 2019.

Findings and comments 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.

### Statement on the effectiveness of the functioning of the internal quality control system<sup>2</sup>

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



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<sup>1</sup> EU transparency reporting requirement: an indication of when the last quality assurance review referred to in Article 26 was carried out

<sup>2</sup> EU transparency reporting requirement: a description of the internal quality control system of the audit firm and a statement by the administrative or management body on the effectiveness of its functioning.

# Supervision and review

## Audit Quality

A sustained focus on audit quality is of key importance to the Deloitte brand and it is critical that a Deloitte audit is consistently supervised and reviewed, with more focused reviews for higher risk engagements.

## Engagement team supervision

The overall supervision of each audit is the responsibility of the engagement partner. Each Deloitte audit receives the appropriate level of supervision to ensure the issued report being appropriate in the circumstances.

## Engagement team reviews

Review procedures are a key to our risk mitigation strategies. Therefore, there are several built into our processes.

## Review of working papers

A review of the audit documentation is required to be performed by a member

of the engagement team who has more experience than the preparer. Elements of audit documentation may be reviewed by several team members in reaching the audit conclusion. All levels of reviews are documented in our audit system and are appropriately monitored.

## Strategically focused Engagement Quality Control Reviews

An Engagement Quality Control Review (EQCR) is performed for all audit engagements meeting certain criteria. Our EQCR processes place focus on those engagements with the most to benefit such as public interest entities and other high risk engagements as well as the larger audit engagements.

The review is performed by a partner or a member of the management team who is not directly involved in the engagement and who has the appropriate experience and knowledge about applicable accounting and auditing standards and regulations.

Our audit approach requires that audit engagements are adequately planned, supervised and managed so that the work performed provides reasonable assurance that it complies with our policies and professional standards. The overall supervision of each audit is the responsibility of the engagement partner.



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The Engagement Quality Control Reviewer is not part of the engagement team and is not portrayed in fact or appearance as a member of the engagement team. Appropriate experience and knowledge includes experience and knowledge of the entity's industry, economic environment, and accounting principles. For all public interest entities and all high risk engagements, the review is performed by a partner with sufficient and appropriate experience and professional qualifications to act as an engagement partner on these types of audits.

The reviewer is appropriately briefed by the engagement team and conducts the review in such a manner that sufficient knowledge and understanding is obtained in order to reach conclusions. The reviewer's responsibility is to perform an objective review of significant auditing, accounting, and financial reporting matters, to document the procedures the reviewer performed, and to conclude, based on all the relevant facts and circumstances of which the reviewer has knowledge, that no matters that have come to his or her

attention would cause the reviewer to believe that the significant judgements made and the conclusions reached were not appropriate in the circumstances.

### Special Reviews

For engagements that have been identified as having Much Greater Than Normal risk or those engagements the Firm decides to place in its risk management program, a Special Review Partner (SRP) is assigned to provide an additional level of competence and objectivity in planning and performing the engagement. The Special Review Partner is independent of the engagement. Normally this partner possesses specialised industry and technical skills applicable to the engagement and, in certain situations, can provide specialised resources.

### Engagement Supervision involves, amongst others:

- Tracking the progress of the Engagement to ensure that it will complete on time
- Considering the competence and capabilities of individual members of the Engagement team, whether they have sufficient time to carry out their work, whether they understand their instructions and whether the work is being carried out in accordance with the planned approach to the Engagement
- Addressing significant matters arising during the Engagement, considering their significance and modifying the planned approach appropriately
- Identifying matters for consultation or consideration by more experienced Engagement team members during the Engagement. Our practitioners are constantly encouraged to consult on matters that arise including with specialists when appropriate.



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# Talent and Learning



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# Talent

Our people and our culture are what makes Deloitte unique. There is a strong spirit of collaboration that defines who we are and that is underpinned by our values and behaviours. We hire exceptional talent, hand picking the right people with the right cultural fit, that will make an impact that matters to our clients, our colleagues and society.

## Global Talent Standards

One of our firm-wide priorities is to deliver a globally uniform level of quality in each of our core services, including Audit & Assurance, so that our clients experience a consistent, exceptional Deloitte. To achieve this, we measure up to Global Talent Standards, which clearly articulate essential practitioner capabilities at a given level for each of our Global Businesses, Core Services and Service Lines. They define the most critical capabilities that practitioners across all Member Firms need to demonstrate on a globally consistent basis.

The Global Talent Standards serve as one of the foundations for recruiting, managing, developing and acknowledging our professionals.

## Talent acquisition

We strive to be an organisation where our people can thrive. With a focus on development, flexibility, and well-being, we recruit from the best and brightest in the business. Our culture is centred around inclusion, collaboration, high performance, integrity and opportunity. We are proud to be recognised as a celebrated place to work.

Our talent attraction and advancement practices are designed so that we have sufficient, high-calibre resources essential to live up to our commitment to service quality and professional leadership and meet our aspiration.

Our recruits are highly talented, well-rounded graduates and experienced hires, with strong

technical capabilities and who demonstrate competencies in line with our Global Talent Standards.

We adopt a blended approach to talent attraction, including:

- Developing relationships with student bodies of overseas universities by hosting various events within our facilities
- Delivering “in the field” presentations to local Universities
- Visiting top tier universities both in the UK, during the “milk round”, and at home to deliver presentations and meet prospective candidates
- Participating in careers fairs at colleges and high schools around the island.



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- Recruiting and seconding, both within our global mobility program and externally, top performers who have a command of Russian or other languages central to serving certain sectors of our client base. Recognising the reach of social media.
- Hosting a distinctive Summer Internship Program
- Implementing an innovative 5-month placement program in cooperation with the Accounting and Finance Department of the University of Cyprus and ICAEW, which gives students the unique opportunity to gain practical experience, an invaluable insight into working life and a great way of getting a feel for the career opportunities available at Deloitte.

### Measuring and rewarding performance

#### Performance Management

Reinventing Performance Management (RPM) is the global performance experience implemented in the Cyprus Member Firm. This is a fundamental shift in how we grow as a firm and develop talent.

Our strategy is to deliver a distinctive talent experience for our people that is world class. To develop leaders and professionals,

who deliver what our clients value most, by building capabilities at every opportunity. Through RPM:

- We set clear expectations for performance by defining at every level what success looks like, through the “Talent Standards”
- We place frequent feedback and a focus on strengths at the heart of performance management, through the “Check-Ins”
- We deliver on our commitment to quality by reference to our global talent standards capability model. This includes capabilities related to professional, technical and leadership ability as well as KPIs relevant to their role.
- Objectives are agreed annually with an individual’s appraiser.
- Confidential assessments (Snapshots) of Team Member performance completed by the Team Leaders who have the greatest visibility into the work.

Pulse Surveys yield insights about the team experience to drive team action planning, engagement and performance.

#### Adding value for our people

The added-value by the RPM process consists

of:

- Consistency in quality of feedback between all staff
- Focused quality performance conversations,
- Timeliness of the feedback given to our people
- Improving our ability to retain top talent
- The early identification of development needs which can be readily translated into a Learning Plan.

#### Rewards

Our RPM process feeds into our remuneration model whereby the contribution of an individual is the key factor. This contribution is measured through competencies which consider quality in work execution as fundamental.

We also operate annual bonus scheme, participated in by manager level employees and above, to recognise, inter alia, the demonstration of individuals to exceptional audit quality. The partners have a separate bonus scheme as detailed in the Appendix.

#### 180° feedback

Our increasing use of web-enabled technology to capture 180° feedback



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from team members allows us to obtain a rounded view of Managers' performance and development needs and for those individuals to benchmark themselves against their colleagues. The purpose of the scheme is to provide information to team leaders, managers and partners relating to their effectiveness in leading and managing their teams to enable them to:

- Understand and appreciate their strengths and acknowledge developmental areas
- Further enhance their leadership and management skills and develop self awareness

We are confident that these actions, led by our partners, create an environment where achieving high quality is valued, invested in and rewarded.

### Career and personal development

Policies and procedures for personal development and advancement have been established to provide reasonable assurance that professional staff selected have the required knowledge, qualifications, competencies and skills, necessary to fulfil the responsibilities that they will be called on to assume.

Key policies and procedures are determined below:

- Predetermined competencies required to perform effectively at each level have been established (Global Talent Standards)
- Advancement policies and procedures that identify the experience and performance qualifications for advancement to each level have been clearly defined and communicated to the Firm's professional staff. Sprint Path is in place, the purpose is to provide an accelerated promotion path for members who are designated as "high potential/talent"
- Procedures for regular performance evaluation have been implemented
- A counselling program to assist professional staff in identifying a transparent, and at the same time, realistic career path and a targeted development plan to help them realise professional goal
- We continue to lead the way in our approach to fostering an inclusive culture through, for example, learning programs on inclusion; merit-based recruitment and assessment; ensuring no gender pay gap when

considering like-for for-like positions; female representation in leadership roles; ensuring diverse composition in our workforce; etc

- Well-being needs are different for everyone. We are committed to supporting the diverse well-being needs of our people in body, mind, and purpose. We provide multiple programs as part of our holistic approach to wellbeing, such as flexible starting time schedule; new dad leave; working mothers scheme; career break scheme; reverse mentoring practices; health check-up policy; give-up smoking scheme; ergonomic office equipment; congratulatory events, to name a few.

We are aware of the talent environment that we operate in. The Millennial generation (gen Y) are highly educated, tech savvy and are looking for high-paced employers that provide challenge and opportunities. And that's exactly what we provide at Deloitte.

### KEY TALENT METRICS & ACCOLADES

Making an impact that matters: a closer look at our key talent metrics and accolades.



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### Investors in People



Deloitte was the first organisation in Cyprus to achieve Gold recognition and International Champion status with the Investors in People (IIP) - and in 2014 became the first organisation to reconfirm it. Additionally, in 2017 Deloitte was awarded platinum accreditation, which is the highest accolade that can be achieved against the Investors in People Standard and is currently held by only 1% of IIP accredited organisations.

This achievement confirms the leading position of Deloitte in its sector and confirms the effectiveness of its HR management and development practices.

Investors in People is the international standard for people management, defining what it takes to lead, support and manage people effectively to achieve sustainable re-

sults. Underpinning the Standard is the Investors in People framework, reflecting the latest workplace trends, essential skills and effective structures required to outperform in any industry. Investors in People enables organisations to benchmark against the best in the business on an international scale.

It has gained visibility in Cyprus over the last 10 years, when Deloitte pioneered the field and we are currently observing a sharp increase in client requests for Investors in People implementations.

Testimony to our continued excellent work in the realm of Human Resources, our Human Resources partner was appointed as an executive member of the Global Human Capital Extended Leadership Team of the Deloitte global firm in 2015.

### 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 Program “Actions for reducing the compensation gap between male and female employees”.

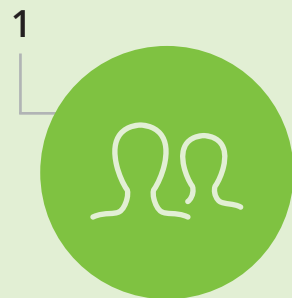
The award reflects the Firm’s commitment in providing equal opportunities to all members of staff, a work environment which is free from discrimination, fear and harassment of any kind as well as recognition of each person’s contribution to the Firm. At our Firm, providing equal opportunities goes beyond 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.



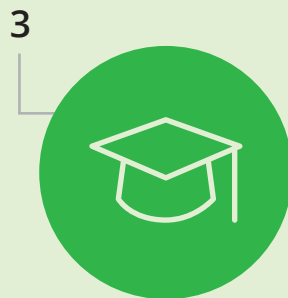
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# 10 Cyprus Facts

As at end of or for FY19 (01/06/2018 – 31/05/2019)



**Headcount**  
649



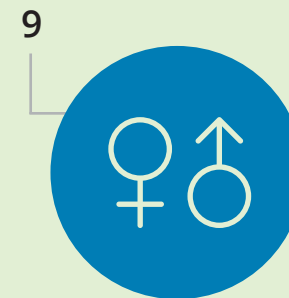
**University graduates**  
596  
*(including degrees and certificate)*



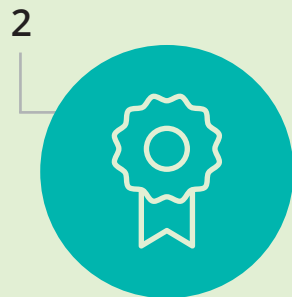
**Students who became qualified accountants**  
39



**Languages**  
17



**Gender**  
F: 370  
M: 279



**Qualified accountants**  
227



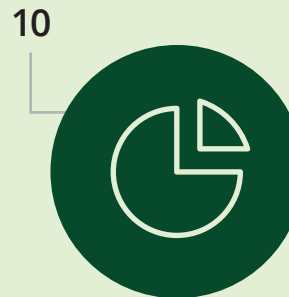
**Recruits**  
150



**Trainees Achievement**  
3



**Nationalities**  
12



**Percentage increase in headcount over the last 3 Fiscal Years**  
19%



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# Learning

As today's auditors operate in an environment of rapid change and uncertainty, we are making significant investments in transforming how we perform our audits. With that comes a refreshed approach to learning. Our curriculum is designed to help our people grow professionally and personally while enhancing our ability to consistently deliver high audit quality through the use of innovative audit tools and methodology.

We are investing in learning and development opportunities for our people and making sure we provide various paths for them to succeed. No two people learn in exactly the same way. We've invested a great deal to create a rich environment in which our professionals can grow. So at Deloitte, we provide a range of resources including live classrooms, e-learning, digital learning, on-the-job learning, exposure to leaders, coaches, and challenging assignments to help our people reach their potentials. Additionally, our people attend courses at Deloitte University (DU) EMEA, Deloitte's learning centre in Europe, and which represents a tangible symbol of our commitment to our people's learning.

## Professional development

Our continuing professional development programmes focus on targeted professional development in both technical and non-technical topics.

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
- Embed the Firm's quality and risk imperative in the Deloitte community.

The Firm has established policies and procedures designed to provide reasonable assurance that it has sufficient partners and professional staff with the competencies, capabilities, and commitment to ethical principles necessary to:

- Perform engagements in accordance with professional standards and applicable legal and regulatory requirements
- Enable the Firm to issue reports that are appropriate in the circumstances
- All audit professionals of Deloitte, whether qualified accountants or not, are required to complete at least 20 hours of Continuing Professional Education (CPE) each year and at least 120 hours every three years.



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### One Audit curriculum - globally

We are following the mandatory Deloitte Global audit learning curriculum for all levels and refreshed our policy on mandatory learning, to promote consistency with other Deloitte member firms.

All Audit & Assurance partners are required to complete ongoing compulsory learning modules to maintain their Deloitte accreditation to sign audit opinions.

Our extensive curriculum covers technical matters, regulatory, professional ethics, and independence matters together with soft skills programmes relevant to each role. There are courses and programmes for topics at the foundation, advanced, and mastery levels to keep our people at the forefront of new developments and regulations.

Our curriculum also incorporates localised inputs and lessons learned from both internal and external inspections. Every year, our partners, principals, directors, senior managers, and managers attend level-specific and business-specific intensive programmes focused on technical issues, specialised industry or sector matters, and a variety of

leadership and professional topics, such as professional scepticism, service quality and professional judgement. Professional practice members and subject matter resources also participate in the development, delivery, facilitation and review of learning programmes. These leaders gather their acumen via attending Network conferences and via a strong collaboration of global teams amongst other things.

### Deloitte University

## Deloitte. University

Our culture and activities of professionals globally are supported by continuing to heavily invest in the Deloitte University EMEA (DU EMEA). These is a state-of-the-art learning and development center focused on Deloitte culture, and rooted in the principles of connectedness and leadership in a highly inclusive learning environment<sup>3</sup>. Deloitte Cyprus has fully committed to DU EMEA since its inception.

Every year more than 25 of our professionals participate in various programs, run by DU EMEA and have the opportunity to benefit



Deloitte University

from a dynamic and fast-paced learning environment while at the same time building their network and enhancing their personal brand. They also have the opportunity to connect across borders and expand their capabilities, expertise and insights.



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<sup>3</sup> For more information about Deloitte Universities, please refer to [Global Impact Report](#).

### Professional Certifications

Responding to market trends and continuously evolving service offerings, Deloitte supports its professionals in obtaining recognised professional qualifications relevant to their role, enriching their expertise.



Trainees recruited into Audit & Assurance undertake to become members of the ICAEW or ACCA professional qualifications; Deloitte is committed to offering its support to our trainees through study leave, practical experience, ethics learning, financial and mentoring support.

As a result of our excellent schemes and the high calibre people we recruit, our ACA/ ACCA trainees' professional examination results were once again outstanding in this Transparency period, with pass rates well in excess of the worldwide averages, achieving 92% first-time passes over a 5-year period.

Furthermore, we are very proud of our prize winners under both schemes in recent years; in 2016 one of our trainees achieved first place in Cyprus and 18th place worldwide in the Governance, Risk & Ethics paper of the Professional level in the June 2016 ACCA sitting. This result adds to the significant number of local and international achievements of our trainees over recent years.

Additional professional qualifications available as part of the professional development programmes throughout the Firm include:

- **'Chartered Financial Analyst' certification (CFA)**, a globally recognised credential offered by the CFA Institute and which provides a strong foundation of advanced investment analysis and real world portfolio management skills
- **'Certified Internal Auditor' (CIA)**, which sets the global standard in Internal Auditing and is the only globally accepted designation for internal auditors
- **'Certified Information Systems Auditor'**

**(CISA)**, which is the foremost qualification for IT governance professionals working in technology assurance and IT audit

- **'Fellow of Institute of Actuaries' (FIA)**, the highest level of qualification attainable with the Institute and Faculty of Actuaries (IFoA) and members who achieve Fellowship are highly sought after as experts in their chosen field
- **Advanced Diploma in International Taxation' (ADIT)**, an advanced level designation in international cross-border tax
- **'Certified Cyber Forensics Professional' (CCFP)** certification, awarded from the recognised professional body, International Information Systems Security Certification Consortium
- **'Certified Internal Auditor' (CIA)**, one of the most highly sought after international certifications for internal auditors. Internal auditors with the CIA designation communicate to their clients that they are knowledgeable, competent and highly ethical.



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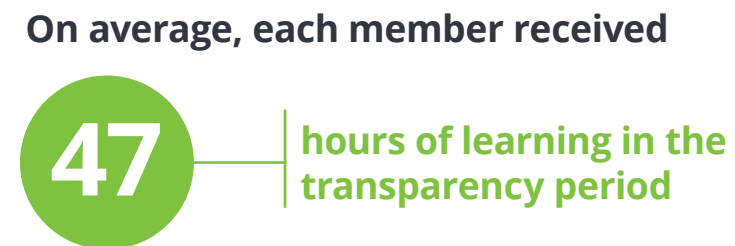
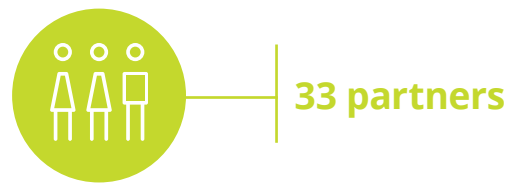
### Learning Methods

Formal learning programs include live instructor-led, virtual instructor-led, self-study, and e-learning courses that have been developed with instructional designers. Our innovative programs for our professionals offered more than 30,471 learning hours in the Transparency period, including interactive simulation-based programs, case studies, and immersion courses.

Access to the latest information is critical to the effectiveness of our professionals. Using a variety of communication channels, we issue publications on the latest developments that may affect service quality and performance. Policy changes are also covered in professional development courses, in management team meetings and in conference calls or meetings between the NPPD, risk leaders, service leaders, and other relevant groups.

We enhance our culture by promoting coaching and development ideologies within our engagement teams providing learning materials specifically created for this purpose.

Our management team is encouraged to be very hands-on when it comes to the coaching and development of others. Our professionals are developed by appropriate mentoring, on-the-job training, feedback and other supportive activities, supervised by partners and other senior team members.



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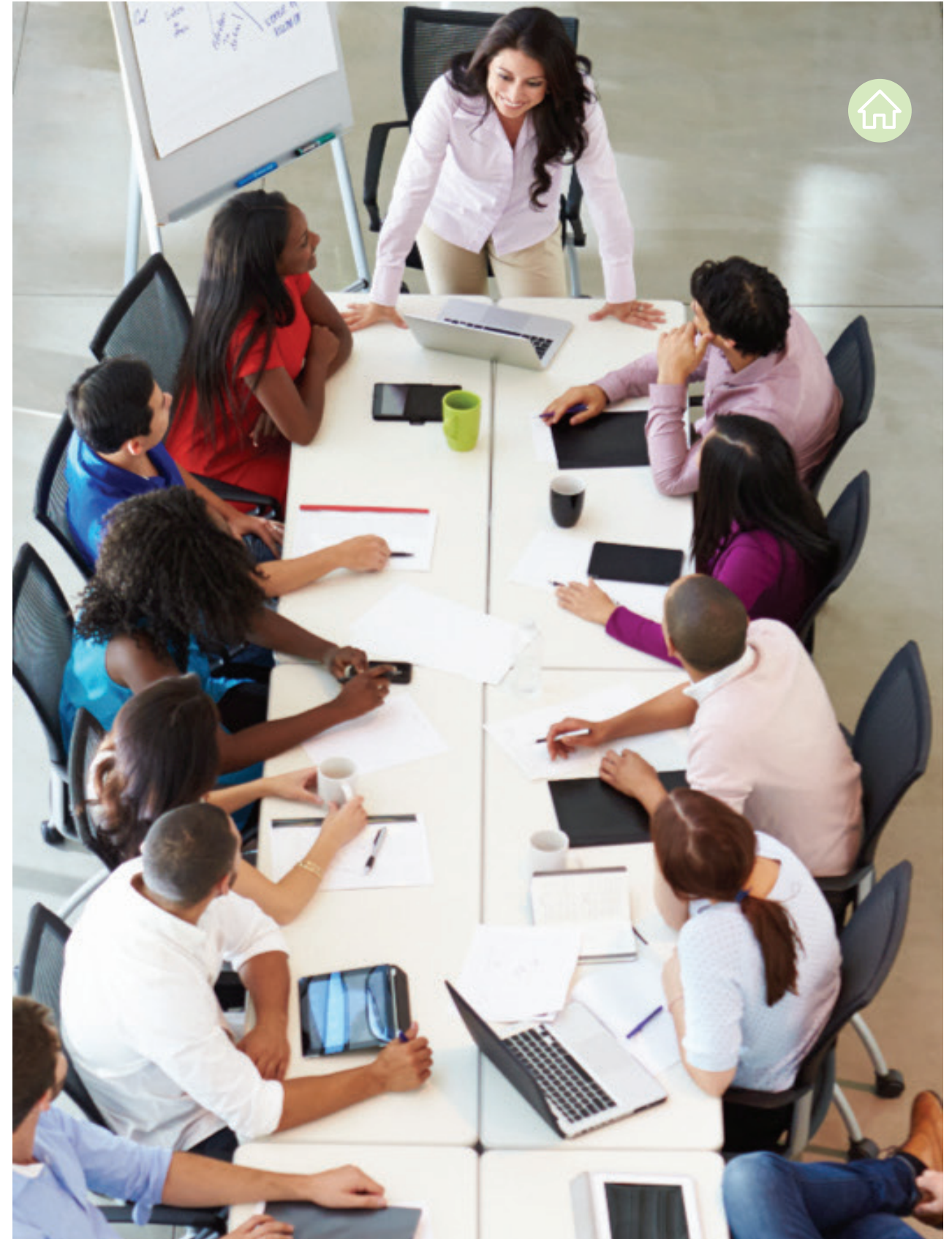
# The organizational capabilities we build

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

Deloitte is committed to developing its people and accelerating their careers by creating a life-long learning environment. We are advancing audit education, skillsets, and flexible career options that appeal to future auditors.

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

We are driving a sustainable audit and assurance business that compensates its people fairly and funds ongoing investment in our business.



06

# Independence, ethics, and additional disclosures



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# Independence

We assess our independence for each client and on each engagement. Our commitment to independence is demonstrated by the tone set by our leaders, and is reinforced by carefully and consistently implementing and monitoring comprehensive independence policies and procedures.



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; annual focused reviews for the off-cycle years; and 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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Panos Papadopoulos, partner and our Director of Independence, is supported by experienced and dedicated independence specialists locally and across the Deloitte Network. This team is responsible for communicating independence policies and procedures, providing consultation support, implementing and monitoring independence quality controls, designing and conducting independence training and monitoring compliance with independence requirements.

### Independence policies

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 adoptions in Cyprus, the EU Audit Regulation effective in 2016 and the Directive which has been 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 have been adopted, emphasizing each individual's responsibility to understand and meet the independence requirements.

Covering the Firm, and the Firm's partners, professional staff and support staff, and certain relatives thereof, where applicable, these policies and procedures are, in some instances, more restrictive than the independence standards in the IESBA Code and contain specific independence requirements that are applicable when the Firm is to maintain independence with respect to an audit client ("restricted entity") and its affiliates.



We have a comprehensive and multi-layered independence framework.



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

- Engagement acceptance and monitoring
- Monitoring of rotation requirements
- Business relationship assessments and monitoring
- Use of independence business process tools, including the Deloitte Entity Search and Compliance (DESC) system, the Global Independence Monitoring System (GIMS), annual independence confirmations, and consultation procedures, to monitor compliance with independence requirements
- Procedures to identify and analyze non-compliance with independence requirements and apply related disciplinary measures and actions
- Independence-related learning and communications
- Assignment of responsibility for independence systems and controls
- An internal review of independence compliance was conducted during the year 2018 and the report was issued on 26 September 2018.



### **DESC** **Deloitte Entity Search and Compliance**

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 private 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.



### **GIMS** **Global Independence Monitoring System**

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

### **Monitoring of financial interests**

Professionals are required to search the restricted entity list before acquiring a financial interest or other financial product. All Deloitte partners and management-level client service professionals are required to record and update their investments, loans, insurances and other financial products and those of their immediate family members in their individual accounts in the monitoring system.

To allow for timely resolution of any potential independence issues, the monitoring system is linked to the restricted entity list, so the system can automatically email users when a potential exception may need to be addressed due to a change in restriction. The Firm monitors and follows-up on such notices until the individual resolves them.

### **Independence confirmations and internal monitoring**

All partners and employees are required to submit an annual electronic confirmation that



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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.

In addition, all professionals who are assigned to provide services as part of a financial statement audit are required to confirm their independence of the audit client. During the Transparency Period, all employees have completed the confirmation for FY19.

### Inspection of Personal Independence

Deloitte has implemented an ongoing program to test the accuracy and completeness of the independence confirmations and the financial information in the automated independence monitoring system.

On an annual basis, the Firm inspects individuals for compliance with the Firm’s independence policies and procedures. The objective of the inspection and testing program 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.

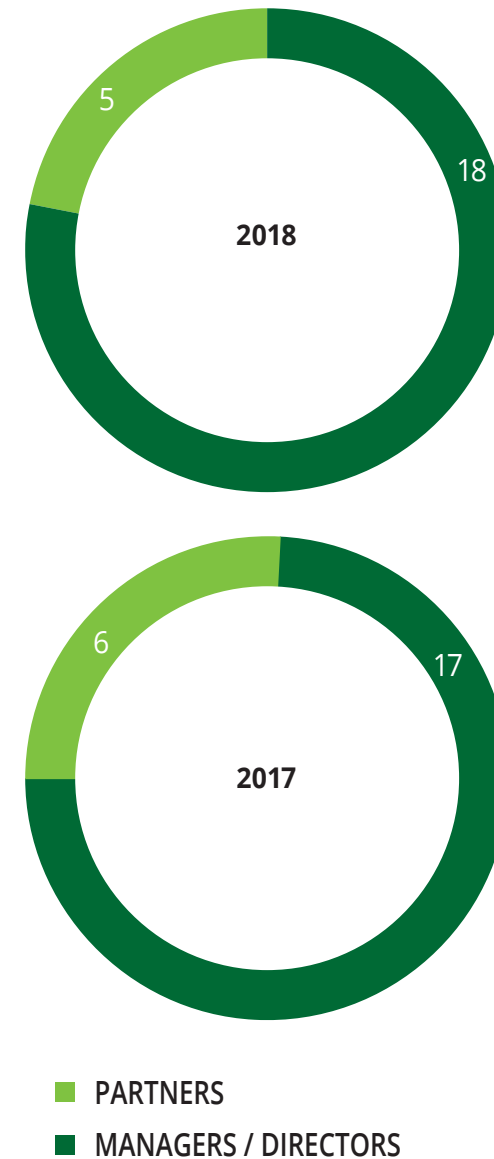
The review in the Transparency period concluded in November 2018 and once again the exceptions noted through conducting the process were not significant.

The Firm inspected 55% of all partners (2017: 53%), and 3,6% of managers (2017: 3%) in 2018, which demonstrates the importance placed on independence. All leadership partners (13) were tested as they are required to be tested annually.

### 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

### Independence Testing



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policies became significantly deeper with the onset of the Regulation emanating out of the EU and effective in June 2016.

Because of limitations on the permissible scope of services for attest clients and their affiliates, independence is considered as part of the engagement acceptance process. If independence from the client is required, then the engagement partner, principal or director must verify, prior to beginning the engagement, that the services to be provided are permissible and have been preapproved by the lead client service partner and, where necessary, the audit committee or its equivalent – thus establishing that conflicts, if any, are managed or engagements rejected where they cannot be managed.

### The policies require partners and staff to notify the Independence

Team promptly 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.

### Consultations

The Firm communicates with its partners and employees regarding the consultation policies for independence matters and identifies the individuals to be consulted. It is using a technology enabled software to manage this process.

The Independence team can escalate consultations to the Global Independence team as required.

### Business relationships and alliances

Business relationships and alliances with third parties can impair auditor independence. Therefore, all proposed vendor and marketplace business relationships require evaluation and approval by the Independence team and are then maintained and monitored in a central database of approved relationships.

Deloitte has processes and procedures for engaging independent contractors, including the centralised management of Approved Suppliers. This allows for potential independence impairing issues to be identified and assessed before entering into arrangements.

During the transparency period, all the Business Relationships are accessed using a technology enabled software to manage this process for both independence and Anti-Corruption requirements.

### Independence learning

All partners and professional employees are required to complete learning in relation to the Firm's independence policies when they join Deloitte. This includes both classroom and e-Learning. Ongoing learning incorporates updates to the independence policies and uses examples to translate independence questions into practical answers.



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

During the Transparency Period, a new elearning has been introduced for Potential Conflicts of Interest.

### 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 the audits of public interest entities are rotated after seven consecutive years of service. Following rotation rules for EU PIEs, these audit partners are not permitted to be involved in the audit engagement for a period of three years.

### 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 of EU PIEs should not exceed 10 years, extended to 20 years with Mandatory Tendering Process excluding Banks where the maximum period has been set to 9 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 guidelines. Depending on the severity of the violation, sanctions may include written warnings, financial penalties and, potentially, termination of employment or removal from the partnership.

### Confirmation of review of independence practices and monitoring

During the transparency period, Independence program was extensively reviewed from the Global Independence Team with satisfactory results.

Our internal practice review and other monitoring processes provide us with assurance that these policies are, in general, appropriately observed and where exceptions are noted, identify where further action is required. In addition, the practice review includes an assessment of compliance with Deloitte Global policies. The results of these internal reviews are reported to the Management Committee and the Board.



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# Ethics

Deloitte’s commitment to quality and integrity underlies everything we do; as we seek to make an impact that matters for clients, our people, and our communities.

Deloitte Cyprus maintains policies and procedures that 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 (the “Code”) issued by the International Ethics Standards Board for Accountants, a standard-setting body of the International Federation of Accountants (IFAC). When ICPAC regulations are more restrictive than the Deloitte Global policies and procedures, Deloitte Cyprus follows the applicable ICPAC regulations.

## Ethical Leadership

Deloitte Cyprus has appointed an Ethics Officer who is an experienced partner with direct access

to the CEO and the member firm’s governing body.

The Ethics Officer participates in the Firm’s Ethics Steering Committee <sup>1</sup> comprised of three members as follows:

- Eleftherios N. Philippou, Ethics Officer and Risk & Reputation Leader
- George Pantelides, Talent Partner
- Panos Papadopoulos, Director of Independence

## Principles of Business Conduct

Deloitte Cyprus has developed and implemented its own code of conduct, which incorporates the Deloitte Global Principles of Business Conduct and describes critical professional behavior that reflects local customs, regulations, and legal requirements.

This Code is hard to miss around all office locations as the motto – “it all starts with integrity” has been concentrated in a poster which hangs in all open plan working spaces, partners’ offices,

## Our commitments

- We commit to serving clients with distinction
- We commit to inspiring our talented professionals to deliver outstanding value
- We commit to contributing to society as a role model for positive change



<sup>1</sup> As of 1 June 2019 the role and responsibilities of this committee have been assumed by an existing committee on a combined firm level.

common areas and in all meeting and training facilities.

Our Local Code has the Global Code at its core and the remainder is framed around its meaning, together with guidance on the elements of our local ethics program including how to report a concern and how it will be handled. It reminds us that each of us is personally responsible for our actions and decisions. Defining the expectations that our stakeholders can have of all people across the Deloitte Network is a key purpose of the Global Code and this is why we have made it accessible to everyone; not just within our organization.

### Communication Channels

Deloitte Cyprus provides communication channels through which partners, other professionals and support staff can consult on and report ethical issues and situations. During the transparency period, Deloitte Cyprus launched a third party helpline (Navex) which is operated on a global level.

### Ethics Program in Cyprus

Deloitte Cyprus reinforces its commitment to ethics and integrity through communication tools, learning programs, 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 code of conduct and understand that it is their responsibility to comply with it.

The Deloitte Ethics team and 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 at the front, and in the centre, of our people's minds as they interact with clients, each other and the community at large, through the organisation's ethics program.

The central elements of our program are:

- The Global Principles of Business Conduct and its local adoption.
- An ethics policy that sets out the requirements for our ethics program.

- 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.
- Channels for whistle-blowing, reporting and discussing ethical issues and concerns – internally and externally - that emphasise confidentiality and non-retaliation policies.
- The creation of an Incident Response Team (IRT) to assist the Ethics Officer on reported cases.
- Support activities, including communications, and workshops to facilitate leading practices among our people.
- The requirement that all partners, professional staff, and support staff



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The foundation of our culture, shaping who we are, what we believe and how we behave.

Our 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 summary, it captures absolutely everyone!

confirm annually that they have read and understood the Global and Local Codes, are in compliance with them and understand their responsibility to report actions that are not in compliance with it.

- Provision of an employee survey, undertaking a critical self-assessment, and other tools (such as focus groups) to measure our program’s effectiveness; and
- A practice review program to measure compliance with global ethics policies and encourage collaborative discussions and continuous improvement in ethics programs over time.

### Building “ethical muscle”

At Deloitte, we work hard to build ethical muscle in our people in discerning the most fitting action to take; that is the ability to recognise ethical issues when they arise, handle difficult situations with sensitivity and judgement, and raise our voices when things just don’t feel right. We ensure that over the whole of our business lines and, in particular, our audit practice, this ethical prowess is clear for all to see.

### Learning

Upon joining our Firm, all new hires experience 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.

At Deloitte, integrity is at the heart of the values we hold dear.

Our ethics, anti-money laundering, anti-bribery, information security and independence and ethics learning programmes are undertaken by everyone in the Firm, using examples to translate independence and ethical questions into



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practical actions. A more focused Personal Independence online programme is completed by all of our client-facing people of manager grade and above.

During the transparency period, a mandatory ethics training was launched for all directors and partners to help them increase their ethical radar and promote the tone at the top through their leadership position.

### Anti-bribery and anti-corruption

Anti-corruption has been a priority for Deloitte over recent years and, indeed, 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 Anti-corruption program. The mission of the anti-corruption champion is to build and sustain an effective anti-corruption program. 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 spent significant resources in preparing a corruption risk assessment which includes the

risks it faces first of all by being in 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 program. The risk assessment is updated on a yearly basis.

During the last years, 2 new procedures were implemented:

- 1) Third party due diligence and
- 2) Referral Integrity process

Training to emphasise this is provided within the New Hire Ethical day for all new personnel and, subsequently, revisited on a regular basis.

Included in 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 abilities to identify practical issues and respond.

During the transparency period, a mandatory training was completed by all employees to remind them the basic Anti- corruption polices.



It starts with integrity.



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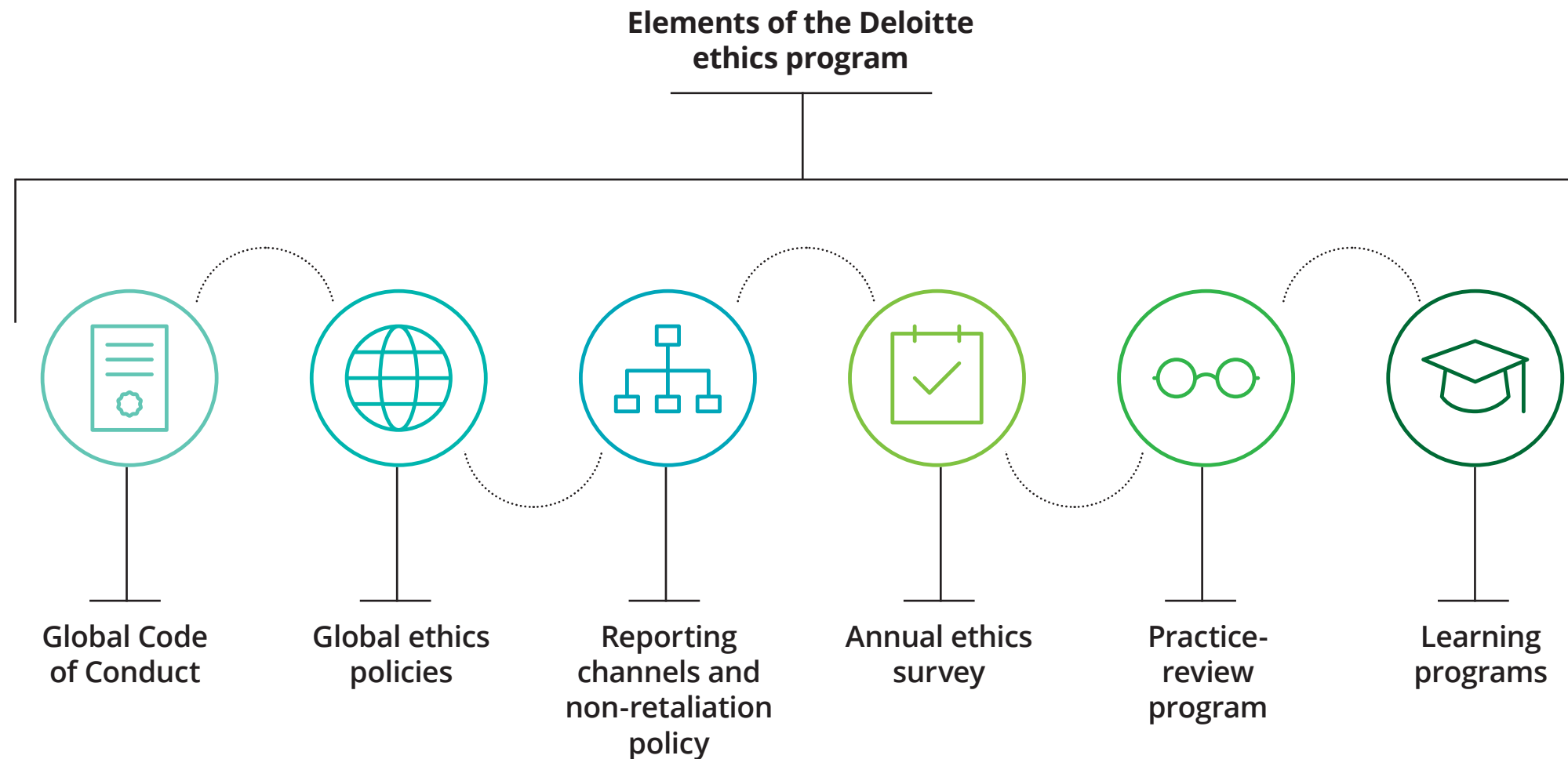
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# Deloitte Global Ethics and Integrity Imperative

The Deloitte Global Ethics team and member firm ethics officers work closely with senior Deloitte leaders to build and enhance the foundations of the network's ethics program, which is comprised of the following elements:



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# The foundation for Deloitte culture

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



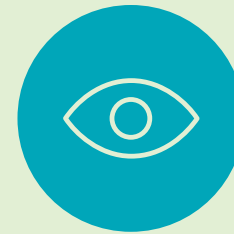
**Integrity**



**Quality**



**Professional behavior**



**Objectivity**



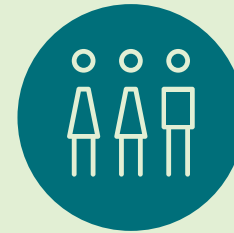
**Competence**



**Fair business practices**



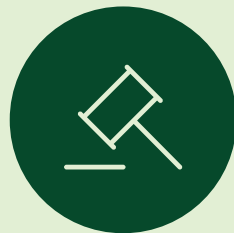
**Confidentiality, privacy and data protection**



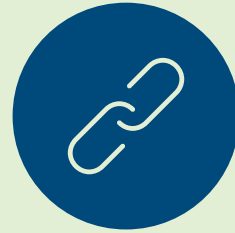
**Respect, diversity and fair treatment**



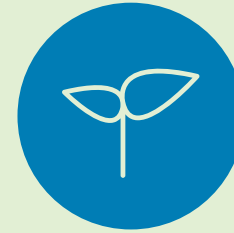
**Professional development and support**



**Anti - corruption**



**Responsible supply chain**



**Social responsibility**

## Shared Values

- Integrity
- Outstanding value to markets and client
- Commitment to each other
- Strength from cultural diversity



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“Helping businesses operate and contribute to society in a responsible way is at the core of what Deloitte professionals do every day. Through strategic relationships, Deloitte contributes insights to strengthen efforts and accelerate progress on pressing societal needs.”



Annual blood donation at Deloitte offices



Participation in the Limassol 3on3 basketball tournament for the support of Cyprus wheelchair teams and the Social Market of Limassol Municipality



Support of Youth Stars basketball academy



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Workshops with high school and university students with the aim to raise awareness about innovation, entrepreneurship and career opportunities



Participation in corporate races and football tournaments for the support of NGOs

“As a society, we need to make the right connections - combining the policy power of government with the convening power of civil society and resources of business - to better target and tackle obstacles to social progress. Collective action is needed to scale and drive solutions that could improve wellbeing and help society achieve inclusive growth.”

**David Cruickshank, Chairman of the Board of Directors, Deloitte Global**



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# Shaping the future of the audit profession

Management teams, audit committees, investors, regulators, and standard setters all play critical roles in shaping the environment in which audits are performed. We strive to engage with these parties, both formally and informally, to share, offer and debate ideas with the objective of ensuring the relevance of audit and assurance to the capital markets.



# Appendices



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# Appendix A | EU EEA audit firms

## Disclosure in accordance with Article 13.2 (b)(ii)-(iv) of the EU Audit Regulation <sup>1</sup>

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

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

EU/EEA Member State <sup>2</sup>	Name of audit firms carrying out statutory audits in each Member State <sup>3</sup>
Austria	Deloitte Audit Wirtschaftsprüfungs GmbH
	Deloitte Burgenland Wirtschaftsprüfungs GmbH
	Deloitte Niederösterreich Wirtschaftsprüfungs GmbH
	Deloitte Oberösterreich Wirtschaftsprüfungs GmbH
	Deloitte Salzburg Wirtschaftsprüfungs GmbH
	Deloitte Tirol Wirtschaftsprüfungs GmbH
	Deloitte Wirtschaftsprüfung Styria GmbH
Belgium	Deloitte Bedrijfsrevisoren / Réviseurs d'Entreprises CVBA / SCRL
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

<sup>1</sup> EU Regulation 537/2014 on specific requirements regarding statutory audit of public-interest entities

<sup>2</sup> EU transparency reporting requirement: the countries in which each audit firm that is a member of the network is qualified as a statutory auditor or has its registered office, central administration or principal place of business.

<sup>3</sup> EU transparency reporting requirement: the name of each audit firm that is a member of the network.



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## Appendix A - EU / EEA audit firms

EU/EEA Member State <sup>2</sup>	Name of audit firms carrying out statutory audits in each Member State <sup>3</sup>
Estonia	Deloitte Audit Eesti AS
Finland	Deloitte Oy
France	Deloitte & Associés
	Deloitte Marque & Gendrot
	Deloitte Marque Gendrot
	Audalian Commissaire
	BEAS
	Cisane
	Constantin Associés
	Constantin Entreprises
	Consultants Auditeurs Associés
	DB Consultants
	Durand & Associés
	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 SA
Hungary	Deloitte Könyvvizsgáló és Tanácsadó Kft.
Iceland	Deloitte ehf.
Ireland	Deloitte Ireland - Republic of Ireland
Italy	Deloitte & Touche S.p.A.
Latvia	Deloitte Audits Latvia SIA
Lithuania	Deloitte Lietuva, UAB



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## Appendix A - EU / EEA audit firms

EU/EEA Member State <sup>2</sup>	Name of audit firms carrying out statutory audits in each Member State <sup>3</sup>
Luxembourg	Deloitte Audit
Malta	Deloitte Audit Limited
Netherlands	Deloitte Accountants B.V.
Norway	Deloitte AS
Poland	Deloitte Polska spółka z ograniczoną odpowiedzialnością Sp. k. Deloitte Polska Sp z o.o.
Portugal	Deloitte & Associados, SROC S.A.
Romania	Deloitte Audit S.R.L.
Slovakia	Deloitte Audit s.r.o.
Slovenia	Deloitte Revizija d.o.o.
Spain	Deloitte, S.L.
Sweden	Deloitte AB
United Kingdom	Deloitte LLP Deloitte Gibraltar Limited Deloitte NI Limited

## Disclosure in accordance with Article 13.2 (b)(iv) of the EU Audit Regulation <sup>4</sup>

The total turnover achieved by the audit firms that are members of the network, resulting from the statutory audit of annual and consolidated financial statements: € 2 billion <sup>5</sup>

<sup>4</sup> EU transparency reporting requirement: 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.

<sup>5</sup> Amount represents an estimate determined based upon best efforts to collect this data. Certain Deloitte audit firms registered to perform statutory audits in respective Member States provide statutory audit services as well as other audit, assurance and non-audit services. While Deloitte endeavored to collect specific statutory audit turnover for each EU/EEA Deloitte audit firm, in certain cases turnover from other services has been included. The turnover amounts included herein are as of 31 May 2019, except for a limited number of instances where a Deloitte audit firm has different financial year-end or has not finalized its reporting for such period. In these cases, turnover amounts are for the relevant financial year or preceding financial year. Where currency other than Euros is used in the Member State, the amount in Euros was translated using an average exchange rate in effect for the period 1 June 2018 to 31 May 2019.



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# Financial information

## Business performance

A strong sense of purpose is closely linked to positive organizational performance. Our unwavering commitment to making an impact that matters, for our clients, our people and society, paved the way for another successful year for our firm. For the year ended 31 May 2019 (FY19), Deloitte achieved double digit growth, despite the challenging external environment, both locally and globally.

If new business wins are a barometer of corporate well-being, then we enjoyed robust health in FY19. The firm has been able to win significant new projects in all five business areas, by building eminence amongst its teams. Delivering new and enhanced services that innovatively respond to the challenges faced by our clients continued to be the foundation of our multidisciplinary model serving our five core businesses. During FY19, another strategic initiative of the firm, has proved to be fruitful. After the successful launching of Deloitte Legal in FY17, Deloitte Actuarial has been launched in FY19.

In FY19, Deloitte achieved revenues of €40.4 million, (FY18 €36.4 million) representing an 11% increase, with all five businesses achieving steady growth.

- Audit & Assurance achieved revenues of €18.8 million (FY18 €18.1 million) representing an increase of €0.7 million or 4%
- Tax & Legal achieved revenues of €11.9 million (FY18 €10.5 million) representing an increase of €1.4 million or 13%
- Financial Advisory achieved revenues of €4.6 million (FY18 €3.9 million) representing an increase of €0.7 million or 18%
- Risk Advisory achieved revenues of €3.5 million (FY18 €2.7 million) representing an increase of €0.8 million or 30%
- Consulting achieved revenues of €1.6 million (FY18 €1.2 million) representing an increase of €0.4 million or 33%



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## Appendix B | Financial information

### 12 month period ended 31 May 2019

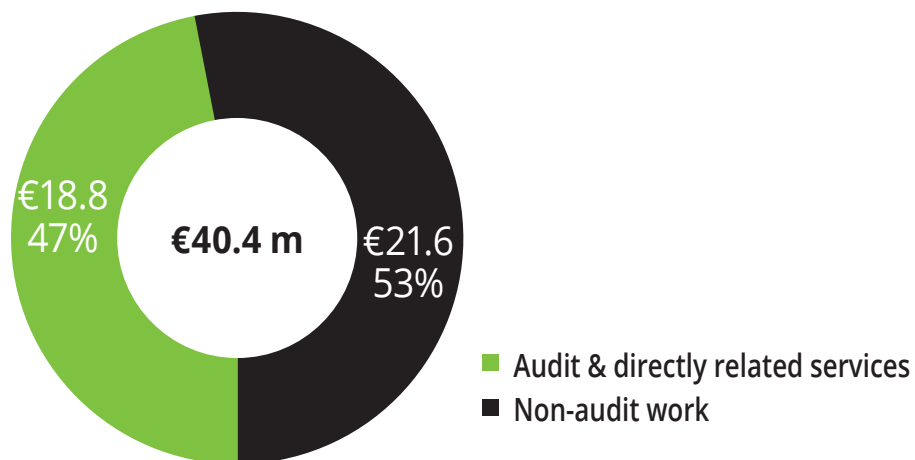
From financial information extracted from Deloitte's unaudited financial records showing the relative importance of audit work and the levels of non-audit services.

Deloitte Cyprus - Revenue	Revenue €m	Percentage %
Audit and directly related services	18.8	47
Non-audit	21.6	53
<b>Total</b>	<b>40.4</b>	<b>100</b>

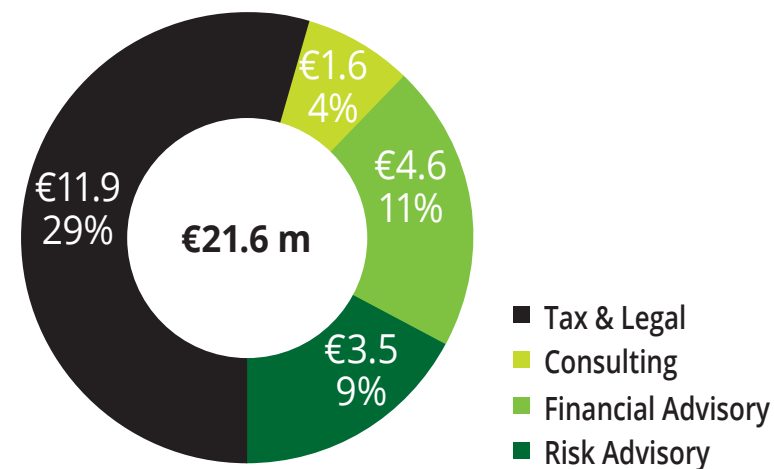
From financial information extracted from Deloitte's unaudited financial records showing the levels of non-audit revenue by Business.

Analysis of Non-audit revenue	Revenue €m	Percentage %
Tax & Legal <sup>1</sup>	11.9	29
Financial Advisory	4.6	11
Risk Advisory	3.5	9
Consulting <sup>1</sup>	1.6	4
<b>Total</b>	<b>21.6</b>	<b>53</b>

**Audit and Non-audit work revenue**



**Non-audit revenue per Business**



<sup>1</sup> In FY19, the firm's Board of Directors have changed the taxonomy for certain services to align with Global taxonomy. Comparatives have been amended accordingly.



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## Appendix B | Financial information

### 12 month period ended 31 May 2018

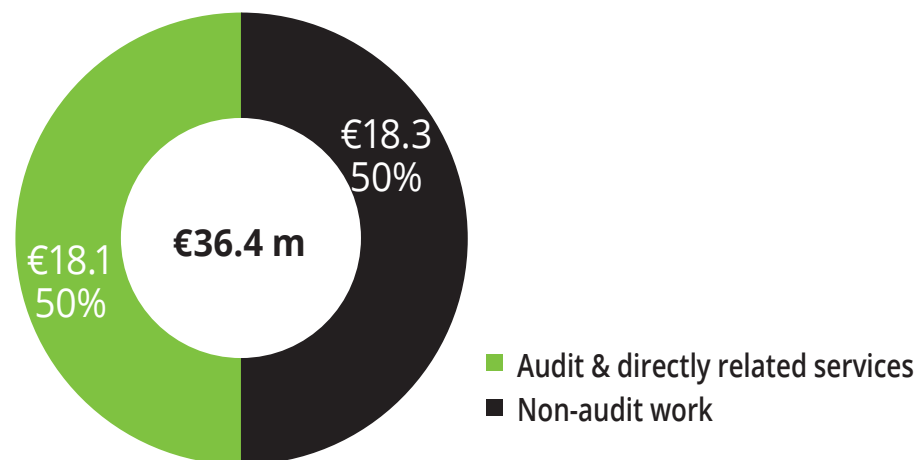
From financial information extracted from Deloitte's financial records showing the relative importance of audit work and the levels of non-audit services.

Deloitte Cyprus - Revenue	Revenue €m	Percentage %
Audit and directly related services	18.1	50
Non-audit	18.3	50
<b>Total</b>	<b>36.4</b>	<b>100</b>

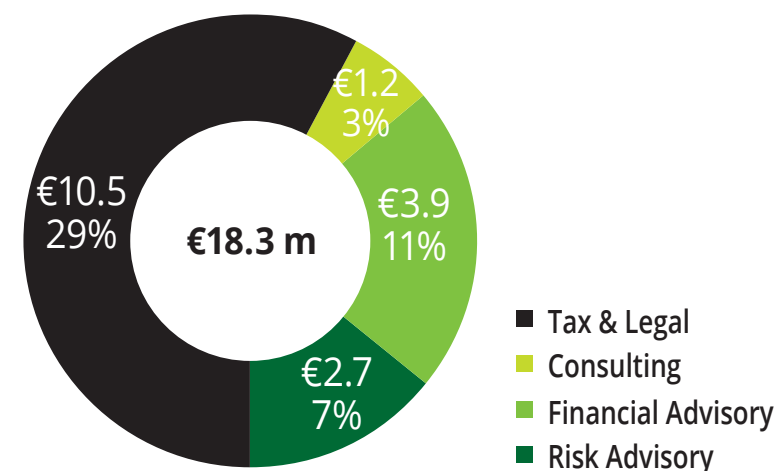
From financial information extracted from Deloitte financial records showing the levels of non-audit revenue by Business.

Analysis of Non-audit revenue	Revenue €m	Percentage %
Tax & Legal <sup>1</sup>	10.5	29
Financial Advisory	3.9	11
Risk Advisory	2.7	7
Consulting <sup>1</sup>	1.2	3
<b>Total</b>	<b>18.3</b>	<b>50</b>

**Audit and Non-audit work revenue**



**Non-audit revenue per Business**



<sup>1</sup> In FY19, the firm's Board of Directors have changed the taxonomy for certain services to align with Global taxonomy. Comparatives have been amended accordingly.



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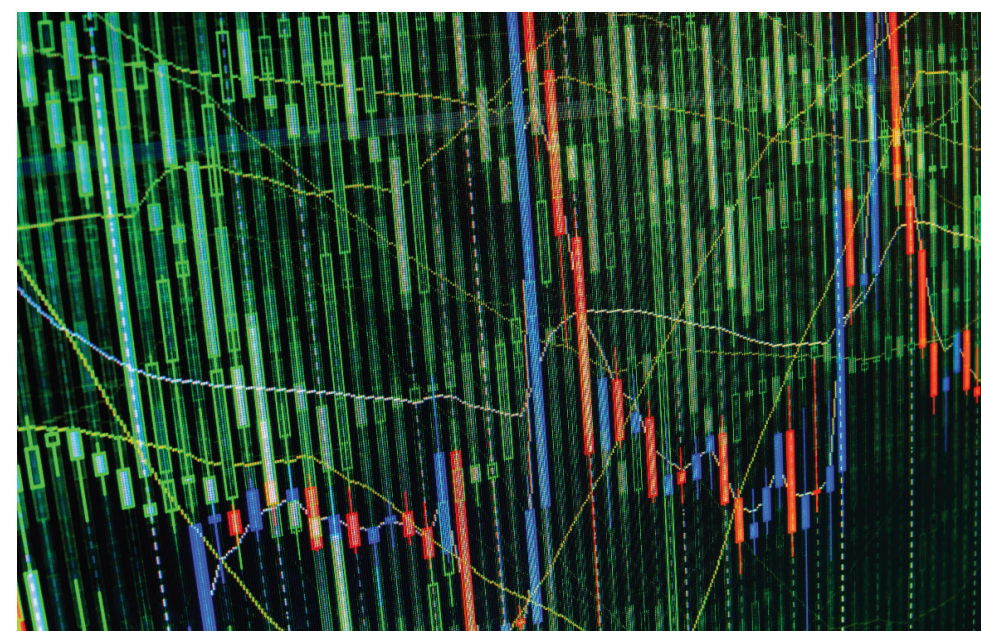
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## Disclosure in accordance with Article 13.2 (k) (i)-(iv) of the EU Audit Regulation

The breakdown of Deloitte's Revenue for the 12 month period ended 31 May 2019

Revenue	€m
Statutory audit (PIEs or PIE subsidiaries)	1.2
Statutory audit (non-PIEs or non-PIE subsidiaries)	17.3
Other assurance services (PIEs or PIE subsidiaries)	0.1
Other assurance services (non-PIEs or non-PIE subsidiaries)	0.2
Non-audit services (audited PIEs or PIE subsidiaries)	0.3
Non-audit services (other entities)	21.3
<b>Total</b>	<b>40.4</b>



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# Public interest entities

Deloitte Limited completed statutory audits of the following public interest entities and issued at least one audit report in the Transparency Period of 1 June 2018 to 31 May 2019.

Alpha Bank	HMS Hydraulic Machines & Systems Group Plc
Altius Insurance Limited	KEO Plc
Ancoria Insurance Public Limited	Lordos United Plastics Limited
Ancoria Bank Public Limited	Louis Plc
Bank of Beirut SAL (Cyprus Branch)	Metlife Europe D.A.C <sup>1</sup>
Bank Med SAL (Cyprus Branch) <sup>1</sup>	MHP SE
Banque Bemo SAL (Cyprus Branch)	Philoktimatiki Public Limited
Banque SBA (Cyprus Branch)	Rolandos Enterprises Public Limited
O1 Properties Finance Plc <sup>1</sup>	Sun Interbrew Plc
Commercial General Insurance Limited	Seabird Exploration Plc
C.C.C. Tourist Enterprises Public Company Limited	Seabird Exploration Finance Ltd
IBL Bank SAL (Cyprus Branch)	USB Bank Plc

<sup>1</sup> Public Interest Entities for which Deloitte Ltd has performed statutory audit work but did not issue an audit report in the period 1 June 2018 to 31 May 2019.



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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 2019. All the 24 entities meet the following conditions:

1. The entity is incorporated/established in Cyprus
2. Deloitte Cyprus signed an audit report on the entity's annual financial statements during the year ended 31 May 2019
3. On the date that Deloitte signed that audit report, the entity was an EU PIE.

##### PIE definition

In accordance with the Law, the public interest entities (PIEs) are defined as:

1. Entities governed by the law of the Cyprus Republic whose transferable securities are admitted to trading on a regulated market of any Member State within the meaning of Article 2 of 'The Investment Services and Activities and Regulated Markets Law',
2. Licensed credit institutions as defined by Article 2 of 'The Credit Institutions Law',
3. Insurance and reinsurance undertakings within the meaning of Article 2 of 'The Insurance and Reinsurance Services and Other Related Issues Law'
4. 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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# Partner biographies and committee memberships

## Management Committee, Governance Committee, Members of the Board as at 31 May 2019

### Management Committee (formerly Executive Committee) <sup>1</sup>

#### Christis M. Christoforou

**Chief Executive Officer**

**Member of the Partner Evaluation and Nomination Committee**

Christis Christoforou is the Managing Partner and Chief Executive Officer of Deloitte Cyprus.

Outside the firm, Christis is a Board member of the Nicosia Chamber of Commerce & Industry and of the Cyprus Integrity Forum. He is also an ex-President of the Institute of the Certified Public Accountants of Cyprus. Christis is the Honorary Council of the Republic of Lithuania. He is now serving his 4th and final term as CEO.

---

#### Nicos S. Kyriakides

**Partner in Charge in Limassol, Audit & Assurance Partner and Financial Advisory Leader**

**Member of the Partner Evaluation and Nomination Committee**

Nicos Kyriakides is the Partner in Charge of the Limassol office of Deloitte Cyprus, since 2002. Except from being an Audit & Assurance Partner, he acts as the Partner in Charge of the Financial Advisory service line of Deloitte Cyprus, having vast experience in corporate finance, business consulting and international tax planning.

Nicos acts as the Audit Engagement Partner for a large number of audit clients across the breadth of the Firm's portfolio. He has led a large number of consultancy and business advisory projects relating to public sector projects, mergers and acquisitions, reorganisations of groups of companies, business plans and feasibility studies for new projects, and public offerings and flotations.

<sup>1</sup> All the members of the Management Committee and the Governance Committee are members of the Board of Directors/Partners



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## Appendix D | Partner Biographies

### Nicos D. Papakyriacou

**Partner in Charge in Nicosia, Audit & Assurance Partner and Oil & Gas Industry Leader  
Member of the Partner Evaluation and Nomination Committee**

Nicos Papakyriacou is the Partner in Charge of the Nicosia office of Deloitte Cyprus, since 2002. He is also a partner in the Audit & Assurance and Risk Advisory department serving a wide range of clients both in Cyprus and abroad (including public and multinational companies) and has lead various consultancy and business advisory projects relating to financial reorganisations, mergers and acquisitions, financial feasibility studies, financial due-diligences and business valuations.

### Costas Georghadjis

**Audit & Assurance Partner and Shipping Industry Specialist**

Costas Georghadjis was the Audit Business leader up to 30 January 2018. He is the Industry Leader on Shipping serving a number of clients in the ship management and ship owning industry as well as a wide spectrum of other local and international clients in various other industries.

Based in Limassol, he leads international multi location engagements for audits under International Standards of Auditing, advises clients on the application of International Financial Reporting Standards and has lead a number of financial due diligences for acquisition purposes as well as for special investigations.

### Pieris Markou

**Partner, Tax & Legal Leader**

Pieris Markou is the Tax & Legal practice leader of Deloitte in Cyprus. Pieris holds a BA in Accounting from a UK university, is a fellow member of the Institute of Chartered Accountants in England and Wales and a member of the Chartered Institute of Taxation.

Pieris is an active member of the Institute of Certified Public Accountants of Cyprus since 1992, having served as member, vice chairman and chairman of the Tax and VAT Committees of the Institute and is currently the Vice President of the Institute's Council. Pieris participates in a number of meetings at the Ministry of Finance, the House of Representatives and with the Tax Commissioner for the formulation of the Government's policies on taxation and is a member of an advisory committee to the Government on treaty negotiations.

Pieris specializes in local and international taxation, is a speaker at many conferences and an author of many articles both in the local financial press as well as international tax journals.

### Nicos Charalambous

**Audit & Assurance Partner, FSI and Shipping Specialist**

Nicos Charalambous is an Audit & Assurance partner at Deloitte and is based in the Limassol office.

Nicos has over 15 years' experience in serving the firm's clients predominantly in the Banking and Shipping sectors, both locally and abroad.

Nicos has extensive experience with a number of the firm's largest clients, a number of consultancy projects and has led a number of financial due diligences for acquisition purposes for local and international clients.



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## Appendix D | Partner Biographies

### **Eleftherios (Lefteris) N. Philippou (Retired on 31 May 2019)**

**Reputation & Risk Leader and Insolvency Partner, Ethics, Anti-Corruption and AML Compliance Officer  
Member of the Risk Committee**

Lefteris Philippou is an Insolvency services partner within Financial Advisory whose commanding of respect from others and a drive to develop our business has led to several large successful appointments as receiver and as liquidator. In the past, Lefteris was an Audit partner serving a diversified portfolio of clients includes local, overseas and multi-national entities, operating in Cyprus and abroad. He spent a considerable time in the Arabian Gulf serving multinational companies operating mainly in the construction and electromechanical industry. He leads the Insolvency Services of the firm.

A partner with Deloitte since 1987, he is the firm's Reputations and Risk Leader (RRL) as well as the Ethics, Anti-Corruption and Anti Money Laundering Compliance Officer. He takes his seat at the table of the Management Committee to guide the Firm in its day to day activities in a risk conscious manner that keeps the Firm and its people safe.

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### **Andreas Andreou**

**Audit & Assurance Partner, NPPD, IFRS Technical Expert and Insurance Industry Leader  
Member of the Audit Quality Committee**

Andreas Andreou is an Audit & Assurance partner based in the Nicosia office and he is also the National Professional Practice Director (NPPD)

Andreas has served many large public and private companies in various areas of operation with specialisation in the insurance and financial services industry. He is also the Insurance Industry Leader for Deloitte Cyprus. Andreas is an IFRS Specialist of Deloitte Cyprus and very often, provides technical support and consultations on the application of the International Financial Reporting Standards. He also facilitates various technical seminars, both internally and externally.

Andreas has served as a member of the ICPAC Council from July 2015 until June 2018, after having served for five years as the Vice-Chairman and member of the Accounting Standards Committee of ICPAC.

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### **George Pantelides**

**Human Capital Services Partner and Consulting Business Leader, Human Resources and Learning Leader**

George Pantelides leads Deloitte's Consulting Services in Cyprus. He is also a member of the Deloitte Global Human Capital Extended Leadership Team.

George brings deep experience, of over 15 years, in consulting, leading engagements for both international and local companies. His roster includes companies operating in the public and private sectors and in a variety of industries, including Financial Services, Hospitality, Consumer & Industrial Products, Public Health & Social Services, Real Estate, Civil Government, etc. His areas of expertise include Strategy formation, HR branding, Mergers and Acquisitions, executive coaching, HR and Organisational transformation as well as IPP accreditation.

George is also the Head of the Human Resources.

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### **Maria Paschalis**

**Partner, Audit & Assurance Leader, Audit Learning Leader  
Member of the Audit Quality Committee**

Maria Paschalis is a partner in Audit & Assurance based in the Nicosia office, serving a wide range of listed and private clients both in Cyprus and abroad. She is the learning leader for Deloitte Cyprus, responsible both for technical and shared competency learning in the audit practice. Since February 2018 Maria is the Audit & Assurance Business Leader.

Maria is a founding member of the Audit Quality Committee.



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## Appendix D | Partner Biographies

### Governance Committee (formerly Oversight Board) <sup>2</sup>

#### Athos Chrysanthou

##### Audit & Assurance Partner & Chief Confidentiality Officer

Athos Chrysanthou is a partner in the Audit & Assurance department in the Nicosia office. He has a variety of clients; public and private; including both local and international companies spread over a number of industries such as construction, manufacturing, distribution, retailing, travel and tourism. Athos is involved in a number of audits of non-profit organisations in Cyprus.

Athos has performed a number of special projects in areas such as profit improvement, financial due-diligence investigations and financial feasibility studies. He is responsible for the training of the trainee Chartered Certified Accountants of Deloitte Cyprus.

#### Antonis Taliotis

##### Tax & Legal Partner, Tax Risk Leader

##### Member of the Risk Committee and Member of the Partner Evaluation and Nomination Committee

Antonis Taliotis is a Tax & Legal partner based in the Limassol office with extensive experience in local and international taxation.

Before joining Deloitte as a tax partner he worked for the Cyprus Inland Revenue as a Principal Assessor. Antonis is the author of various articles on national and international taxation and regular speaker in conferences and seminars. He was actively assisting the University of Vienna team which advised the Cyprus government on the major reform which harmonised the Cyprus tax system to the EU Law and the OECD requirements. He is an IFA member, correspondent to the IBDF for Cyprus and tax consultant to the Cyprus Shipping Council.

#### Panos Papadopoulos

##### Business Process Solutions Leader, Director of Independence and Audit & Assurance Partner

Panos Papadopoulos is the Business Process Solution Leader and the Director of Independence. Panos is also an Audit & Assurance partner serving mainly international clients operating in a variety of industries as well as some of the Firm's insurance clients.

Outside the firm, Panos served for many years as a member of the International Business, Shipping and Foreign Investment Committee and of the Auditing Standards Committee of the Institute of Certified Public Accountants of Cyprus where he has served as a chairman.

Panos is a graduate of the London School of Economics with a BSc in Economics and a Fellow member of the Institute of Chartered Accountants in England and Wales.



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<sup>2</sup>All the members of the Management Committee and the Governance Committee are members of the Board of Directors

## Appendix D | Partner Biographies

### Members of the Board, including Deloitte Legal

#### **Agis Agathocleous** **Tax & Legal Partner**

Agis Agathocleous is a fellow member of the Association of Chartered Certified Accountants, and holds a BA degree from Essex University in Accounting, Finance and Economics. He is also a member of the Institute of Certified Public Accountants of Cyprus since 2000 and an active member of the Tax Committee of the Institute.

He started his career with Deloitte in 2004 and was invited to join the partnership as a tax partner in May 2014. Agis specialises in advising companies on Cyprus tax compliance issues as well as international taxation and planning and he is in charge of various consulting projects that include advising international business companies on structuring their tax affairs in a tax efficient manner.

He also participated in a number of taxation due diligence projects both involving Cyprus tax resident companies as well as international groups based abroad.

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#### **Alexis Agathocleous** **Audit & Assurance Partner, Audit Risk Leader and FSI Specialist** **Member of the Risk and Audit Quality Committees**

Alexis Agathocleous is a partner in Audit & Assurance in the Limassol office. He is also the Audit Risk Leader and the Financial Services Industry Leader.

Having started his professional career with Deloitte in London in 1994, he transferred to Deloitte in Athens in 1998 where he became a partner in 2001. He joined Deloitte Cyprus in July 2007.

Alexis specialises in the audit of financial institutions and has been involved in several international offerings including listings on the New York Stock Exchange. He also has extensive experience in securitisations.

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#### **Alkis Christodoulides** **Audit & Assurance and Insolvency Partner**

Alkis Christodoulides is an Audit & Assurance partner serving a wide range of businesses both local and international and of various types including construction, manufacturing, retailing, media, entertainment and travel and tourism. He has also been involved in various corporate finance projects such as business valuations and due diligence assignments, theft investigations and liquidations.

Alkis is also a qualified Insolvency Practitioner and in this capacity he deals with insolvency engagements such as accepting appointments as Receiver/Manager

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#### **Gaston Hadjianastassiou** **Deloitte Legal Partner / Hadjianastassiou, Ioannides LLC**

Gaston Hadjianastassiou is a member of the Board of Directors of Deloitte Limited and founding partner of Hadjianastassiou, Ioannides LLC. He graduated from Kings College London with an LL.B. (Hons) degree and, having attended the Bar Vocational Course at the Inns of Court School of Law, he was called to the Bar by the Middle Temple. Gaston is a member of the Cyprus Sport Supreme Judicial Committee.

His areas of practice include commercial law, banking law, employment law, real estate, property law and other commercial work such as advising and assisting on joint ventures, drafting of sale of business agreements, share purchase and sale of property agreements. He regularly deals with employment related issues, including the drafting of employment contracts and collective employment agreements and representing clients before the Employment Tribunal in relation to claims of unfair dismissal, both on behalf of employers and employees. He advises clients in relation to termination of employment, redundancy, and settlement agreements. He is actively engaged in negotiations with trade unions and advises for issues relating to strikes, health and safety at the workplace. He has drafted a presentation including the main elements of Cyprus labour law, drafted necessary documents for a voluntary exit scheme, and provided advice in relation to general company reorganisation.

He is a Recommended Lawyer of the Legal 500, EMEA



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## Appendix D | Partner Biographies

### Andreas Georgiou

#### Audit & Assurance Partner and IFRS Technical Expert

Andreas Georgiou is an Audit & Assurance partner based in the Limassol office.

His audit clients include large International and local groups of public and private companies operating in Cyprus and abroad, in various industries, including private equity funds and security markets, retailing and steel trading. He has also lead a number of financial due diligence projects for prospective acquisitions and very often advises clients on the application of International Financial Reporting Standards.

### Kypros Ioannides

#### Deloitte Legal Partner / Hadjianastassiou, Ioannides LLC

Kypros Ioannides is a founding partner and member of the Board of Directors of Hadjianastassiou, Ioannides LLC, a member of Deloitte Legal network since 2016. Kypros holds an MA degree in law from Cambridge University and was called to the Bar by the Honourable Society of the Middle Temple.

Kypros is the lecturer and examiner of Company law of the Cyprus Legal Council, the body responsible for admission to the advocates' profession in Cyprus and is also an active member of the Companies Committee of the Cyprus Bar Association. He represented the Republic of Cyprus in company law matters in the European Union and has chaired the Company Law Working Group of the European Union Council during the Cypriot Presidency in the second half of 2012. He has served as a member of the board of the Cyprus Securities and Exchange Commission.

His areas of practice include corporate law, corporate financing and mergers and acquisitions. He has substantial litigation experience in civil matters and commonly handles interlocutory injunctions in corporate and commercial disputes. He is a Recommended Lawyer of the Legal 500, EMEA.

### Christakis Ioannou

#### Audit & Assurance Partner

Christakis Ioannou is an Audit and Assurance partner of the Nicosia office. He has over 20 years of experience as audit partner and is in charge of audit engagements for a wide variety of clients and industries, including companies engaged in construction, wholesale and retail trading, hospitality industry, manufacturing, international holding and investment and property holding. Additionally he is in charge of a number of group audits, both as statutory and component auditor.

He graduated from the London School of Economics with a BSc Economics degree specialised in Accounting and Finance degree and is a fellow member of the Institute of Chartered Accountants in England and Wales (ICAEW) and a member of the Institute of Certified Public Accountants of Cyprus (ICPAC).

Christakis is also the management coordinator of the Cyprus firm's Quality System, which is currently compliant with the requirements of ISO 9001:2015 Quality Standard, ensuring the continuous monitoring and improvement, where required, of the quality of the provided services.

### George Martides

#### Financial Advisory Partner and Risk Leader Member of the Risk Committee

George Martides is a partner in Financial Advisory (FA) of Deloitte in Cyprus. George has vast experience in Corporate Finance, Transaction Services, Valuations and other Financial Advisory services.

George has led a large number of projects, including Mergers and Acquisitions, Public Offerings and Flotations to Stock Exchanges in Cyprus and abroad, Financial Due Diligence Reviews, Capital Structuring and Debt Advisory, Fair Value estimates (valuations), Fairness Opinion reports, Business plans, Forensic and Dispute work, Group Restructuring and Reorganisation, Design and Implementation of Costing Systems, etc.



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## Appendix D | Partner Biographies

### Christos Papamarkides

#### Tax & Legal Partner, Indirect Tax Services Leader

Christos Papamarkides has a vast experience in local and international taxation and specialises in indirect taxation. His experience includes indirect tax planning, consulting and advising of clients, communication with the authorities. He is the major negotiator on indirect tax for resolutions of client's indirect tax matters with the VAT authorities in Cyprus.

Christos is an active member of the Institute of Certified Public Accountants in Cyprus (ICPAC) currently the Chairperson of the ICPAC VAT committee. He is participating in a number of meetings with the Minister of Finance, the House of Representatives and the Tax (VAT) Commissioner for the formulation of the Government's policies on VAT. Christos is a Member of the European Multi-Stakeholder Forum on e-Invoicing (EMSFEI) since September 2014, participating in meetings of the forum in Brussels, active member of the EMSFEI' activity group on the e-invoicing Regulation.

### Panicos G. Papamichael

#### Partner, Risk Advisory Leader

#### Member of the Risk Committee

Panicos Papamichael is leading the Risk Advisory Department of Deloitte in Cyprus. He is a business professional with over 30 years of professional experience. He acts as the Engagement Partner for a number of Risk Advisory projects in a number of industry sectors covering FSI, Shipping, Wholesale & Distribution and Public Sector.

Panicos is an Economist and a fellow member of the Institute of Chartered Accountants in England and Wales, the Institute of Certified Public Accountants in Cyprus, the Institute of Internal Auditors and the Information Systems Audit and Control Association (ISACA). He is currently a Board member of the Cyprus Association of Business Consultants and one of the very few people in Cyprus that are Certified in the Governance of Enterprise IT (CGEIT) and in Risk and Information Systems Control (CRISC).

### Demetris Papapericleous

#### Audit & Assurance and Insolvency Partner

#### Member of the Audit Quality Committee

Demetris Papapericleous is an Audit & Assurance partner based in the Limassol office.

Demetris' client portfolio includes a number of important clients of the firm operating in different industries with emphasis in the Hotel, Real estate and Travel and leisure sectors, comprising of local, public and private companies, as well as international clients. Demetris is also a qualified Insolvency Practitioner and in this capacity he deals with insolvency engagements such as accepting appointments as Receiver/Manager or advising clients and/or banking institutions on loan restructuring options.

### Nicos Spanoudis (Retired on 31 May 2019)

#### Audit & Assurance Partner

Nicos Spanoudis is an Audit & Assurance partner.

Nicos has extensive experience in accounting and public audit and he serves a wide spectrum of local and international clients.

Nicos is well positioned in the local business community having excellent personal contacts with major banks, law offices and governmental and semi-governmental organisations.



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## Appendix D | Partner Biographies

### Alecos Papalexandrou Tax & Legal Partner

Alecos Papalexandrou is a Tax & Legal partner based in the Limassol office. Alecos has 20 years of experience in the fields of national and international tax planning and tax compliance issues and 2 years of experience in the field of Corporate Finance. He has been with Deloitte since 2003.

He has been involved in a number of international corporate restructuring projects and has extensive experience in tax due diligence and international tax planning projects. Alecos provides tax advice across a range of industries, including oilfield services, shipping, real estate, financial services and banking.

### Panayiota Vayianou Tax & Legal Partner

Panayiota Vayianou is a Tax & Legal partner based in Nicosia Office. She leads a large number of Tax Projects including Tax Due Diligence, Merger and Acquisition and Debt Asset Swap Restructuring. Panayiota has joined Deloitte in 2009 and she is a member of the board since 2012. She has an extensive experience of more than 25 year in Tax Compliance.

Panayiota is a fellow member of the Association of Certified Accountants and holds a Master's Degree in Public Sector Management (CIIM). She is a Member of the Institute of Certified Public Accountants of Cyprus since 1994. She specializes in advising companies on Cyprus Tax Compliance issues as well as International Taxation.

### Yiannis Leonidou Audit & Assurance Partner

Yiannis Leonidou joined Deloitte in 2007 and has over 20 years of experience in the audit profession. Yiannis has experience in the audit of listed companies on the Cyprus and other foreign stock exchanges as well as in the audit of private local and international companies in a number of industries including technology, financing, construction, hotels-leisure, software development, oil extraction, gaming, automotive, retailing, pension funds and agriculture. Yiannis travelled to many European, Middle East and Asian countries to lead audit assignments.

Yiannis is currently the Chairman of the IFRS committee of the ICPAC. He has also served as a member of various Committees of the ICPAC including Auditing Standards and Information Technology. He is also a member of our firm's IFRS and Audit Consultation Teams.

Yiannis holds a BA in Economics and Law Sciences from Aristotle University of Thessaloniki and is a Fellow Member of the Institute of Chartered Certified Accountants.

### Kerry Whyte Audit & Assurance Partner Member of the Audit Quality Committee

Kerry Whyte is an Audit & Assurance partner based in the Nicosia office. She is involved in the audits of international business companies serving many of the firm's major international clients and regularly works with other Deloitte offices on multinational audit engagements. She is regularly involved in advising international clients on IFRS and company law compliance matters in connection with their activities through Cyprus and is a sought-after source of knowledge on the application of ISA's offering support and consultations to engagement teams across the practice. She is also a key member of the Learning team leading and facilitating Audit Learning events as well as the Practice Review Director for Deloitte Cyprus.

### Yiannis Sophianos Audit & Assurance Partner

Yiannis Sophianos is an Audit & Assurance partner based in the Nicosia office. During his eighteen year experience in the audit profession Yiannis has accumulated extensive experience in the audits of large local and international clients including public listed companies, group reporting structures and complex consolidation processes. His client portfolio includes clients in various industries such as professional services, manufacturing, distribution, retail, leisure, investment holding and construction and development. Recognised as a key member of the Firm's facilitation team, he has been delivering Audit Learning for some years.

Yiannis is a fellow member of the Institute of Chartered Accountants in England and Wales and holds a BSc degree from the London School of Economics.



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## Appendix D | Partner Biographies

### Kyriacos Vlachos

#### Audit & Assurance Partner

#### Member of the Audit Quality Committee

Kyriacos Vlachos is an Audit and Assurance Partner and he acts as a key service Partner of the Finance Function and Internals Controls Assurance. He is also acting as the Internal Control Leader for the implementation of the Global Internal Control Framework. He is specialised in the shipping sector and he has extensive experience in the audits of large local and international groups including public listed entities. He led various engagements including due diligence projects, ISAE 3402 attestations (Type II), financial projections reports and independent business reviews.

Kyriacos facilitates various internal and external shipping, IFRS and internal controls seminars. Kyriacos is also a member of the ICPAC Shipping Committee and the Cyprus Germany Business Association.

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### Panikos Teklos (Admitted to partnership on 1 June 2018)

#### Risk & Wealth Advisory Partner, Investment Management, Regulatory Risk and Wealth Advisory Leader

Panikos Teklos is a partner in the Risk Advisory service line and the Managing Director of Deloitte Investment Services Ltd based in the Nicosia office. Panikos brings a long and established international tenure from Investment Banking, Wealth Management, Strategic Consulting and Financial Advisory to service public sector, FSI and corporate clients, locally and abroad, with their constantly evolving regulatory, financial and strategic risk matters. He is the Investment Management and Regulatory Risk Advisory services leader and has lead numerous projects in Regulatory Advisory (MiFID, EMIR, PRIIPs, AIFMD, UCITSD, CRR/CRD), Strategic Risk Advisory, Asset Liability and Capital Management, Treasury and Credit Risk modelling solutions, setup and ongoing advisory services for Investment Funds, Investment Firms, Asset Managers, ASPs and Banks. He is a Board Member at the Cyprus Investment Funds Association ("CIFA") and a member of CIFA's various technical committees.

Panikos also leads the Wealth Advisory practice offering Private and Institutional clients with tailored solutions for their investment and wider wealth related portfolios, including wealth planning, succession and inheritance advisory and Family Office establishment and governance.

Panikos holds a B.Sc. in Economics from UCL, a M.Sc in Finance and Economics from the LSE and is a holder of the Advanced CySEC examination certificate as well as a holder of the Level 3 certificate in Securities and Financial Derivatives by the Chartered Institute of Securities and Investments in the UK."

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### Dimitris Dimitriou (Admitted to partnership on 1 January 2019)

#### Actuarial Services Partner

Dimitris has over 20 years' professional experience in the Insurance and Reinsurance Industry which started with Swiss Re in London. He then served as Secretary of the Insurance Association of Cyprus prior to founding Lux (Cyprus) in 2009. He holds statutory or advisory roles for insurers, market bodies and regulators in several jurisdictions in South Eastern Europe. Dimitris has served as the President of the Cyprus Association of Actuaries and is a lecturer for the Cyprus Insurance Institute.

Dimitris holds a Bachelor's degree in Actuarial Science from the LSE and is a Fellow of the Institute and Faculty of Actuaries (FIA) and a Fellow of the Cyprus Association of Actuaries (FCAA).

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### Marios Schizas (Admitted to partnership on 1 January 2019)

#### Actuarial Services Partner

Marios started his actuarial career in 1999. From 2001 to 2008 he worked in London based actuarial consultancy firms as well as Investment Banking. Marios co-founded Lux (Cyprus) in 2010 and was responsible for the coverage of life insurance clients within all regions of operation on both statutory and consulting projects. He is the Appointed/Registered Actuary to a number of Life insurers and reinsurers in several jurisdictions. Through his banking experience in various asset-liability matching exercises he developed substantial insight on asset hedging strategies.

Marios holds a Bachelor's degree in Actuarial Science from the LSE and is a Fellow of the Institute and Faculty of Actuaries (FIA) and a Fellow of the Cyprus Association of Actuaries (FCAA).



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# Partner remuneration

We create an environment where achieving high quality is valued, invested in, measured and rewarded.

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

In accordance with global policies, Deloitte Cyprus' partners are evaluated on a yearly basis, and depending on the outcome of the evaluation, the remuneration of partners may increase or decrease. Partner remuneration is based upon a comprehensive evaluation of individual performance (both qualitative and quantitative) and contribution to the achievement of the Firm's strategic objectives. A dedicated Performance Evaluation Committee oversees the related process, so as to ensure consistent and equitable treatment.

Specifically, partner evaluations take the following factors into account:

**Ethics, Quality and Risk Management (QRM):** Uncompromising quality in all professional work and adherence to Risk management considerations; internal and external reviews outcomes.

**Service Excellence:** Delivering excellence in the services provided, making an impact that matters.

**Business Development:** Market related activity including stakeholder relations, thought leadership, innovation and brand protection roles.

**People Development:** Contribution to mentoring, leading, recruitment, engagement, development and training of our people.  
**Leadership Effectiveness:** Being globally aware, innovative, experienced in the business, and ready to make decisions quickly and with rigor, demonstrating ethical and respectful/inclusive behavior

**Fulfilling the role of leader:** Subject matter Leader (CCO, ethics, Independence, NPPD etc), risk leader, internal departmental leader, service line leader, member of a governance committee.

## Additional criteria

In addition, the following criteria are also used for assessing the performance and contribution of each partner:

**Clients:** Client portfolio managed and roles carried.

**Brand and eminence:** Market related activity including stakeholder relations, thought leadership, innovation and brand protection roles.

**Revenue generation, growth and business building:** Contribution to business development and relationship building.



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<sup>4</sup> EU transparency reporting requirement: information concerning the basis for the partners' remuneration in audit firms.

## Appendix E | Partner remuneration

**Financial success:** Overall contribution to the financial success of Deloitte.

We are confident that this approach precludes financial considerations from driving actions and decisions having a negative effect on service quality.

Audit & Assurance partners are prohibited from earning or receiving compensation, bonuses and other direct financial incentives for selling products or services to their audit clients.

### **In the Partnership, there are Equity Partners and Associate Partners.**

The Equity Partners share in the profits and subscribe the entire capital of Deloitte Ltd. Each partner's capital subscription is linked to his or her share of profit and is repaid in full on ceasing to be a partner. The rate of capital subscription is determined from time to time depending on the financing requirements of the business.

Equity partners draw a proportion of their profit share in twelve monthly on-account instalments during the year in which the profit is made, with the balance of their profit,

net of a tax deduction, paid in instalments in subsequent years. All payments are made subject to the cash requirements of the business. Tax retentions are paid to The Inland Revenue on behalf of partners with any excess being released to equity partners as appropriate.

Associate Partners have no units of interest, and considering the above, a fixed annual gross salary is being determined, plus a performance related bonus.

Partners (both Equity and Associate Partners), receive a bonus, the bonus pool being calculated based on the net profit of the Firm, while individual bonus allocation is based on the individual Performance Evaluation results. Under the Firm's Accountability Framework, the remuneration of Partners is also impacted by quality review outcomes.

We are currently developing an audit quality reward and recognition program to further reward positive audit quality and behaviours. It is envisaged that the new scheme will focus on a variety of non monetary rewards and will serve to provide additional recognition for our people who make a significant contribution to positive audit quality.



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